

# Integration: The Holy Grail of Online Marketing

## Why are so many companies on a quest to implement “integrated marketing”? ROI and competitive advantage, for starters

### INTRODUCTION

High-performance marketing organizations are starting to pursue “integrated marketing” as a miraculous cure-all for what ails marketing return on investment, just as spiritual seekers throughout folklore and literature once pursued the Holy Grail for its unbelievable healing powers.

Unlike finding the Holy Grail, one need not be pure of heart, mind and soul to achieve integrated marketing. Nor does one have to embark on a lifelong spiritual quest.

However, there are specific barriers to adoption that keep integrated marketing “out there” in the land of “someday, somehow, I’ll find it.”

This paper discusses (1) what integrated marketing is, (2) why it’s worth implementing, (3) what prevents organizations from fully realizing it, (4) and what organizations can do today to get closer to the ideal.

### INTEGRATED MARKETING: A NEW DEFINITION

Just what is integrated marketing?

Traditionally, the term described an approach to branding and creative, whereby a company would make sure its print campaigns jibed with its TV spots and that the TV spots jibed with direct-mail campaigns. Then, as online marketing became increasingly important, it also meant that the corporate Web site, email campaigns, banner ads and other online mediums all told the same story as offline content.

That’s a great starting point ... but an “integrated creative approach” is not really integrated marketing (even though it takes a lot of hard work and commitment to achieve even that much). Behind the scenes, nothing is integrated. Different marketing teams, tools and processes are used to create, deliver and measure all these different types of marketing deliverables, even if the deliverables themselves manage to look and sound consistent.

Therefore, the new definition of integrated marketing goes beyond consistency of message to something approaching consistency of process: it’s about giving marketing decision-makers an end-to-end view of the entire marketing process and providing insight into which campaigns and tactics actually drive the highest return on investment.

In practical terms, this means:

- Taking an integrated creative approach, in which the message jibes across all of the possible marketing channels
- Integrating sales and marketing processes to soften the lines currently separating all of the various marketing specialties
- Integrating the numerous marketing technologies that different types of marketing tacticians use, as these systems are the key to calculating and improving ROI
- Methodically measuring success, which entails turning marketing metrics into business metrics that guide budget and resource-allocation decisions.

### INTEGRATED MARKETING: WORTH THE EFFORT?

There’s no getting around the fact that integrated marketing requires a substantial overhaul of existing marketing processes, as well as an investment in technology. Why bother? Why not continue with business as usual?

Well, early indications are that the companies that do focus on integration reap big rewards where it matters most: increased annual revenues, higher conversions of leads into sales and a bigger payoff from their marketing spends.

### Marketing integration is top-of-mind for the best companies

Aberdeen Group evaluated 315 companies, primarily to determine the business impact of integrating sales technologies, such as CRM systems, with marketing technologies<sup>1</sup>. The “best-in-class” companies – companies that scored in the top 20 percent based on revenue growth, lead-to-sales conversion rates and return on marketing investment – had much higher technology-adoption rates for a wide range of sales and marketing tools, such as email marketing, Web analytics, CRM and lead management, than their less-successful counterparts. They also had integrated marketing-campaign data into their CRM systems to a much greater degree than “average” or “laggard” companies.

But the integration story didn't stop there.

The best-in-class companies were also deeply concerned about integrating disparate marketing technologies. Asked which marketing technologies they had already integrated or planned to integrate within the next two years, high-performing companies responded as follows:

- Email and marketing automation – 86%
- Email and Web analytics – 75%
- Email and search/ad serve – 62%.

The desire to integrate is a natural outgrowth of the increasingly central role that online-marketing channels play in companies' overall marketing programs.

According to a survey conducted at the 2008 Frost & Sullivan Marketing World conference, 38 percent of respondents – primarily high-ranking marketing executives – are already spending 20-50 percent of their marketing budgets online, and 44 percent are increasing their online spend by more than 20 percent annually.

Despite this high level of investment in online marketing, only one in four respondents felt that at least half of their online-marketing spend was truly integrated. Less than one in five rated themselves a seven out of 10 or higher regarding their current effectiveness at driving integrated online-marketing approaches.

Yet, they clearly saw the value and the promise of an integrated approach, because the majority (56 percent) said they intended to make the changes necessary to give themselves at least a seven out of 10 by next year.

With so many companies laser-focused on marketing integration, businesses that aren't as determined could find themselves at a significant competitive disadvantage.

