Data and Analytics: Marketing's Next Frontier

Graduating from simple report writers and a relatively limited set of marketing data will enable marketers to improve their programs and generate more revenue without necessarily incurring more work. Working smarter with the aid of advanced analytics is the next phase of marketing's rapid evolution.

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Overview

The 2013 Beagle Research Marketing Automation Study reveals a discipline making strides to be more analytical and proactive; however, the devil is in the details. The study population represents companies that are widely variable in size — about one quarter enterprise firms and about 3 quarters small / medium businesses. While marketers in the study population are capturing key data about marketing programs and are using technology to discover insights that can make marketing more successful, too often the approaches used fall short of the goal of making better decisions based on real knowledge. Our research suggests that some marketers are collecting historical data and reporting on it but not necessarily using it to be predictive. Thus, the marketers we surveyed have good insight into what happened in the past but not necessarily any more understanding of what will happen in the future under similar circumstances.

By this measure it is obvious that the idea of being more analytic about marketing is still in its early days and many, if not most, of the benefits that can come from deeper analysis of marketing data are still ahead. Also implied here is the need to collect more kinds of data.

Foremost among the benefits is the ability to manage marketing instead of simply monitoring its results. The current approach of measuring things like cost per lead, cost of revenue, cost of programs and the like is retrospective. This approach tells marketers what happened in a program but not enough about how to change course in the middle of the action to achieve better results.

Few of those surveyed have processes that include routinely time-stamping major events in a marketing funnel. With this one key piece of new data, however, marketers could do a more effective job of analyzing things like lead velocity through the funnel — which in itself has multiple benefits — and time in any marketing stage, which can be revealing. Velocity is a great marker of a prospect's interest and intent and it has many downstream benefits such as helping to determine the efficacy of one program over another.

This report highlights where the discipline is relative to uptake of technology but also its position relative to adoption of newer management methods. It suggests that ideas and attitudes continue to evolve and that much can be gained by new adoption of analytic approaches.

Method

During the month of June 2013, we fielded a marketing survey using Survey Monkey and several house lists to solicit responses. For the responses reported here n = 50 or slightly more surveys completed. We analyzed the data using our proprietary analytical methods and charted the results using Microsoft Excel. While the total number of responses is not large, it is sufficient to provide a realistic qualitative look at how marketers are trying to manage their businesses today. More than half of the respondents (51.9%) are marketing directors or managers, the people who do the work. Another 17.3% are C-level officers which provides a good balance.

This survey attracted responses primarily from companies with fewer than 250 employees (69.2%) and with revenues up to $100 million (72.6%). The majority of companies responding were at least ten years old (25%) with a plurality (44.2%) saying they were over 20 years old. More than half the respondents (55.8%) said they have direct responsibility for marketing performance and for deploying the relevant technologies.

Key Findings

1. Our results show that marketers usually rely on simple row and column reports that compare two variables but they do relatively little cross tabulation to gain deeper insights.

2. When asked about marketing performance, respondents said they primarily collect and analyze data about leads and costs. But the measurements are aggregates that are not complete until a program finishes. Therefore, there is little opportunity with this approach to make course corrections to improve yields.

3. Respondents were much less aggressive at calculating campaign attribution — the pipeline and revenue that resulted from marketing activities. Only 54% surveyed calculate revenue per marketing campaign and the same number track pipeline sourced from marketing. The survey revealed similar numbers for sales qualified leads or SQL (52%) and marketing qualified leads or MQL (50%).

4. Particularly revealing is that very small numbers (8%) of respondents say they track deal velocity by campaign and 19.6% say they track average lead time in a marketing stage.

5. Almost exactly two thirds (67.35%) said that when it comes to working with sales, they have a common agreement or model of what a "good" lead is. However, only 44% said they receive regular feedback from sales on leads. This represents one of the two areas where insufficient data (in our opinion) is being collected, the other being data about marketing activities in general. You can't manage what you don't measure and the first step in measurement is data collection.

6. Marketers in this survey are divided on the approach for giving credit to marketing programs. The largest group (28.8%) said they credit every campaign that touches

a customer, while 26.9% said they weight the first campaign that couches the customer most heavily, and 19.2% credit the most recent campaign most heavily. Fully one quarter either elected not to answer or said they don't attribute credit to campaigns. So more than half said in effect they have no way of crediting campaigns.

