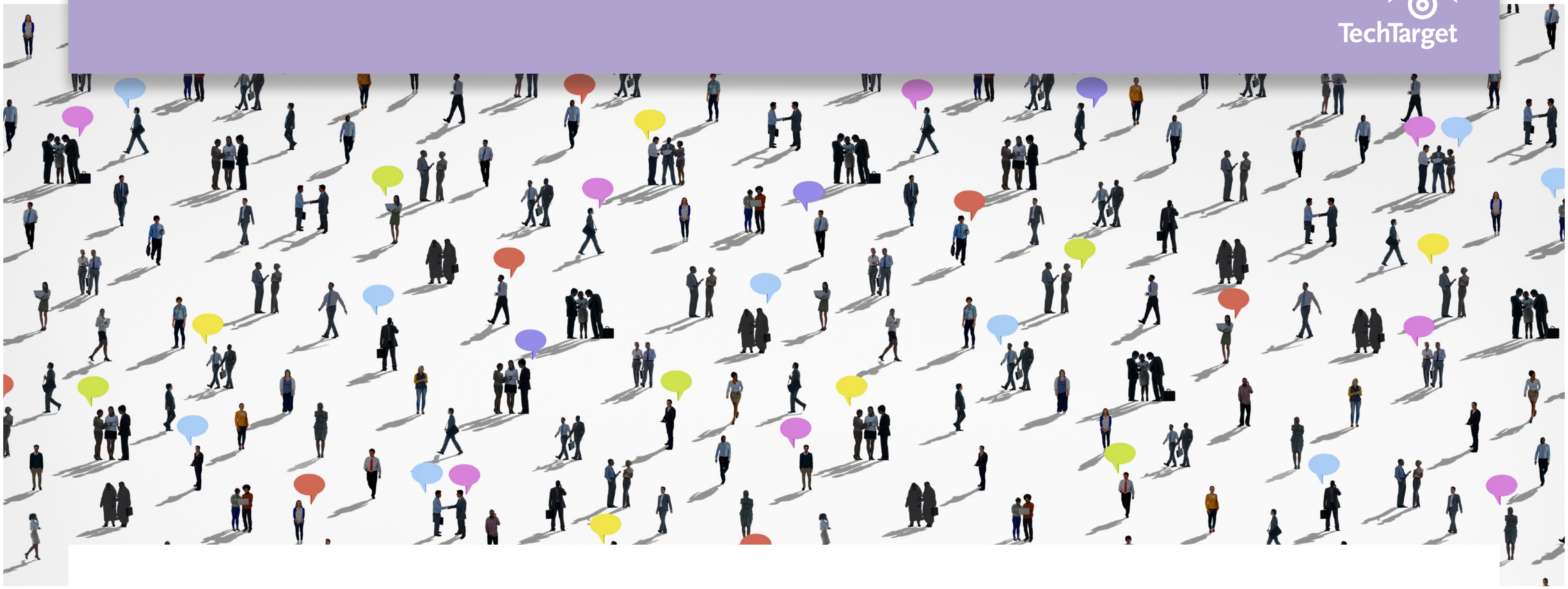

Predictive Marketing Analytics Removes the Guesswork

A largely ignored part of marketing analytics, predictive intelligence is an increasingly valuable tool for identifying qualified prospects and closing deals.

Predictive Marketing Analytics Technologies Make Strides

WHILE MARKETING USED to be somewhat of a guessing game, today's marketing professionals hope to use data and analytics to drive better decision making and target new customers. One major component of marketing analytics strives to analyze customer and prospect behavior and make predictions.

Predictive analytics is alluring for sales and marketing departments—allowing them to see trends in the data and secure new sales—but it's harder than it sounds. According to recent data, predictive analytics technologies are still maturing. Most organizations use data analytics to understand the present and even the past. Using it as a crystal ball is off in the distance for many.

