



# WHEN TO IMPLEMENT MARKETING AUTOMATION

ANALYST

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## THE BOTTOM LINE

**Nucleus found that 90 percent of companies implement their first marketing automation solution in the “mature” phase of their marketing department’s development.** With marketing automation delivering an average of \$6.66 for every dollar spent, implementing marketing automation in the mature phase – when a marketing department starts to experience functional limitations – is critical to supporting a company’s growth.

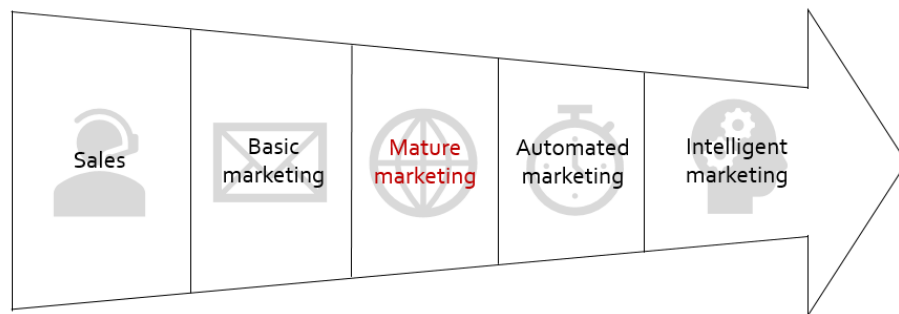
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Nucleus Research’s ROI case study data shows that, over the past three years, marketing automation has delivered 163 percent more money for every dollar spent on the investment than the three-year period before it – now \$6.66 for every dollar spent – and over 3.6 times the return on investment (ROI) (Nucleus Research, *r20 – Marketing delivers \$6.66 for every dollar spent*, January 2017). Nucleus conducted in-depth interviews with marketing department leaders to determine when they implement marketing automation software to experience these kinds of returns. Nucleus also considered what factors drive marketing departments to the point of purchase.

## WHEN COMPANIES LOOK

The development of the marketing department can be broken down into five phases; sales, basic marketing, mature marketing, automated marketing, and intelligent marketing. In the sales phase, a company does not have an internal marketing department. Its sales team focuses on the bottom of the funnel, and

marketing may be outsourced to a third-party agency. In the basic marketing phase, a company's sales or business development department uses customer relationship management (CRM) software and basic e-mail marketing tools to perform simple marketing tasks. In the mature marketing phase, a distinct, internal marketing department strategically leverages CRM and e-mail marketing software to execute a clearly defined marketing strategy. At a certain point, the department encounters functional limitations and integration roadblocks, however. Nucleus found that this is when 90 percent of companies turn to marketing automation.



## WHY COMPANIES PURCHASE

Nucleus identified the top three reasons companies seek out and implement a marketing automation solution in the mature marketing phase: rapid growth, new leadership, and functional limitations.

- **Rapid growth.** Companies in the mature phase tend to be in periods of rapid growth, yet many marketing processes are highly manual and time consuming. To scale, marketing departments need a more automated way to conduct campaigns so that they can increase output without hiring additional employees. Nearly 80 percent of the companies with whom Nucleus spoke cited this as a top three reason for turning to marketing automation.
- **New leadership.** Marketing automation deployments corresponded with the arrival of new marketing leadership for nearly 70 percent of the companies with whom Nucleus spoke, with the marketing leader being employed for only 1.6 years, on average, before making the decision to implement marketing automation. With new leadership often comes more marketing expertise and higher expectations. To achieve new goals and support rapid growth, marketing leaders often seek out more advanced software.

- **Functional limitations.** As companies experience growth in the mature phase, they often encounter functional limitations with CRM and e-mail marketing programs. Marketing departments need more advanced marketing capabilities to orchestrate multi-step, personalized campaigns and to target customers more effectively. Over 40 percent of the companies with whom Nucleus spoke cited this as a top three reason for transitioning to marketing automation.

## WHAT COMES NEXT

Once companies have effectively leveraged marketing automation, many arrive at the next phase in the development of the marketing department: the automated marketing phase. In this phase, the company may integrate additional point solutions like analytics or data management applications. However, some may eventually need even more advanced analytics and predictive capabilities to derive insights that enable them to better target an evolving customer base.

At this point, companies may enter the last phase of development: the intelligent marketing phase. In this phase, marketing departments have implemented an integrated, high functionality marketing automation solution with advanced analytics, predictive intelligence, and machine learning capabilities. They have eliminated time-consuming processes like data cleansing and manual data uploads, and may have implemented micro-marketing, enabling marketers to focus on more strategic initiatives. Only five percent of marketing departments feel as if they have reached the intelligent marketing phase (Nucleus Research, *r64 – Running an intelligent marketing department*, April 2017). However, marketing automation is relatively young, and many companies are just starting to recognize the value of running a data-driven marketing department. As more advanced marketing automation solutions emerge over the coming years, Nucleus anticipates the number of intelligent marketing departments will increase significantly.

## CONCLUSION

Companies that deploy marketing automation in the mature phase of their marketing departments are more likely to experience positive returns. Nucleus predicts returns will only continue to increase, with companies getting closer to \$18.00 in return for every dollar spent on their marketing investments by 2019 (Nucleus Research, *r20 – Marketing delivers \$6.66 for every dollar spent*, January 2017).