7. The most popular tool for measuring performance among these respondents is the CRM system (90.2%) followed by 56.1% who said they also use a marketing automation system. Business intelligence tools came in third at 22.0%. We allowed for multiple answers to this question.

Analysis

The majority of respondents to this survey came from established companies with solid revenues. The average company profile suggests companies adopting marketing automation and new analytic techniques to find better ways to approach their markets. The data we collected suggests companies are still relatively early in the adoption cycle because they have not ventured very far from the kinds of reporting and analysis that can be done with simple report writers and spreadsheets. It also suggests that the major benefits of a more proactive, managerial orientation to marketing is still in the future.
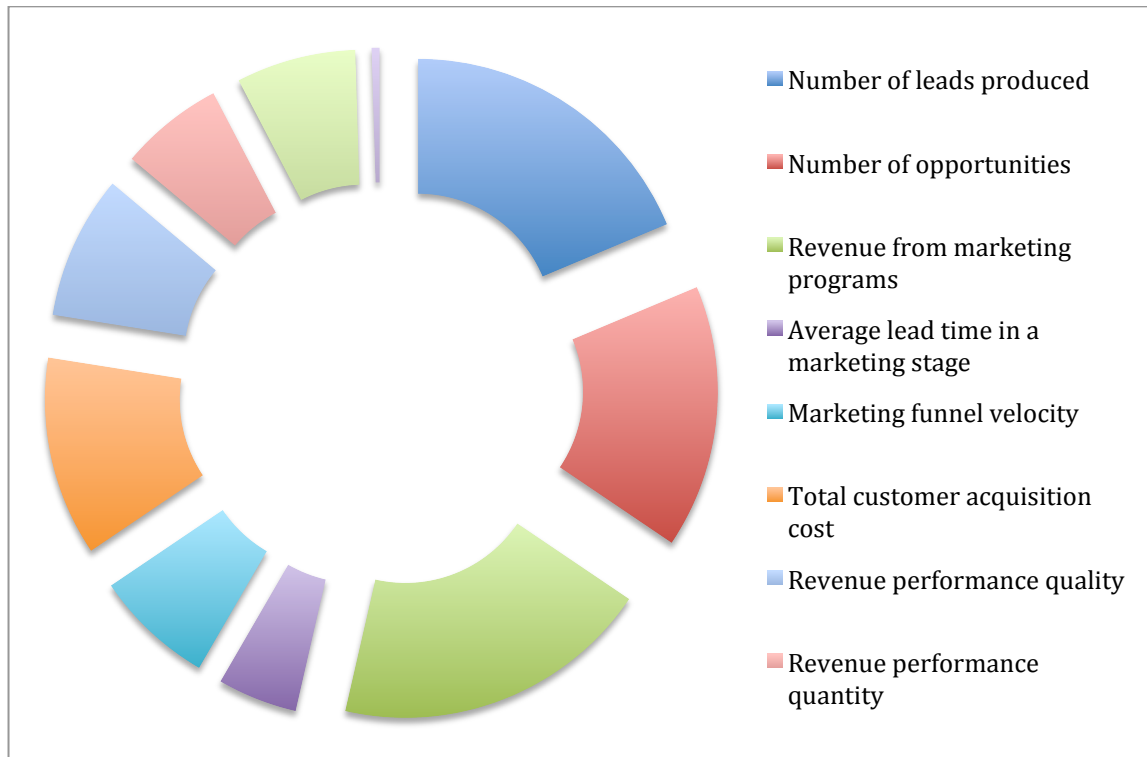
Our greatest findings are the relative lack of time stamping in the marketing funnel and a reliance on report writers rather than using true analytics and they are reflected in the kinds of measures and metrics these companies use.

Without time stamps and with report writers, these companies can easily report on things like revenue and number of leads generated but they are less able to understand marketing program quality, and that translates into close-ability and revenue per unit time.