According to "The State of Marketing Analytics: Insights in the age of the customer" from VentureBeat, 45% of marketers aren't validating their marketing analytics for quality and accuracy. Further, 73% of marketers' time is spent reporting on the past and present and only 27% on planning for the future.

This guide covers the benefits and challenges of the market. First, Steve Robins discusses how measuring the ROI of predictive analytics technologies can make a difference. Key performance indicators such as cost per lead, customer lifetime value and customer acquisition cost are important markers in determining the success of predictive analytics technologies. Next, Jesse Scardina discusses how NetSuite's marketing and sales reps located active buyers rather than companies that looked like potential customers but weren't. Then, I examine how the Royal Bank of Scotland used predictive analytics technologies to upsell its customers and how it reorganized its business units to get maximum insight from its data analytics team. ■

LAUREN HORWITZ
Executive Editor, SearchCRM

Digital Marketing Technology Produces Strong ROI

Most companies now recognize that one of their competitive differentiators is the strength of their marketing campaigns. Digital marketing technology builds brand presence, nurtures long-term customer relationships and brings in new customers and prospects. It's now essential to the sales and marketing toolbox.

But historically, achieving that elusive marketing technology ROI has been a challenge. Marketing teams have struggled to make the case to executives that they must spend to deliver results. Tools such as marketing automation software were once considered nice-to-haves. But as the business environment becomes more competitive, that perception is shifting.

In 2015, marketing budgets increased 10% at the more than 300 organizations that responded to the "Gartner CMO Spend Survey 2015-2016." Two-thirds of the respondents reported that they expect an increased budget this year.

At the same time, the market is awash in technology. Some 3,500 marketing technology products are available—a significant increase over 2015's 2,000 products, according to Scott Brinker in his chief marketing technologist blog.

Aaron Dun, senior vice president of marketing at SnapApp, said, "I think that we are drowning in technology right now. Marketers need to have the discipline to focus in on technologies that are really going to drive their business opportunity forward and put the rest on the backlog list."

BUSINESS OBJECTIVES AND STRATEGY

The market is flooded with tools, so how can you determine where to invest in marketing technology? Surprisingly, the starting point is not in the ROI but in your business goals.

Before you even start thinking about technology or ROI, consider your business objectives and strategies—only some will require a technology investment. Business objectives might include increasing revenue, improving profitability, lowering customer acquisition costs, increasing customer lifetime value, achieving better customer conversion rates, improving lead quality, shortening conversion time and supporting an account-based sales model, among other things. Let's take a look at how to organize your thinking.

- **Improve the buyer's journey.** Consider the buyer's journey or sales funnel, noted Steve Offsey, chief marketing officer at Tandem-Seven. "I look at our buyer/customer journey and determine where their current experience is poor—through qualitative analysis—and/or where they are having difficulty [being converted to a sale]," Offsey said. "Then we determine ... whether products or technologies are required."

Anita Brearton, CEO of CabinetM, agreed. "More and more companies are taking this approach," she said. "For smaller companies, improving the buyer's journey can be a healthy approach."

- **Think like an investment manager.** "It's important for marketers to realize that the company always has a choice about how to invest its funds," Dun said. "I start by [asking], 'How much are we spending in marketing to acquire a new dollar in bookings?' " Then consider—and try to calculate—how technology will drive efficiencies, scale, improved reporting or some other higher-order goal. Use ROI models to prioritize your tech investment options.

ROI MODELS

Each ROI model compares incremental improvement with the cost required to achieve that improvement. Given the myriad marketing products, each with different features and benefits, it can be difficult to assess return on investment.

"Too often the marketer is being sold on something fuzzy," Brearton said. "Vendors need to step up and define benchmarks for their products." While a company's individual numbers will vary, she believes these benchmarks are an important starting point to give a sense of what quantitative benefits to expect.

