

The ROI of Marketing Automation



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INTRODUCTION

If you are investing in marketing automation, how do you make sure that it is getting you the amazing results that you seek? Many marketers feel that they are not optimizing their marketing automation. With the right tools and insight, you can make the most out of your marketing automation platform to drive better results and track its usage.

WHAT IS MARKETING AUTOMATION AND WHY IS ROI CALCULATION IMPORTANT?

- Marketing automation refers to all the platforms, software, tools and technologies that we use to understand our customers, and market to them more effectively across various channels. Marketing automation does not simply automate repetitive tasks but uses data and analytics to nurture leads and draw more effective conversions. To achieve this, marketing automation has various tools and systems.
- One of the key tools in optimizing a marketing automation platform is to understand the ROI. It makes no sense to spend a lot of money on marketing automation software or solutions if they are not working specifically for our business or if we do not know whether our investment is showing substantive results.



HOW DO YOU CALCULATE ROI?

- According to a Forbes research report, 75% of companies using marketing automation saw ROI within 12 months and 44% within 6 months. But how do we calculate ROI? Measuring marketing ROI can be tricky, because of so many variables and customer dynamics.
- There are a few thumb rules to understand return on investment from marketing campaigns, and these are called attribution models.
- Single attribution:** A quick, basic and easy model to implement, the single attribution model attributes all revenue to the success of a single campaign. The problem with this is that it doesn't account for the various touch points that enter marketing and the complexity of nurturing leads
- Multi-touch attribution:** This model attributes revenue to a series of touchpoints through the sales revenue and subsequently, we also assign value to each of the touch points that pushed the conversion.
- Marketing mix:** Marketing mix modelling refers to the common statistical analysis techniques you use to understand marketing activities and sales, and to measure their ROI. You also use it to forecast the effectiveness on campaigns and to leverage ad and marketing spends across different marketing channels. This method includes both marketing and non-marketing attributes that drive sales.
- The key to choosing the best attribution model is to understand which one takes into account all the important touch points in your sales process and whether it reflects the complexity of a conversion process at your business.



TOOLS TO HELP ROI CALCULATION

Analytics software:

Marketing analytics software are great ways to gather data from your campaigns and provide advanced campaign reporting and analytics capabilities. To better calculate ROI, go with an analytics software that highlights data-driven connections between marketing strategies and outcomes.

Marketing resource management software:

MRM software is excellent for directly attributing costs to benefits and in budgeting and tracking costs and investments in campaigns. MRM tools give a lot of useful data and tell you exactly where you are overspending or where you can invest to get better ROI. It shows you how each dollar is being spent and if you divide your marketing spend to various tasks or touchpoints in your sales pipeline, it even shows you how much each touch point contributes to the overall ROI.

Automation software:

Look for a marketing automation software that factors in advanced lead scoring, reporting and analytical tools so that it effectively measures costs and performances.

You must be able to see which campaigns are giving you better ROI, which customer segments you should target, channels that are pushing conversions and which attribution model you should go in for.

They also help you reduce costs by telling you where exactly you are wasting your investment.



LEAD SCORING AND HOW IT HELPS ROI

With lead scoring, you assign a score to each lead and you mine data by using marketing automation software to generate a lead-scoring model that works for you and leads to accelerated conversions. For lead scoring, you can use demographic data, company and industry data, email performance data and many other parameters.

By automating lead scoring, you are getting a higher ROI because lead automating software show you exactly which channels and campaigns are producing the highest and most quality leads. In fact, a report says that organizations that use lead scoring experience a 77% increase in lead generation ROI over those that don't use the same. Lead scoring achieves the primary intention of ROI – to align marketing efforts directly with sales outcomes, and map numbers to this process.



ROI AND LIFECYCLE REPORTING

- You can use ROI and lifecycle reporting to make your marketing campaign perform better and lead to better conversions. ROI lifecycle reports can show you exactly which marketing strategies lead to the best sales. The reports can give you all the data you need to spend more effectively in improving the quality of your sales pipelines.
- Lifecycle reporting is another tool to understand how your customers navigate your sales funnel. It gives you a detailed representation of how leads are generated, nurtured and converted through the sales funnel. Lifecycle reporting gives you a visual representation of touch points in the sales funnel that are problematic or are causing challenges for conversion. It also suggests marketing and conversion strategies to close deals quickly.



MASTER YOUR DATA AND STRATEGIES

- It is important to accumulate, understand and master your data and strategies in order to leverage any marketing tool. Even the best marketing automation platform cannot help you track and leverage ROI effectively if you do not have the right data and marketing automation strategy. Data strategies include techniques on how you will segment your users, profile them, the data they bring with them and more. Integrate good analytics to track the effectiveness of marketing campaigns so that it has a direct impact on ROI. In this sense, a marketing automation platform can be leveraged to track ROI beyond mere campaigns and look at overall spends.
- There are many ROI calculators and strategies but it is important to leverage these strategies across marketing functions – lead nurturing, customer acquisition, customer retention, cross-selling, upselling and more.



CONFIGURE NOT JUST TASKS BUT THE SALES JOURNEYS

- Working in silos can also be problematic for tracking and leveraging ROI. In many cases, marketing and sales teams work on different pages. Simplify your processes and set up your marketing automation system in such a way that there is a single and universal data source. Ensure that there is unified and consistent reporting. While automating repetitive tasks is crucial, automating the customer journey and the lead scoring and nurturing also saves you time and money. Automating sales journeys and more complex data funnels will help you track your ROI and leverage it better.
- Make sure the team you hire to optimize your ROI knows how to use the marketing automation platform effectively. While technical prowess is crucial, look for people who will optimize the technology, look for loopholes in the processes and fix them so as to track ROI effectively.



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CONCLUSION

In the end, marketing automation is only as effective as its implementation and tracking the ROI of marketing automation not just tells you how and where you are spending, but helps you streamline systems and optimize solutions. It also encourages you to look beyond the bells and whistles of attractive technologies that do very little and gets you to embrace technological solutions that are directly attributed to excellent conversion results.

If you are not able to justify or get a good return on investment on your marketing automation spending, you need to re-evaluate your approach not just in terms of more result-driven software but also in terms of your data strategies.

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