Measuring marketing performance

Figure 1 shows only 19.6% track average time in a marketing stage and only 29.4% track overall marketing funnel velocity. But each of these measures, especially when cross tabulated with other measures such as revenue and leads produced, can provide much deeper insight into the quality of marketing's results. They can also alert sales to high apparent levels of interest and the likely trajectory of the sales process.
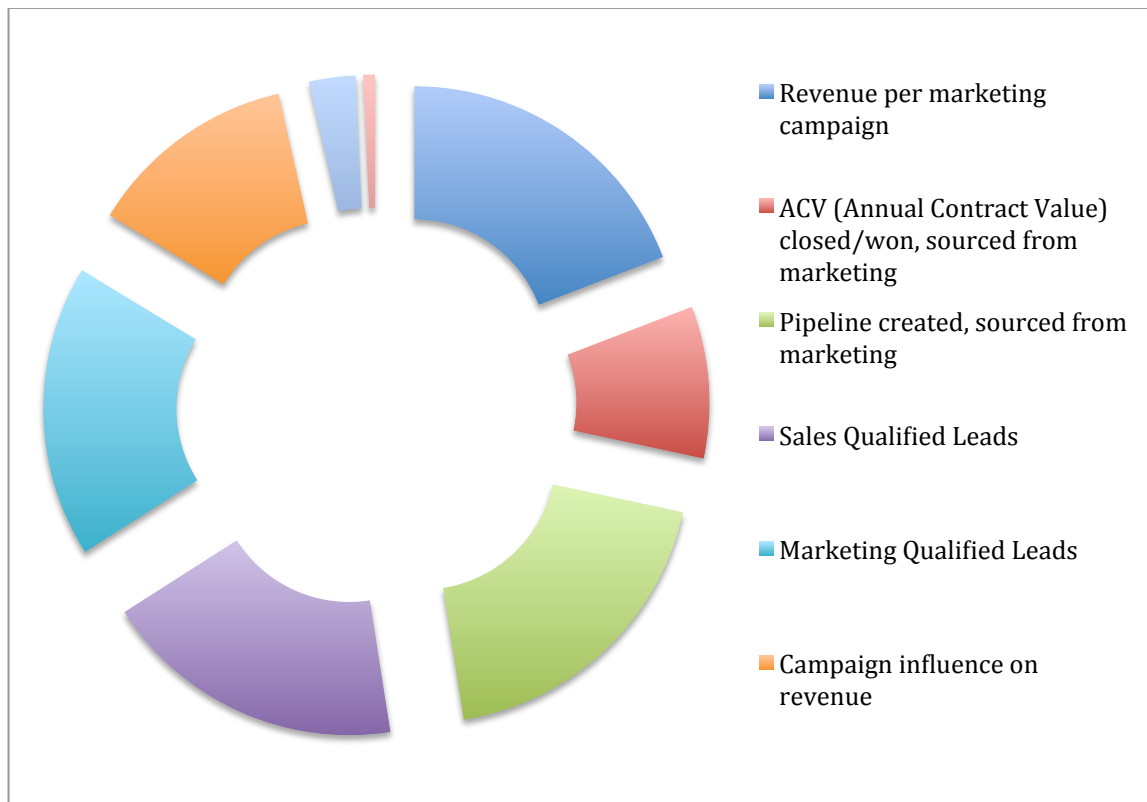
Figure 1 Measuring marketing performance.

Legend:
- Number of leads produced
- Number of opportunities
- Revenue from marketing programs
- Average lead time in a marketing stage
- Marketing funnel velocity
- Total customer acquisition cost
- Revenue performance quality
- Revenue performance quantity

Revenue performance measurement

Figure 2 discusses revenue and while the graphic shows great attention paid to it, the measures are macro such as revenue or ACV (annual contract value for subscription companies) per campaign. Just over a third (36%) track how one campaign influenced revenue and only 8% track deal velocity by campaign. Campaign influence is important when assessing the effectiveness of multi-step nurturing campaigns and velocity can identify which campaigns are relatively better and thus better investments of marketing resources.

**Figure 2 Marketing revenue performance.**

Measuring marketing performance

Counting raw quantities of leads, for example, might satisfy basic quota requirements for marketing, but these measures do little to give marketing a seat at the table when discussing revenue.

The left part of Figure 3 (in the circle) shows some of the important measurements that marketers say they perform such as cost per marketing campaign (72.55%). Most say they timestamp marketing milestones (54.2%) and cross tabulate their data (62.5%) though these numbers could definitely be higher. It is also not clear from this data what cross tabulations are most useful to this group — a subject for future research.

It is revealing that respondents say they have a common understanding with sales on the definition of a qualified lead (67.35%) but that less than half (44.9%) say that sales provides regular feedback on marketing generated leads. This suggests that a definition might have been established at some point but the lack of sales input in the lead quality cycle suggests that the relationship between sales and marketing has not evolved much.

