

Impact of Marketing Automation on Customer Engagement & Retention

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Abstract— The Marketing Automation process is a simplification of sales and marketing tasks with the use of the software. It has an immense impact on customer involvement. Marketing Automation can help you recognize your best customers and make them advocates of your brand. It helps in concluding more deals by having more significant conversations with the user. It also helps in collecting implicit and explicit data allied to a customer and identify the most appropriate communication frequency for a customer. It characterizes lead scoring and categorization. It also defines dynamic segmentation. It facilitates in understanding how to set up triggered communication based on behavior and how additional triggers can be used to put up a conversation with the customer and increase profits. Furthermore, it also explains the steps needed to plan a drip campaign and nurture campaign according to the buying cycles. It showcases diverse levels of lead nurture. It also envisages distinction of the sales cycle based on the lead's intent and necessity to make a purchase. Lifetime Customer value can also be calculated as well as improved by marketing automation. It also provides different attribution models and helps in choosing one based on business type.

Key words: Marketing Automation, Lead Capture, Lead Nurture, Dynamic Segmentation, Automated Messaging, Customer Lifetime Value, Drip Campaigns, Nurture Campaigns

I. INTRODUCTION

The Marketing Automation automates the recurring, but essential marketing tasks. Automating simple and repetitive messages can help increase involvement among customers. Welcome series emails can inform new customers about the company and its exclusive offers and deals.

Today many companies have shifted their focus from traditional theories of marketing to the technology-based online marketplace to interact with current customers and reach new markets [4].

Display ads usually have an early impact on the consumer, whereas, search ads have a prominent effect across all stages [3].

The messages can be planned in advance or sent in response according to actions taken by the customer. It also guides them through buying a funnel. In emails, Thank you emails have much higher engagement rates. Marketing automation fastens the process of sales as customers are more likely to buy the products if they are guided through the sales funnel properly.

The queries of customers can be answered by planned communications. The automation provides a method of identifying whether a lead is good or not. Flattening the sales funnel will help in closing more deals as the customer can understand a simplified process better rather than a confused one.

The implicit and explicit data collected from registration forms and customer behavior allow focusing on the right leads at the right time. Always try to give the top customers the best experience that makes them feel valued. Triggered communications, as well as automated messaging, are helpful in generating additional revenue.

In Dynamic segmentation, the users can be segmented on the basis of their behavior with the content of the website. They can be tagged with the messages related to their responses. Based on which stage a lead or customer is in, a different set of activities can be performed to manage them.

The best model can be selected for any company's operation based on attribution calculation. The best customer lifetime value is more likely indicates the proper utilization of budget spent on the best offers and campaigns. The customer journey with the products and services offered by the company can help in planning the future automated communications.

II. LEAD CAPTURE AND NURTURE

Marketing Automation allows controlling and encouraging the leads that are captured through registrations and other forms. Fig. 1 shows both explicit and implicit ways of generating a lead.

A. Lead Capture Process

First of all, the information needed from a lead is initially decided before starting a communication. The information can be segmented to be collected in later conversations. It will not be good to collect all the information at once.

After getting customer's email addresses and contact numbers, the communication process can begin to learn more about the lead later.

B. Lead Nurture Process

Lead nurturing is like building a relationship. Never try to collect all the information at once, as it would irritate the customers. A well-planned process should be developed to learn more about the leads.

There are two ways of collecting information about the consumer that is verbal and non-verbal forms of communication. The explicit data contains a name, address, an email-id and phone number whereas the implicit data is entirely based on the behavior of customer.

Lead scoring is used to check whether the implicit data back-up the explicit data. Lead scoring is assigning point-values to the event like actions taken and information provided by a lead.

Once you have accumulated enough information about a lead, you can use their score to determine if they are a good prospect or not.

The multichannel environment must address the linkages between data integration, consumer behavior, and

channel evaluation, allocation of resources across channels and coordination of channel strategies [6].

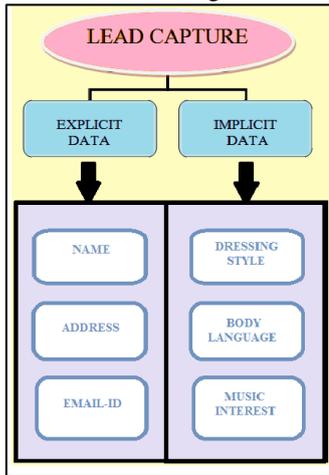


Fig. 1: Lead Capture Process

A prime target has a very good score as compared to a good target. A person with no ideal scores and characteristics cannot be a target. Lead scoring helps in determining whether a lead is Prime, Good or not a target lead.

III. DYNAMIC SEGMENTATION

The first step is to determine what actually customers need and provide them with the appropriate content. Dynamic segmentation automatically segments the audience based on their behavior with the website content. Users are labeled and tagged so that the appropriate content can automatically be sent to them.

