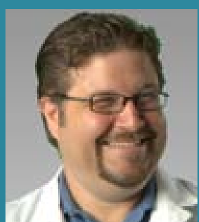
Conversion Stack: Marketing Automation for Performance Marketers



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YOU may be wondering if marketing automation is really worth the investment. But if you're a performance-oriented marketer–focused on the science of turning prospects into future customers, always concerned about knowing exactly which of your marketing efforts worked and why – that's like asking if you're getting your money's worth from Microsoft Word; it's something you just can't do your job without.

In this article, I'm going to walk you through the components of the modern online marketing strategy – a strategy that cannot be implemented without automation.

To automate something, we must first understand it.

Performance marketers are focused on turning their online channels into lead generation engines or revenue streams. They focus on **conversion**.

"Conversion" is the term given to a series of magical events in the life of a customer,in which a stranger becomes a suspect, a suspect becomes a prospect and a prospect becomes a customer.

In online marketing, a marketer focused on converting visitors to prospects or sales must embrace a set of capabilities, each enabled by and depending on its predecessor. These steps create a capability "stack" (see Fig. 1) that is helpful in planning the implementation of the efforts that make conversion marketing possible.

The Conversion Stack

Today, when one thinks of conversion marketing, one generally thinks of **Website Optimization** or **Conversion Rate Optimization**. These practices focus on measurement and optimization, and represent the top of the stack of capabilities that online marketers must master to outpace competitors online.

Before a business can begin measuring and optimizing a website or other online marketing strategy, the foundational issues of business goals, visitor profiles, content requirements, and delivery channels must be addressed.

Every business with a Web presence has invested at some level in the conversion stack. However, those companies that embrace these capabilities develop a momentum and velocity in their online strategy that allows them to accelerate past entrenched businesses. These businesses use the conversion stack to leverage their marketing efforts, changing the math of marketing in their favor. The goal is to grow revenue while reducing real marketing costs.

Marketing automation helps marketers define and carry out each capability in the stack with a precision that would be difficult if not impossible to achieve otherwise, and therefore plays a crucial role in an organization committed to performance marketing.

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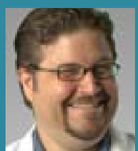

About the Author

Brian Massey calls himself a Conversion Scientist and he has the lab coat to prove it. "Conversion" is the process of converting Web traffic to leads and sales, and his practice, Conversion Sciences, brings this discipline to businesses of all sizes. Since 2001, Brian has built the marketing strategy and infrastructure for a number of technology companies. In 2006 he began educating businesses on conversion which is the key to online marketing success. He has crafted online strategies for dozens of businesses, strategies that drive their most valuable visitors to take action. Brian is a national speaker, the author of the Conversion Scientist blog at ConversionScientist.com and writes for ClickZ.com and Search Engine Land. He lives and works in Austin, Texas where life and the Internet are hopelessly intertwined.

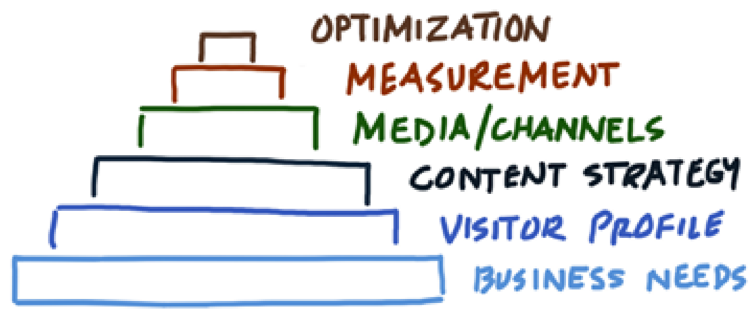

Figure 1: The Conversion Marketing "Stack"

Business Goals: The Base of the Stack

The Internet cannot meet all of the goals a business has for growth. However, your business can accomplish things online that are impossible or cost-prohibitive through another channel, such as:

- Improve the quality of leads, **reducing sales costs** and increasing close ratios.
- **Reduce inbound calls** for information by moving interactions to the Web.
- **Eliminate expensive marketing channels**.
- **Reach prospects** not found via other media.
- **Add online services** that make your offering more valuable.
- Increase **cross-sells and up-sells**.
- Increase **average sales price**.
- **Steal market share** and mind share from our competitors.

At this stage, we seek to define the integration points of our marketing automation system, and to establish our baselines performance metrics.