Figure 3 Measuring marketing performance
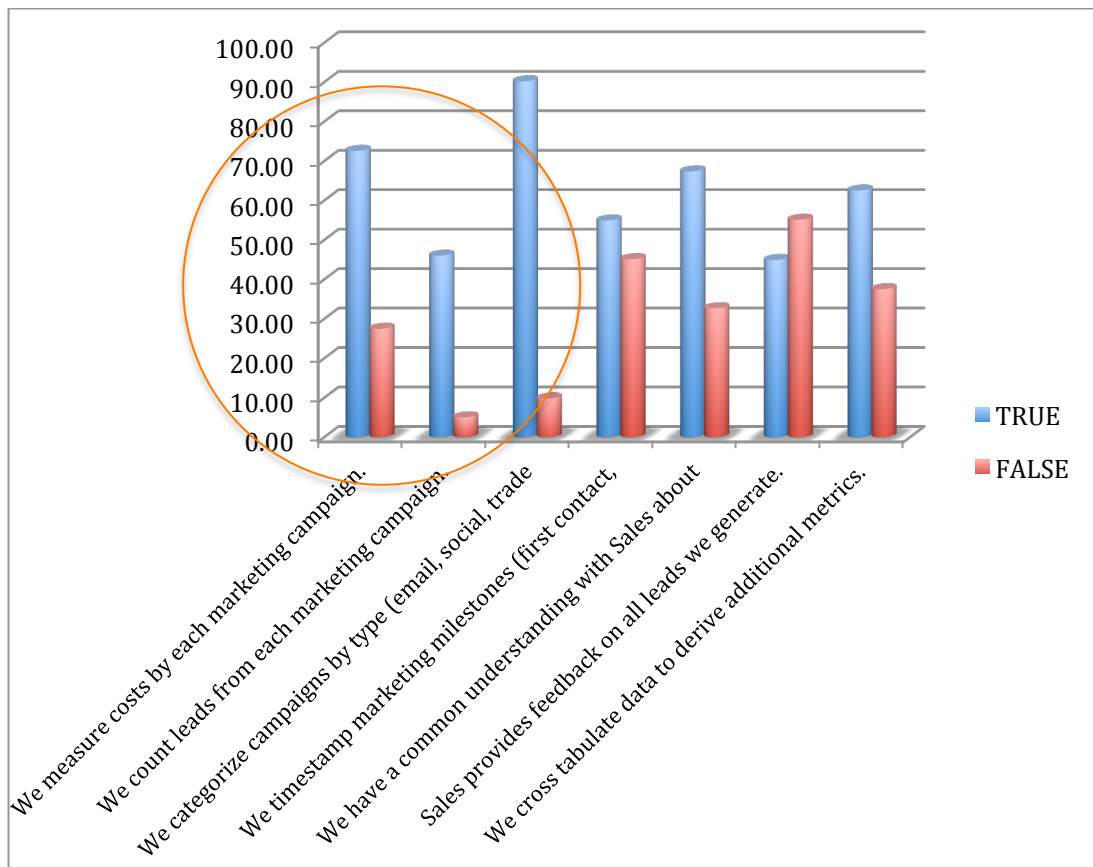
Measuring marketing results