Dynamic segmentation allows delivering the most relevant content for the customer's needs. The users can be segmented by expressed interests and are provided with the most appropriate series of communications.

A. Triggered Communications

Marketing automation runs on a very simple principle that is If A happens, then do B. It is a trigger based system using Customer relationship management and marketing automation systems.

An important aspect of customer relationship management is the targeting of customer segments with tailored promotional activities [1].

Triggered communications are the primary marketing automation method. These are a series of communications based on a specific attribute or behavior or a request.

They have higher open rates that are 119% above normal email communications because they are relevant to user behavior. The trigger campaigns can be measured and success rate can also be determined based on people responses.

For Example, if a customer subscribes, then sends a Thank you Email. If abandon cart, then send a reminder.

Triggered Communications proves more profitable as they can generate extra revenue. Creating additional triggers and messages for the customers allows being more customized and relevant to user actions.

Triggers without any perspective or goal fail most of the time. So, any trigger can be set up with a goal to get people

interact socially with the company's business or with a goal to generate revenue to business.

B. Automated Messaging

Automated messaging enhances the customer experience as well as keep them connected to the end of the task. Moreover, it can generate extra profits for the company. The automated messaging can be planned in advance as what to do and when. For every action of the customer, there should be a subsequent action to perform.

For Example, if a customer is searching a hotel room, then the following procedure should be the best to follow the lead.

- One month before the reservation, an upsell is sent.
- One week before the reservation, an email with all of the amenity options is sent. Give them the option to directly book from an email link.
- The day of check-in, a mobile friendly message is sent to begin the check in process from your mobile phone.
- The day of check-out, a mobile friendly message is sent to allow guests to check out from their mobile phone.
- Twenty-four hours after check-out, a survey is sent for customer feedback.
- Forty-eight hours after checkout, a thank you email is sent with options to share their experience on social media, subscribe, and book again.

Thank you, emails perform very well because they are relevant and make the customer feel appreciated.

IV. CUSTOMER LIFE CYCLE

The typical stages of the buying process, also called the customer lifecycle are Awareness, Interest, Desire, and Action. After action stage, customers can also return back to make future purchases or refer the website to other people. Fig. 2 shows various stages of the customer journey cycle.

Each stage of customer life cycle is prominent so communication specific to each stage can be planned carefully. Based on which stage a lead or customer is in, a different set of activities can be performed to handle them.



Fig. 2: Customer Journey Cycle

Identify the channels through which visitors discover you, like Pay per Click Campaigns, Email

Campaigns, Retargeting, Content Marketing and Social Channels. Also, determine the automated communications that have to take place when someone discovers your product or service.

Lead can be captured by Registration, Research, White Paper, Webinar, Download, Subscription, and Purchase. After capturing contact information, identify what further information is needed to move them into the lead nurture process. It includes Loyalty, Needs, Urgency, Demographics, Intent, Value, Interests and Preferences.

Based on this information, different leads can be handled differently downstream.

The results show that, in general, older people and women visit Web sites for a longer period. Some surprising results are revealed in an examination of interactions between these demographic and site characteristic variables. For example, sites with higher levels of advertising usually result in lower visit duration, but this is not the case for older people.^[5]

V. DRIP CAMPAIGN

A drip campaign is a set of planned email/SMS/Direct Mail/Social Media communication scheduled to go out at regular intervals. Using the “If X, then Y” rule, drip campaigns can be automated to move from one series to the next as the lead moves through the buying cycle. A Lead Series can be continued at a predetermined frequency until the lead takes action and moves into the sales process.

The Drip campaigns can be of different types. A Top of Mind drip helps in the continuous involvement of leads with the company throughout the sales process. An Educational drip provides interesting and relevant information about the products to prepare their minds for purchase. Rearrangement drips are designed to win back the cold leads.

Competitive drip explains the benefits of a product in comparison with the competitor products and tells the benefits of switching them. Promotional drip provides limited run promotions and special pricing deals. Training drips are used for new leads or internal movement of leads through a training program.

VI. NURTURE CAMPAIGN

Nurture campaign is about learning more about the leads through their reactions and behavior and responding them accordingly. Nurture campaigns respond by placing leads into different message series that pertain to their expressed interests and preferences.

Based on the label they can be moved to a specific series relevant to their expressed interest. Nurture campaigns work like a decision tree, wherein the communication with the leads is based on the actions taken and information provided by them.

The more you learn about leads, the more accurately you can place them in the correct series of messages. Get new information on leads through Click Stream Data, Behavior, Videos, Content Preferences and Email Responses.

The other things taken into account are Explicit and Implicit information of a customer, Lead score, Decision process, Decision Authority, Budget, Current solution, Timeline, Business Needs and Solution Priorities.

The level of nurture depends on how many planned messages are in place and the rules that apply to them.

The connection can be established with the leads through ‘welcome series’. Welcome series provide new information about the lead. Based on how the leads respond to the information, they are presented with respective series of messages, but not the entire series.