Your ROI model will depend on your marketing tools and project. Some projects reduce costs, others may speed growth and still others may have a more indirect impact. Let's consider a few examples. The optimal metrics are bottom-line focused (i.e., as close to generating revenue as possible), but that will not make sense for all projects. Following are some of the more common ROI improvement metrics.

- **Customer acquisition cost.** Owen Larkin, president of ski travel site SnowPak.com, focuses on opportunities to lower customer acquisition cost (CAC)—for example, when sales reps can use new technology to handle more leads. You can also reduce CAC by automating more of the sales process.

- **Customer lifetime value.** Consider the entire lifetime value of the customer, from initial sale to all subsequent sales.

- **Cost per lead (CPL).** Jason Parks, president of The Media Captain LLC, focuses on reducing CPL. Assuming that lead quality is constant, then lowering CPL can also reduce CAC.

- **Productivity.** Included are both marketing and sales productivity such as reducing the marketing effort to generate a single lead and the sales time required to close a deal. Improved productivity, for example, often translates into growth as the same effort yields more leads.

- **Conversion rates.** If you're optimizing the buyer's journey, there's a good chance you'll focus on conversion rates, which should reduce CAC and increase customer lifetime value.

QUALITATIVE METRICS

Other metrics more indirectly affect bottom-line results but are important nonetheless.

- **Engagement, followers, likes, shares.** Brearton said these metrics are common for social media projects, although there is some debate about whether they're meaningful.

- **Buyer's journey and customer experience.** New technologies can deliver a vastly improved buyer's journey and user experience, which should drive improved conversion rates, reduced CAC, higher customer retention rates and higher customer lifetime value.

- **Improved data and analytics.** "Better information helps you make better decisions regarding where to spend your marketing budget and what kind of messaging works best with different customers," said Venkat Viswanathan, founder and chairman of software firm LatentView Analytics.

- **Compare benefits against total costs to determine ROI.** All software licensing and subscription fees are included as well as implementation, integration, maintenance, support and other services and, finally, training and other internal expenses.

FINAL CONSIDERATIONS

Before finalizing your ROI model, there are several factors to consider.

- **You won't always know the ROI.** You may not know the return on investment—especially for new programs—which is why many companies dedicate a portion of their marketing technology budget to test projects, Brearton said. Additionally, some projects may just be "table stakes" that are important but lack a quantitative ROI.

- **Understand the impact on other teams.** "Evaluate implementation time, costs and the impact it will have on teams," said Adrienne Weissman, chief marketing officer of tech review site G2 Crowd.

- **Understand total cost of ownership (TCO).** A few years ago, my company implemented a top marketing automation platform (MAP). During the first year, the new MAP enabled us to increase lead nurturing by 44%. But it was complicated and required exponentially more care and feeding—i.e., it had a higher TCO, but also a higher ROI than our old system. So while our digital marketing manager was able to run many more campaigns and achieve better results, she had to invest more time to do so.

■ **Different metrics for different people.** Depending on the project and organization, you'll need to sell your project and tailor your ROI to a variety of people and organizations, including marketing peers, sales, finance, IT, the CEO and others, said Mark Goloboy, a marketing technology and analytics leader.

What do you think? How do you justify marketing technology projects? —*Steve Robins*

Predictive Intelligence Converts Leads Into Customers

BEING ABLE TO find potential leads is the foundation of sales. Being able to predict which leads will turn into customers is starting to look like the future of sales. Predictive intelligence software is gaining traction as marketers and sales reps turn their attention to collecting data and predicting if it indicates a potential sale.

"Digital screens and the interactions on them are leaving a trace of what customers need and who they are," said Amanda Kahlow, CEO of predictive analytics company 6sense. "If we can listen to that trace, we can learn more about our buyers than ever before."

Kahlow led a case study session with NetSuite Inc. sales productivity executive Joan Fitzpatrick at the 2016 SiriusDecisions Summit. They highlighted NetSuite's conversions across marketing and sales, which have resulted in twice the amount of accepted leads, opportunities created and sales closed.