Measuring results is largely about measuring quantities and it is retrospective. While the measures cited in Table 1 are good and important, more information could be forthcoming from this data if these users also collected time stamps and captured feedback from sales about which leads closed and how long it took. From this marketers could determine which programs delivered the most revenue the fastest.
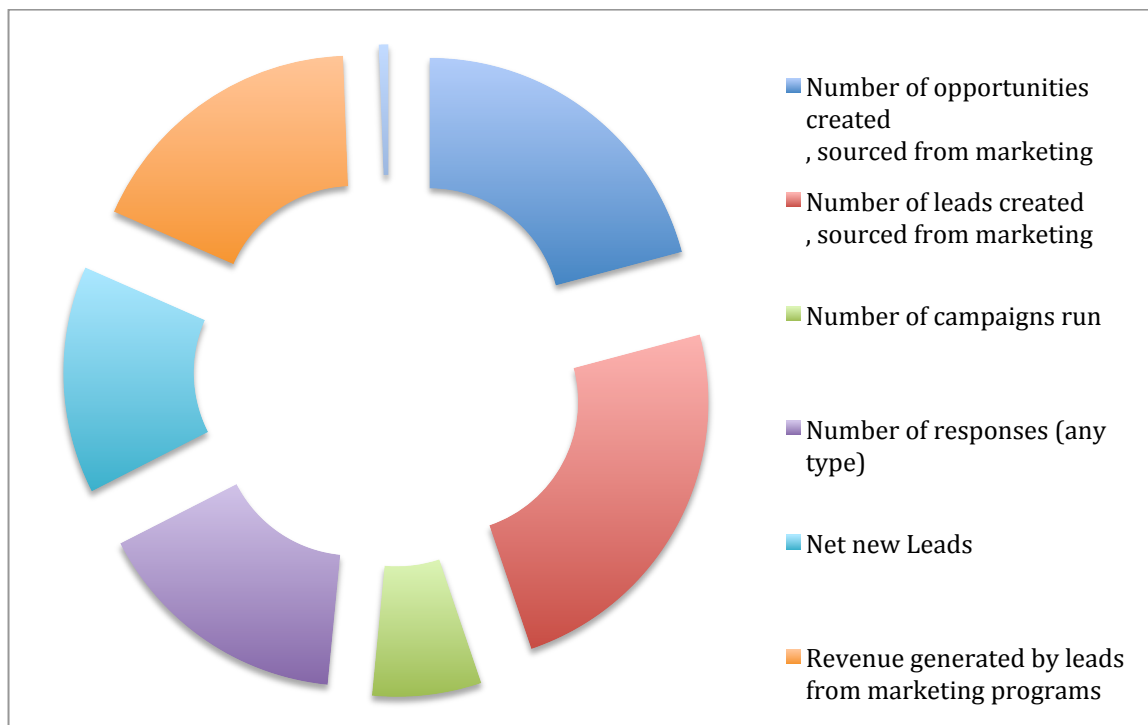
Table 1 Measuring results.

Q4. How do you measure marketing results? (Choose all that apply)	
Answer Options	Response Percent
Cost per lead	60.80%
Cost per revenue dollar	49.00%
Cost per campaign	52.90%
Cost per campaign by campaign type	35.30%
Quantity of results	49.00%
Volume of outputs	19.60%
NA	2.00%

How do you measure quantity?

Measuring the quantity of leads and opportunities produced has never been a problem for most marketers and this research confirms this. The survey reveals that marketers capture and measure the most important information about lead development. Net new leads should be an important measurement for most companies but only 14 percent said they measure it. Leads from existing customers might be important but new leads are critical to growth. This population should pay more attention to net new leads as a way to grow business.

Figure 4 Measuring quantity.


- Number of opportunities created, sourced from marketing
- Number of leads created, sourced from marketing
- Number of campaigns run
- Number of responses (any type)
- Net new Leads
- Revenue generated by leads from marketing programs

Marketing's relationship with Sales

One of the more interesting findings in this population is how much the relationship between sales and marketing has <u>not</u> changed over time (Figure 5 within the circle). Only about two thirds (67.35%) have a common understanding or definition of a lead between marketing and sales. There is no reason that this number is not over 90%. Also, sales is still not providing enough feedback to marketing on the leads they generate. More than half (55.10%) say they get no feedback. Finally, while a high percentage (62.5%) of marketers say they cross tabulate data when generating reports we think the results of the cross tabs is hindered by lack of sufficient data from the marketing process and lack of input from sales.