### Benefits of an integrated approach

Companies that are beginning their forays into integrated marketing typically have one or more of the following goals in mind:

- **Demonstrating marketing's contribution to the bottom line:** The days of marketing being perceived as an “art” performed only by “artsy creative types” are long gone. C-level executives increasingly demand more “science”: they want useful, meaningful business metrics that equivocally demonstrate the relationship between marketing campaigns and sales revenues, and that accurately forecast sales performance. By integrating back-end systems and processes, marketers can turn data that's currently trapped in multiple marketing applications into actionable information for the entire company.
- **Generating more leads – and more high-quality leads:** Marketers are no longer applauded when they generate leads in bulk. Sales wants highly qualified prospects that are more likely to turn into paying customers, and they expect marketing to deliver. Integrated marketing helps determine which lead sources are producing the most engaged recipients, by leveraging Web analytics and other integrated tools to perform more granular analyses of email campaigns, PPC ads, banner ads and other tactics. The goal is to tease out which campaigns produce prospects who take the desired conversion actions versus those which merely produce “traffic.”
- **Producing more consistent, cohesive campaigns:** With so many different ways to touch customers and prospects – and so many different marketing silos working on all these different types of tactics – companies require more visibility into who's doing what and greater collaboration within and across teams.
- **Making marketing staff more productive:** Day-to-day marketing tacticians spend an inordinate amount of time learning how to use numerous marketing technologies, making sense of the data generated by each one and reconciling data inconsistencies across these multiple sources. Integrated marketing streamlines the number of technologies in play, so marketers can spend less time wrestling with technology and more time executing effective campaigns.
- **Streamlining workflow with integrated marketing tools:** When different types of marketing technologies become part of a single, integrated toolset, process automation naturally occurs. For example, an integrated system can automatically add Web analytics tracking codes to email links and PPC landing pages, a repetitive task that would have otherwise been

<sup>1</sup>Aberdeen Group, “The Convergence of Sales and Marketing Technologies,” (Dec. 2007)

performed manually. Tasks that require human intervention, such as putting the right logos on an email template, can also take less time, since the asset-management system is now a part of the same tool that generates the creative.

- **Truly conquering Web 1.0:** Even though email marketing, PPC, landing pages and banners have been online-marketing mainstays for years, many marketers still struggle to optimize their use. For example, a Forrester survey found that 44 percent of small businesses are relatively new to email marketing, having launched their programs within the last three years<sup>2</sup>. Similarly, Lyris surveyed a subset of its customers and found that only 56 percent are currently using Web analytics, although 77 percent plan to<sup>3</sup>. Integrated marketing exposes organizations to marketing applications that they may not have been willing to implement in a standalone fashion. In addition, integrated reporting dashboards make it easier for marketers to see what is and isn't working, so they can truly improve the effectiveness of their online campaigns.
- **Making sense of Web 2.0:** Even though marketers have yet to wring the most value out of Web 1.0, they are under pressure to embrace hot, new Web 2.0 channels, such as social networking, blogs and user-generated content. This is creating a wild, wild West of trial-and-error experimentation as marketers try to figure out how to conquer a new frontier with no rules and few tools. Although most integrated-marketing toolsets don't have substantive Web 2.0 capabilities yet, they at least reduce the amount of chaos involved in managing existing online marketing programs, giving marketers time to try new things.

### BARRIERS TO IMPLEMENTATION

Integrated marketing has great potential to solve marketers' toughest challenges, but it's not a quick fix. First, companies must overcome endemic organizational and technological challenges:

- Silo marketing functions that don't typically interact
- Data that's housed in multiple tools and owned by different functions
- Difficulty measuring ROI for multichannel marketing programs.

Jane does email, Joe does analytics, IT owns the Web, and PPC's the agency's job

Depending on the size of the organization, the marketing team may comprise a small group of generalists who each manage a wide range of tactics, or it may comprise a number of specialists,

each handling one particular type of marketing task.

But whether companies are large or small, the bald truth is that there are very, very few "do-it-all" marketers. Some marketers are stronger at right-brain creative tasks like coming up with a hip, catchy concept, while left-brainers may excel at glancing at a spreadsheet and gleaning the most important takeaways for optimizing campaign ROI.

The creative types might be in charge of executing email, print, banner and direct mail campaigns, and they might even be the keepers of the spreadsheets for their own campaign metrics, but it's safe to bet they're not the same people who pore over Web analytics and PPC data to spot trends and recommend areas for improving spending efficiency.

There's a natural division of labor that occurs as marketers follow their strengths – and the online-marketing explosion of the past decade has only made this division more pronounced.

Now companies may have a person or team that specializes in email marketing; a search-engine-marketing guru or team that focuses on PPC keyword buys and Web analytics; a data analysis person or group that pulls together marketing metrics and reports for senior management; an online agency and a traditional ad agency; and the list goes on and on.

Even in small-to-midsize companies, marketers may have little day-to-day interaction with colleagues who handle radically different types of tasks. At large enterprises, where different business units may have completely separate marketing departments, or different types of marketers may be located in different geographies, or IT may own the Web site instead of marketing, the potential for disconnect is even greater.

