GetResponse

Building a Business Case for Marketing Automation

How to sell marketing automation to internal stakeholders.

by
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Introduction

By now, you're probably already convinced that marketing automation is a tool that can help you grow your business. After all, email and marketing automation have repeatedly been named as the top digital marketing channels when it comes to return on investment (ROI). With data like that, it's a no-brainer to invest in marketing automation.

The challenge is that you're probably not the only person who will be making the decision to invest in marketing automation. You have to convince your boss, and your boss's boss, and perhaps even the CEO. That can be quite a big challenge, especially if you don't have all the arguments laid out beforehand. But building a business case for marketing automation isn't as hard as you might imagine. In fact, if you understand what's on the mind of your boss (and their bosses), then putting together a convincing case for marketing automation is surprisingly easy.

Understanding the mindset of the corporate executive

If you have to get approval from another executive to invest in marketing automation, there are two things you should know about the people you'll be talking to. First, they have a lot of business challenges that are already causing them a good amount of stress. Some of these challenges might revolve around time (e.g., deadlines), some might revolve around people (e.g., unhappy employees), and some might revolve around money (e.g., a downturn in sales). It's your job to be sure that any conversation you have about marketing automation reduces their stress and doesn't add to it.

Second, these executives speak a language that's slightly different from ordinary language. The language they speak is the language of money, so you'll hear a lot of words like profitability, customer lifetime value, cost-per-acquisition, and productivity. The good news about concepts like these is that marketing automation can help you improve each and every one of them. In other words, if you invest in marketing automation, your profitability can improve, your customer lifetime value can improve, your cost-per-acquisition can improve, and your productivity can improve. That'll be music to the ears of any executive you'll be talking to.

Now that you understand the corporate executive's mindset and language, let's take a deeper dive into concepts like customer lifetime value and cost per customer acquisition. Understanding those concepts will help you as you make a business case for investing in the technology.

Understanding customer lifetime value

Roughly speaking, customer lifetime value (CLV) is the amount of revenue a typical customer will generate for a company during the customer's engagement with the brand. As an example, let's imagine you work for a mobile phone service provider. The typical customer spends $80 per month and stays with the company an average of 3 years. Based on that information, we would use this formula to determine the CLV:

$80 per month x 12 months x 3 years = $2,880 CLV

This would mean that each new customer is worth $2,880 to the mobile phone service provider. In other words, every time the mobile phone company gets a new customer, they know that they'll generate $2,880 in revenue for them over the course of 3 years.

If you know that every new mobile phone customer will generate $2,880 in revenue for your company, the next logical question is how much money you should spend to acquire a new customer. That number is called the customer acquisition cost (CAC), and a good rule of thumb is that your CAC should be about 10% of the CLV.

10% of the CLV mentioned in the example above is $288 (i.e., $2,880 x 10% = $288). So, you can spend $288 in marketing to acquire a new mobile phone customer because every new customer will generate $2,880 in revenue over the course of their engagement with your company.

For more companies, the 10% CAC is a good rule of thumb. If you only spend 5%, which would be $144, that's even better since it costs you less to acquire the new customer than the generally accepted norms.

Now that we have a "rule of thumb" understanding of how to calculate CLV and CAC, let's dig in a little deeper and expand on the concept.

Imagine your marketing budget is $280,000, which brings in about 1,000 new customers each year. You might spend half of that ($140,000) on digital marketing ads designed to drive prospects to your website.

You might spend another $100,000 on print and radio campaigns designed to build awareness for your brand. That leaves you with $40,000 to explore ways to optimize and improve your sales and marketing process.

In other words, you have $40,000 to spend on whatever you want – more digital ads, more print or radio ads, or even something like outdoor, events, social media, marketing automation, or a combination of all of them.

Before we figure out how to invest the $40,000, let's take a look at your customer journey, so we can analyze the best way to allocate the money.

Understanding how customers make decisions about products and services

Whether you work in the B2B world or the B2C world, the process people go through when buying your product or service is pretty much the same. This process has many names – the sales funnel, the customer journey, or even a new approach called nonlinear marketing.

No matter what you call it and no matter how you move through it, marketing experts around the globe break it down into six specific stages:

1. **Awareness of need:** This is the stage where a prospect understands that they have a problem that needs to be solved.
2. **Knowledge of options:** At this stage, the prospect starts exploring the different options that are available to them.
3. **Liking various brands:** Once they've investigated the options, prospects start focusing their attention on several candidates for purchase.
4. **Preference for a brand:** As the prospect receives more and more information about the brands they're interested in, they start zeroing in on a final choice.
5. **Conviction:** At this stage, the prospect has decided on the brand they prefer.
6. **Purchase:** Finally, the prospect purchases the brand. At this point, they become a customer.

It's a good idea to understand the customer journey model outlined above because it's the way your supervisor probably thinks about how a prospect becomes a customer. Marketing automation can help your organization improve steps 2 through 5 (and sometimes even 6). By making steps 2 through 5 more fluid, you reduce the friction that gets in the way of many purchases. When you reduce friction, you improve your ROI. And when you improve your ROI, everybody's happy.