Figure 5 Relating to Sales.
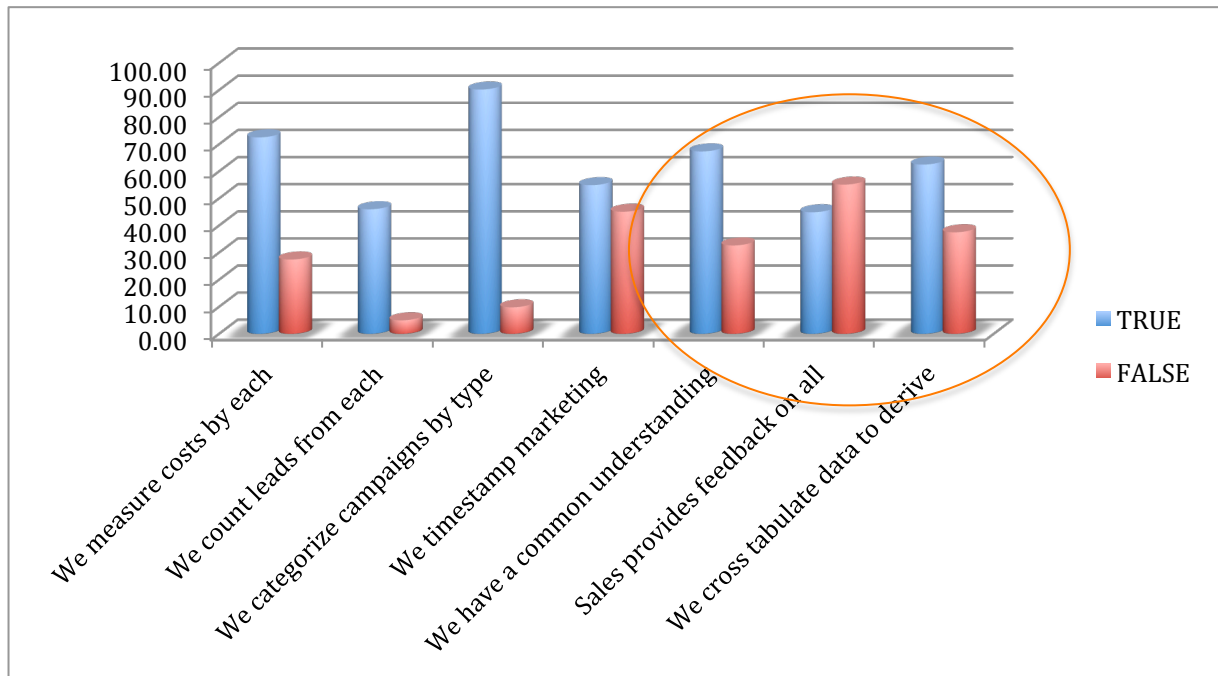
Measuring marketing quality

Marketing quality is measured mostly along traditional lines of revenue and leads, which is fine (Figure 6). However, only a small number measure sales funnel velocity for marketing sourced leads (different from simple marketing funnel velocity). Capturing this data could tell a lot about which marketing programs are best suited for generating leads that can close quickly. In any situation where marketing is trying to head off a shortfall in the current quarter, for instance, this information would be invaluable.

Figure 6 Measuring marketing quality.

Legend:
- Annual Contract Value (ACV) by campaign
- Revenue per campaign
- Number of sales qualified/ accepted leads (SQL/SALs) created
- Number of marketing qualified leads (MQLs) created
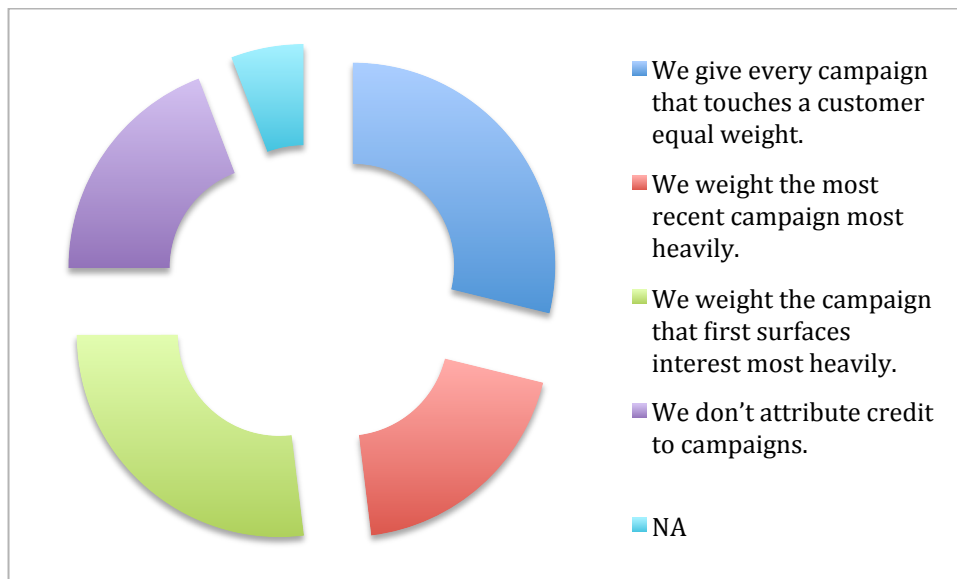- Sales funnel velocity for marketing sourced leads
- NA

Weighting marketing programs

The way a marketing department credits its programs with generating leads and revenues can say much about its overall effectiveness (Figure 7). More than a quarter (28.80%) said they credit every campaign that couches a lead and 19.20% said they don't credit campaigns at all while 5.80% gave this question an NA. In total almost 54% have no valid basis for understanding the effectiveness of their programs for generating leads and revenue — crediting all programs the same or crediting none yields the same result.