The more you learn about the prospects, the more personalized the communication can be to their specific interest. For Example, Users visit a page and download content about ‘Vocational Courses’. They are tagged as ‘Vocational Courses’ and moved to the ‘Vocational Courses’ communication series.

As the users respond to messages in Vocational Courses communication series, they are eventually moved to the ‘Closing series’. The sales cycle can be adjusted based on users intent and urgency. Users receive ‘welcome series’ messages. Through ‘welcome series’ they directly go to the ‘pricing page’, indicating they want to buy. Then they can be made move directly to the ‘Closing series’.

When users show a sense of urgency it may indicate an escalated importance of those prospects. Then offers can be sent to close a deal with them much quicker. This is achievable by setting rules to dynamically respond to the leads based on their actions and behavior and moving them closer to sale.

Online consumers recognize considerably lower channel risk, search effort, evaluation effort, and waiting (delivery) time and higher price-search intentions on-line than off-line^[8].

A. Lifetime Customer Value

Lifetime Customer Value is metric that helps you determine campaign budget. In any type of marketing the success can be tracked and measured as well as areas of improvement can also be identified. Fig. 3 represents the formula for calculating the customer lifetime value.

Campaign Value calculation can also be used for Email, Social media posts, or SMS campaigns. The campaign value of campaigns designed for special offers can be determined.

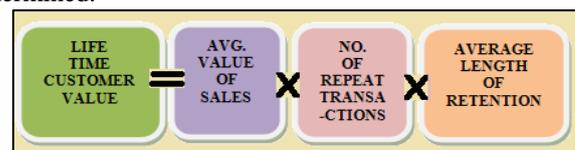


Fig. 3: Customer Lifetime Value

B. Improving Customer Life Cycle

High consumer retention rates are directly proportional to the reduced risks associated with a product^[7]. To increase the customer engagement and reduce churn rate, it is important to build communications with the customers. It is important to keep in mind that every time a customer becomes disengaged with any product or service, it will result in less revenue. For new subscribers who have not logged in, they can be put into Re-Engagement Series.

Frequent users can be kept more engaged by putting them in Frequent User Series. The power users can be placed into Exclusive Deals Series. Top customers are most likely the ones who share, discuss, and provide information that will help the market any product beyond the traditional means of marketing.

The connection can be made with the contacts of the customers who are most influential in social media and offer those contacts free trial of your products and services. This will increase their advocacy for the products and services.

VII. ATTRIBUTION

Attribution involves attributing fair credit to the deserving marketing channel. However, it becomes difficult to authorize a particular channel when customers come through a series of different channels. It is important to find which model works best for the business as a particular model may not work for all businesses.

There are different attribution models given in Fig. 4 to help you attribute the channels for conversion.

- First Interaction Model: The first touchpoint gets 100% credit, irrespective of following touchpoints.
- Last Interaction Model: The last touchpoint gets 100% credit, regardless of following touchpoints.
- Linear Interaction Model: Equally attributes all the touchpoints that led to conversion.
- Time Decay Method: Accredits all the channels but gives more value to the later touchpoints.
- Position-based Model: Attributes all the channels but gives value to earlier touchpoints

As the widely used “last-click” attribution metric assigns purchase credit to the last touched channel and completely ignores all the other channels a customer might have touched prior to the purchase. Such cumulative and partial measurements bias the investment decisions for consequent marketing campaigns [2].

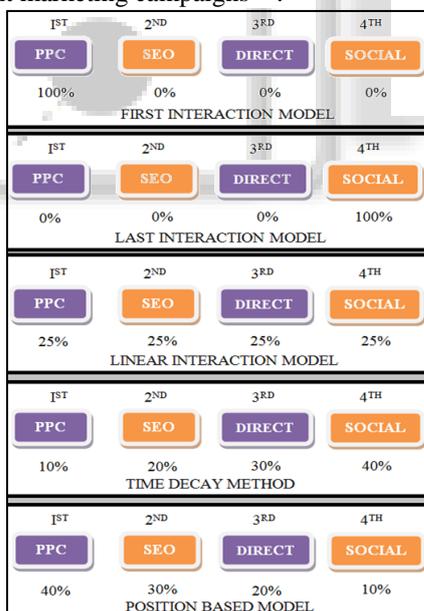


Fig. 4: Different Attribution Models

VIII. CONCLUSION

The traditional marketing methods are taken aback by marketing automation. Marketing Automation is more than just a sales process; it enables to create a powerful marketing mechanism within the existing customer base. Marketing Automation increases customer engagement by automatically responding to customer behavior with relevant communications. It is significant that in comparison to traditional methods of marketing, marketing automation

provides helps in creating more customer base. Drip campaigns, Nurture campaigns, Lead scoring, dynamic segmentation and Attribution models all help in generating more revenue by understanding the needs and interests of the customers. It is good to articulate the buying cycle before planning the automated marketing campaigns. Spend the budget on offers and campaigns which bring highest customer value.

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