Coming full circle on your investment in marketing automation

Remember the example of the mobile phone company that had $40,000 to invest in additional marketing tools and techniques? The question boils down to this – how should you use that extra $40,000? What is going to get you the highest return on investment?

To help you answer that question, let's take a look at some of the facts and figures surrounding marketing automation. The data referenced below is based on an infographic uploaded to the 60 Second Marketer.

- Marketing automation campaigns have 200% (or higher) conversion rates than traditional email marketing campaigns.
- A highly targeted campaign can boost open rates by 311% and click-through rates by 327%.
- Marketing automation converts 15 times more leads than traditional marketing. (1 in 325 leads using traditional marketing vs. 1 in 21 leads for marketing automation.)
- Marketing automation drives a 14.5% increase in sales productivity and a 12.2% reduction in marketing overhead.

- Marketers who use marketing automation have, on average, 140 qualified leads compared to 20 qualified leads for marketers who don't use marketing automation.
- 77% of the companies that use marketing automation see an increase in revenue and marketing/sales effectiveness.

Given all the facts and figures outlined above, the case for marketing automation pretty much takes care of itself. But that doesn't mean you won't face objections from the person you're talking to. After all, they may not know anything about marketing automation. So, with that in mind, we've compiled a series of questions and answers that you can familiarize yourself with before sitting down and talking to your boss about marketing automation.

Ready? Here goes:

Q (from your boss): I'm not familiar with marketing automation. Can you tell me what it is?
A (from you): It's a way to attract prospects to our business and ease them through the sales funnel until they become a customer. Some people say that marketing automation is like email marketing on steroids.

Q: Don't we already have an email marketing platform? Why don't we just use that?
A: Marketing automation goes way beyond simple email marketing. With marketing automation, you can segment your database, respond to prospects automatically, and deliver warmer leads to our sales team than ever before. Besides, marketing

automation campaigns convert at a rate that is 200% higher than traditional email marketing campaigns which is another reason why so many companies are investing in this technology.

Q: Tools like these have always struck me as expensive. Why should we spend the money?
A: Actually, marketing automation usually pays for itself many times over, so the investment is a no-brainer. And studies show that marketing automation can result in a 10% or more reduction in marketing overhead, which is a bonus.

Q: We already have a sales team in place. I'd rather rely on them to "smile and dial" which has always worked for us in the past.
A: The sales team will still be doing their job, they'll just have better results. In fact, research indicates that marketing automation can drive upwards of a 14% increase in sales productivity.

Q: What about other companies that have used this kind of software – what are their results?
A: 77% of the companies that use marketing automation see an increase in revenue and marketing/sales effectiveness, so the majority of companies that use marketing automation have had a positive ROI.

Q: Is marketing automation a silver bullet for our business?
A: No, there are no silver bullets in marketing. A good marketing program is about hard work, smarts, and executing across a wide variety of platforms. Marketing automation is just one of the platforms we'll be using, but it will help make all the other platforms we use work that much better.

Rounding the bend on making a business case for marketing automation

In this ebook, we've covered a lot of ground. We discussed the concept of customer lifetime value, the idea of customer acquisition cost, and even a budget breakdown that left you with a hypothetical $40,000 to spend on outdoor, events, social media, marketing automation, or a combination of all of them. Whether you invest $5,000, or $10,000, or $20,000 or more in marketing automation, there's one thing you can be sure of – the investment will pay for itself.

How? There are many ways, many of which have been outlined in this ebook, but here are three easy-to-remember sound bites you can use in any conversation with your boss:

- Marketing automation usually pays for itself because it improves the efficiency of the people working in the marketing department.
- Marketing automation usually pays for itself because it delivers better leads to the sales team.
- Marketing automation usually pays for itself because it reduces customer churn and improves the conversion rate.

In an ideal world, marketing automation is one of many platforms you'll be using to help ease prospects through the sales funnel. By engaging with prospects early (at the top of the sales funnel), and building a long-term relationship with them, you generate trust. When prospects trust you, many of them eventually become customers. And when they become customers, that means more revenue for your business and more profitability for your bottom line.

And what executive wouldn't be happy with a more profitable bottom line?

About the author

Jamie Turner is an internationally recognized author, speaker, and CNN contributor who has been profiled in one of the world's best-selling marketing textbooks. He is the CEO of 60SecondMarketer.com and runs a marketing and advisory group.

About GetResponse Enterprise

GetResponse Enterprise is the trusted all-in-one online marketing platform, with a team of experts ready to help you make the most of it.

Today, over 350,000 customers in 182 countries trust GetResponse. With nearly 20 years of experience, we deliver excellent digital marketing solutions.

GetResponse Enterprise offers a set of online tools under one roof, tailored and scaled to your business.

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- Marketing automation
- Landing pages
- Webinars
- List Management
- Lead Acquisition
- ROI tracking
- Team collaboration
- Campaign testing
- Mobile apps
- 100+ ready-made integrations
- Open API

With GetResponse Enterprise you get more than the online campaign management platform:

- Free onboarding
- Account setup
- Individual support and marketing advice from your personal account manager
- Dedicated infrastructure, including IP address and domain
- Flexible contract and payment terms
- 99%+ deliverability
- Maximum data security

Questions? Let's talk!

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