Defining Your Marketing Automation Integration Points

While we can measure many things with sophisticated marketing automation tools, it is critical that we focus on those capabilities that are necessary to our business goals, and ignore (or defer) those that are not.

If our business has a long sales cycle involving direct sales efforts, integration with a Customer Relationship Management (CRM) system is crucial; it is how we track our leads through the sales process.

If we are tasked with reducing the sales cycle, we will want a two-way integration between our CRM and our marketing automation system so that we can monitor our success over time. Otherwise, a simple one-way integration may be sufficient.

Likewise, if we seek to increase the average sales price of new customers, we will need to integrate with our financial system to retrieve and measure that goal.

"Each time you send a communication, you are testing a set of assumptions – assumptions about what your prospects want and need in their buying process, about the format of the content, and about the places they want to consume it. Every communication can tell us the 'why' of our success or failure."

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Choosing Key Performance Indicators (KPIs)

There is a metric that we can use to either define our success for each goal, or approximate it. For example, "reducing sales costs" means that the sales efforts are converting more leads into customers. However, there is no off-the-shelf metric for "sales cost" reported by our marketing automation systems.

Instead, the **close ratio** – the number of leads converted divided by leads generated – would be a reasonable proxy for reducing sales costs.

Likewise, the success of cross-sells or up-sells may be measured by the frequency of repeat purchases or by the average lifetime value of existing customers.

There should be a small set of KPIs that define your top-level online business goals. All other metrics help you answer the question of "why."

Don't let the metrics drive your curiosity. Let the business goals drive the choice of metrics.

Defining Your Baselines

There are lies, damn lies and analytics, to paraphrase author Mark Twain. Analytics are rarely accurate.

You must instead **measure changes** in your KPIs. To measure changes, you must first establish baselines for each.

In most industries, a year's worth of analytics data is necessary to fully account for seasonal changes in the marketplace, but don't let this stop you. Implement your analytics tools and let them begin collecting data. In the mean time, estimate your KPIs manually, by gathering data wherever you can. Eventually, your analytics will determine your baselines.

The goal is for the current performance of any KPI to exceed its baseline. Proper reporting is done in terms of percentage increase or decrease. If a KPI consistently rests above its baseline, you have established a new baseline to beat in the coming weeks and months.

These baselined KPIs define your "dashboard." However, as you will soon find out, dashboards are unsatisfying because they don't answer the question, "Why is this KPI changing." We'll talk about understanding "why" a little later.

Visitor Profiling: Aligning Your Business Goals with Visitor Buying Habits

Traditionally, there has been a disconnect between the websites and the needs of visitors. Most business sites follow a "brochure" style approach, in which the site talks about the company and its products. This is not what your visitors want.

They want you to talk about them and their problems.

Touchpoint Personas

Personas are, and have been for decades an effective way to organize and communicate what a business knows about its customers.

The job of the touchpoint personas is to bring market data alive by creating sketches of the people from the data; naming them, giving them a face and telling their story.

Touchpoint Personas differ from traditional customer segments in one significant way: We are only interested in what they need at the moment they are interacting with our measurable online communications. This singular focus allows us to zero in on those things that a visitor needs.

I recommend the book *Waiting for Your Cat to Bark?* by Jeffrey and Bryan Eisenberg for a complete run-down of Web persona development.

One of the most important outputs of the persona process is the list of "points of resolution." These are the pieces of information that a visitor **must uncover in order to feel comfortable taking action**, to become a prospect or a sale.

These become the content that you will use on your website, in your outbound marketing and through-out your channels. As you will see, content allows us to answer the question "why" when our perfor-mance changes, for the better or worse.

Content Strategy: We are No Longer Marketers

We are no longer marketers, but publishers. In almost any industry, any market, it is absolutely necessary that we provide information, guidance, education and entertainment to the marketplace. The Internet has turned our prospects into research-ers, and we must provide them with the content that answers their questions.

Our personas give us a complete picture of those visitors that will move our business forward. We know why they are visiting and how they like to receive information. Their demographic profile will tell us which technologies they use and this helps us select the proper format for our content. The points of resolution tell us exactly what our content should cover.

At this point, our content strategy should unfold like the board game "Clue." In the popular board game, we use a process of elimination to understand **who** committed a murder, **which** weapon was used, and **where** the deed was done.

In our game of "persona clue", we create a list of similar actions. We deduce **who** we are targeting, **which** point of resolution we are addressing, and **where** this information will be delivered.