Using predictive analytics software, NetSuite's marketing and sales reps managed to locate active buyers rather than companies that looked like potential customers. "By looking at the digital patterns, we could predict if similar customers would buy," Kahlow said. "The power of predictive is to get in front of buyers before they become a lead."

One main trend driving this change is that customers are now in more control of the buying process. Customers have more access to information and more ways to access it. Rather than working to get noticed by a customer, 6sense aggregates data through its predictive intelligence software to find customers already actively searching for product information. "By finding buyers who have a need and are in an active buying cycle, they're willing to spend more," Kahlow said. "If I'm creating the need, it's an uphill battle to get the sale."

Customers are constantly leaving digital footprints that outline where they've searched, what they've searched for and when they searched last. This digital trace of what the customer wants or needs is what 6sense captures, and it uses predictive intelligence software to determine where similar customers are.

"If we listen to those signals, we can tell when accounts are in the market to buy," Kahlow said.

Fitzpatrick said that back in 2012, NetSuite was looking to increase its sales effectiveness and began researching predictive intelligence software. Following a trial-and-error period during which many startups didn't meet NetSuite's stringent security standards, the company partnered with 6sense in 2014.

After a brief learning curve as the NetSuite sales team adopted 6sense's predictive software, NetSuite doubled the amount of outbound leads, opportunities and closed sales by shifting its focus toward customers that were already in the market to buy. "6sense could source companies that are in the market to buy, not just those that look like they want to buy," Fitzpatrick said. "That's a huge differentiator."

"The power of predictive is to get in front of buyers before they become a lead."
—AMANDA KAHLOW, CEO, 6sense

By collecting and aggregating the digital footprint of potential customers, the information handoff from marketing to sales is more efficient and accurate. "We're using this marketing data to drive the sale," Kahlow said. "It's not marketing over here and sales over there. The center of it all is predictive."

—Jesse Scardina

Centuries-Old Bank Targets Wealth of Customers

WHEN A NEARLY 300-year-old bank wanted to step up personalization efforts with data analytics, it realized it needed to make a cultural shift. It wanted to target content to customers, but it needed to know more about those customers.

The Royal Bank of Scotland (RBS) was established in 1727 and has 25 million global customers. Bank executives wanted to digitize and begin democratizing data to step into the future with their marketing efforts. They realized they were flying blind without data to support their decisions.

Without data, RBS might send a marketing message or target a user navigating the website without really knowing if the visitor fit into the bank's preconceived customer persona. Marketing was targeting messaging and products based on assumptions about its customers and their preferences rather than what the data could truly tell the Royal Bank of Scotland about its customer base and their needs.

"With our online [customer] experience, we were changing stuff, and we didn't know whether it was having a positive impact," said Giles Richardson, head of analytics at RBS, during a discussion at Adobe Summit 2016. So RBS's marketing and analytics teams were enlisted to work collaboratively in its "Superstar DJs" program. It likens the role of marketers to DJs, because they're testing content options on audiences, much like the way DJs offer up new beats to their audiences. The analysts create digestible dashboards and work as "producers" of sorts with their DJ counterparts, ultimately democratizing data and creating actionable results. With the Superstar DJs program, and technology from Adobe Marketing Cloud and Adobe Analytics, the RBS team tweaked and tested its messaging to customers. Then team members turned to the hard data to see the impact.

Once DJs could rely on data and identify customer segments and the right content to send to those customers, RBS saw significant results. As a result of democratizing data, RBS customers were as much as 80% more likely to purchase a certain banking offering with targeted content on the website or in email. Customers receive tailored messaging and content based on the data that RBS derives.

Richardson said RBS executives want to expand the bank's marketing expertise and understanding of customers. The goal is to accomplish that objective in whatever communication channel a customer uses, whether it be a website, email or physically coming into a branch location.

"The next step is there are many other touch points that our customers will meet us at," he said, "and we want to be just as good there."

—Lauren Horwitz

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