Crediting the first campaign that surfaces a lead (26.90%) outscored crediting the most recent campaign (19.20%). Either approach may be right depending on the organization's sales process. An organization with a high close rate might wish to credit the first program because it identified a lead that is usually good, while one that has an elongated marketing funnel might target the program that pushes the lead over the top most heavily, i.e. the last program. Either is useful depending on circumstance, and they are preferable to more random and indeterminate approaches.

Figure 7 Weighting campaigns.

We give every campaign that touches a customer equal weight.

We weight the most recent campaign most heavily.

We weight the campaign that first surfaces interest most heavily.

We don't attribute credit to campaigns.
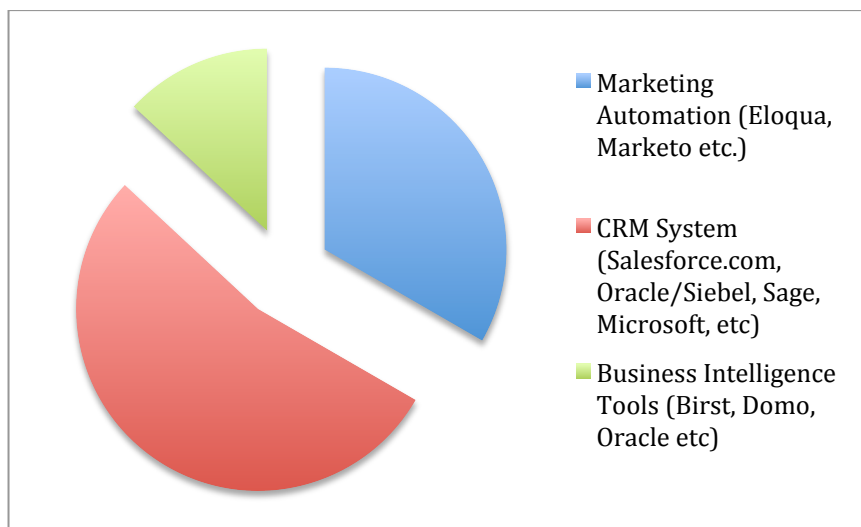
NA

Software used the manage marketing

One of the most important findings of this research involves understanding the systems used by marketers to manage their marketing programs (Figure 8). According to our research a strong majority (90.20%) say they use CRM though not exclusively. This question allowed for multiple answers (choose all that apply) so we got a significant number 56.10% that use marketing automation systems in conjunction with CRM. The overlap stems from the fact that many CRM/SFA systems hold prospect/opportunity and lead data and companies use them in slightly different ways especially if a sales referred lead (SRL) cannot be easily returned to the CRM system if it fails to be sales qualified (SQL). So some data straddling is involved. The major point of this question shows that CRM systems, which have report writers that may typically be less robust than the analytics that are part of marketing automation systems, play an important role in marketing data gathering and data reduction.

CRM systems may be responsible for reports that collate revenue and leads by program but some may not be able to easily capture more intricate data such as time stamps and historical data (keeping only the latest value for a field rather than tracking how it changes over time). On the other hand less than a quarter (22.0%) have gone all the way to analytics use for their marketing management.

If marketing and sales both have access to the CRM system, it may make sense for the CRM system to be the "system of record" so that both teams are reviewing, monitoring, and acting on the same data.

This is very important as the tools available to marketers will determine what kind of information gets distilled from available marketing data and this is borne out in the next question.

Figure 8 What systems do you use for marketing?

Legend:
- Marketing Automation (Eloqua, Marketo etc.)
- CRM System (Salesforce.com, Oracle/Siebel, Sage, Microsoft, etc)
- Business Intelligence Tools (Birst, Domo, Oracle etc)

Marketing's biggest challenges

We asked the group what their biggest challenges are and the results are in Figure 9 below. We disagree with the findings which place personnel issues first and systems issues last. If this research plus our own experience tell us anything, it is that:

1. Marketing is not collecting enough data or the right data on its own and it is not receiving enough information back from sales; furthermore,

2. Marketing is not using the right systems for its mission relying too much on report writers rather than analytics; and,

3. Personnel issues can be dealt with relatively easily because modern marketing automation and analytics systems are rather easy to learn and use; finally,

4. Marketing and sales are often using different systems so if marketing only has access to and uses marketing automation, they can have challenges getting systematic feedback from sales through the CRM system.