We might say, "Darla Decider will download 'Ten Reasons Projects Fail' as a white paper on our website."

What we have done with this step is change the conversation from, "Which Webpages do we need to develop?" to, "How can we make this important content available to our best prospects?"

Content is the coal that will stoke the furnaces of your marketing automation system.

Media and Channels: Mixing Media in the Right Proportions

If our content strategy is about giving prospects what they need, our media strategy is about placing content where our prospects can find it.

Touchpoint personas will be immensely helpful in identifying the right mix of channels through which to deliver and advertise content. Demographics will give you some idea of your prospects' media preferences. For example, prospects over 55 are still best reached through email.

Media selection is an evolving process, especially in a world in which so many new channels are appearing every year. In a few short years, we've moved from Web pages, email, and banner ads, to search marketing, social networks, RSS feeds, blogs, microblogs, and mobile applications.

It's an exciting time to be a marketer.

This is where marketing automation becomes indispensable. It is your publishing and distribution system. It must help you manage a stream of content delivered through a variety of channels and track results along the way. Your investment in **publishing automation** will also allow you to test multiple versions of your content to see which affects your KPIs most positively.

Your System Should Be Easy to Use

You should be able to intuitively setup a variety of content campaigns and see the results. The days of the "launch and watch" website are over. In most industries changes must now come weekly or daily.

Your System Should Not Be a Silo

Producers will need appropriate access to create and stage new content. It should be easy for members of the team to check content and settings to ensure the campaign will launch successfully.

Your System Should Offer a Variety of Metrics

Each content format and channel will be measured differently. You must be able to track downloads of whitepapers. You must be able to track the conversion rates of email-based content. You must be aware of how often a link is shared on social networks.

Needless to say, you will need some help coordinating all of this activity and measuring the results. If you aren't intimate with your marketing automation tool, you're not doing performance marketing.

Measuring and Optimizing: Every Communication is a Test

At the pinnacle of the conversion stack is optimization. Optimization involves making changes based on the metrics you've captured.

Every communication is a test.

Each time you send a communication, you are testing a set of assumptions – assumptions about what your prospects want and need in their buying process, about the format of the content, and about the places they want to consume it.

Every communication can tell us the "why" of our success or failure.

For each communication, you must devise a strategy to measure the effectiveness of the content. **Each communication will have a set of primary KPIs**. An email newsletter may invite readers to purchase a new line of shoes, and to join your Facebook page as well. If the primary goal is to sell shoes, you must be able to measure the conversion rate of the email.

It isn't sufficient to increase sales of the shoe. You must have a strategy to know how many sales were generated by this email.

Watch the Results

The final step of each communication – the step too often overlooked – is reviewing your results. When the communication has run its course, you simply look at the KPIs to learn the secrets desires of your audience.

Which articles are read most? Which subject lines convert well? Which discounts generate sales? Which tweets draw the most visits?

Your marketing automation system should provide easy drill-down to the metrics that define the success of each effort.

Conclusions

You are sitting in the monthly executive meeting. You have created a slide deck with your top-level KPIs as reported by your marketing automation system. They are a summary of how your individual efforts have affected the bottom line.

When the questions come, you know the "why" and the "what's next" for your marketing efforts.

"Why did our conversion rates go down, but our revenue go up?" the VP of Sales asks.

You know the answer. You tick off the four or five programs that delivered solid results, and then list those that drew unqualified traffic to the site, stating that they will be modified or discontinued. You're a performance marketer.

The Business that Knows Grows

Each item of content you produce will have different versions, be available through multiple channels, and will be measured differently. Today's online businesses won't function without a useful marketing automation system, a tool that be used by many members of the team.

The Conversion Stack isn't linear, and businesses can expand their capabilities in any of these areas. However, those businesses that dominate in their industry through online marketing will be proficient in all of the capabilities presented here.

Resources

For an explanation of KPIs read "Web Analytics 2.0: The Art of Online Accountability and Science of Customer Centricity" by Avinash Kaushik.

To develop touchpoint personas, read "Waiting for Your Cat to Bark?: Persuading Customers When They Ignore Marketing" by Bryan Eisenberg, Jeffrey Eisenberg and Lisa T. Davis.

For designing measurable social media campaigns, read "Social Media Marketing: An Hour a Day" by Dave Evans

For more on conversion strategies, read Brian Massey's Conversion Science column on Search Engine Land. http://selnd.com/cSlkkg