Figure 9 What are your biggest challenges?
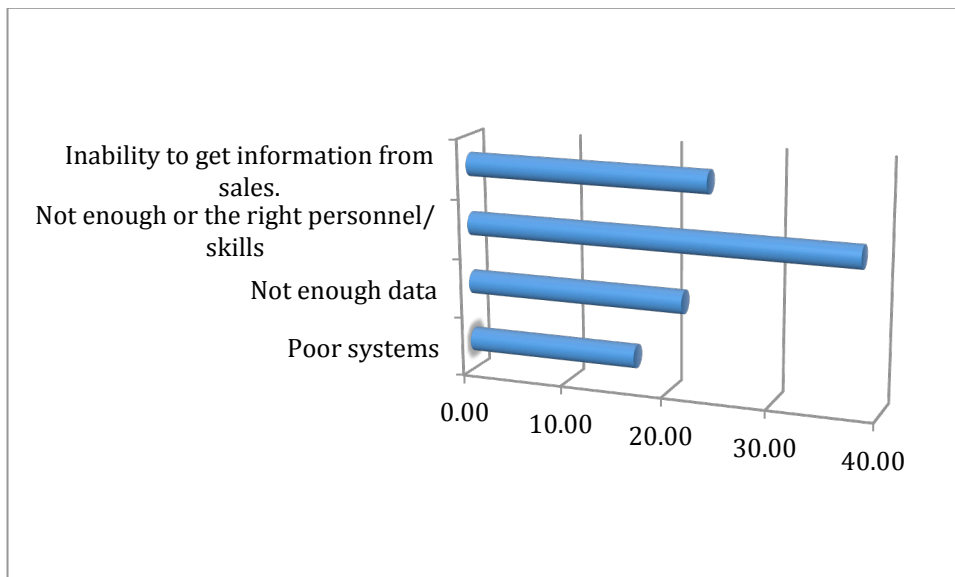
In our view, therefore, marketing's biggest challenge is to move from report writers to analytics and to collect more data than what's being collected now in a low hanging fruit manner. Marketing's current approach enables users and executives to monitor but not truly manage marketing. Making these changes will reverse this situation.

Conclusions and Recommendations

If this group is representative of small to medium companies in general, it shows an orientation toward older marketing approaches overlaid by more modern technologies. This is not unusual as new technologies roll out across a market and it clearly shows

marketers can take advantage of newer technologies such as CRM and marketing automation to gain better results from their marketing programs.

Our analysis shows a process more focused on reporting after the fact than managing in the moment. A focus on costs and gross numbers of leads generated is one that summarizes after the conclusion of a campaign rather than one that participates in the moment or that can be used to accurately predict future events. While this approach is useful, it may not help marketing fully elevate its position in boardroom discussions. But this can be changed with a few simple adjustments.

We recommend that all marketers begin to time stamp marketing funnel activities so they can track the time a lead stays in any phase of the marketing funnel. Doing this will provide the raw material for more insightful cross tabulations. For example, in addition to identifying where in the lead maturation process leads may stagnate or fall off, tracking time in a phase and its corollary, funnel velocity, will also provide sales with more knowledge about which leads — and which programs — are particularly good. It will also enable marketers to determine time to revenue from any point in a program. This would be useful in any situation where marketing has to supply leads that will have a material effect on short-term sales activity.

To do this, marketers may need to closely examine the tools they currently use to track their data and to report on it. Conventional CRM systems and their report writers may not be adequate for this level of analysis if they do not capture and hold onto historic data (for time in phase) and if their report writers are not capable of cross tabulations so that more variables can be assessed at once.

For example, a report writer will be able to produce a report showing cost per lead or lead per program but more in-depth analysis is needed to show average close time for a particular stage in the sales process from leads derived from a particular type of program.

Marketing has not been pursuing advanced analytics and advanced management strategies for very long yet but the success of marketing automation vendors and the intense interest in all things marketing has presented a moment when marketers can adopt more rigorous solutions to make greater contributions to corporate goals.

About Beagle Research Group, LLC

Beagle was founded by Denis Pombriant, who has been researching and writing about front office technology since 2000. Our research and analysis is available on many technology venues as well as at BeagleResearch.com. For inquiries or to arrange speaking or consulting reach us at,

info@BeagleResearch.com
781-297-0066, 617-901-2072, 415-287-0427