Data, data everywhere - but what the heck does it mean?

Online marketing dangles a tantalizing promise of measurability and accountability in front of marketers, since it tracks user responsiveness in a way that offline channels simply cannot match. For example, marketers can easily discern how many users opened an email campaign or clicked on a Google pay-per-click ad, but they can only guess at how many users turned the page to a magazine ad or actually read a direct-mail piece.

Still, marketers have been largely unable to turn the wide range of available marketing data from their various online programs into useful, meaningful metrics that promote better decision-making.

<sup>2</sup>Forrester Research - Julie Katz, "US Email Marketing Volume Forecast, 2008 to 2013," (July 22, 2008)

<sup>3</sup>Lyris phone survey of 39 Lyris HQ customers (May 2008)

That's because different pieces of data are held in different tools that barely talk to each other, if they talk at all (not to mention the different marketing camps that use the different tools).

For example, the email-marketing application has valuable information about which subscribers responded to which offers, but unless the email-marketing and Web-analytics applications are integrated, marketers can't discern exactly which email subscribers made a purchase versus the ones who left the landing page without taking action.

Similarly, the person reading a PPC bid-management report might know that keyword A generated heaps of traffic and cost the company only \$.56 per click – a real bargain. A few desks over, the Web analytics person might come to the conclusion that keyword A visitors are four times as likely to immediately exit the site as the average visitor – a real waste.

True ROI is a mystery – and who has time to even try to calculate it?

The realities of silo teams and silo data access become even more pronounced when it comes to multichannel campaigns. How can organizations calculate the overall ROI of a holiday marketing campaign that includes a trade show, multiple email campaigns, several banner ads, numerous keyword buys, new branding that necessitated a Web-site redesign, a direct-mail piece and a couple of miscellaneous tactics no one even bothered to track?

Uh ... well ... how about this: roughly guesstimate how much money was spent, how many leads made it into the CRM system, and how much revenue was generated – then stand firmly before the company's senior executives and declare a marketing victory. Sound familiar?

Frankly, it takes a lot of work to achieve even this level of imprecise ROI analysis. The person doing the reporting might have to gather information from several people, from marketing to sales to accounting; run reports from 2-5 different marketing technologies; and spend hours (if not days) crunching numbers to create pretty tables, graphs and charts that look "scientific."

But the actionable data and analyses that can drive true ROI optimization are still missing. Was this year's trade show really worth attending? Did one email campaign actually produce better leads than the others – not just a bigger response? Did the increased PPC traffic correlate to increased sales – or simply strain the budget? How does one compare apples (low-cost tactics like email and banners) to oranges (higher-cost tactics like PPC and trade shows) to determine which gets a bigger slice of next year's marketing budget?

Most marketers try valiantly to make decisions based on merit and metrics, but their limited access to truly meaningful data means they have to trust their "gut feelings" more often than not.

#### MAKING INTEGRATED MARKETING A REALITY ... TODAY

Despite these formidable challenges, marketing decision-makers can start moving their organizations forward ... by inches or by miles. The keys are:

- Changing their own marketing cultures
- Leveraging emerging marketing technologies.

#### Get Jane, Joe, the IT guy and the agency all in the same room

Even CMOs and senior vice presidents of marketing cannot change their teams' organizational structures and cultures overnight, but they can start to break down the barriers between silo organizations in simple ways.

The next major marketing push, be it around a product launch, the holidays or an important event, can be an important catalyst that drives changes to the planning, budgeting, tracking and launch processes.

For example:

- Companies can get all the major stakeholders in the same room during planning meetings to find opportunities to work together more effectively.
- Companies can align the various creative teams that are working on all the different pieces of the marketing program to make sure everyone adopts a similar look and feel.
- Companies can assign specific accounting and tracking codes for the campaign in question that records all the related marketing expenditures by project code, not just by line item or type of tactic, making it easier to calculate ROI for the entire campaign.
- Companies can start shifting roles and responsibilities within marketing, so that more people have an eye on the "big picture." In other words, feet-on-the-street marketing personnel are often too busy running toward the goal of getting all their tactics out on time to worry about overall effectiveness. But someone needs to.

The initial changes need not be drastic, they need not cost a dime and they need not disrupt everyday activities. Baby steps are more than okay.

### Implement a right-sized integrated-marketing solution

Integrated-marketing tools, like the concept itself, are relatively new – but that doesn't mean there aren't competent tools out there.

Analysts and industry pundits classify these tools in a few different ways, referring to them as “marketing resource management,” “enterprise marketing management” or “multichannel campaign management” solutions.

Whatever name they go by, these solutions typically contain some combination of campaign-execution technology, especially email marketing; Web analytics and other tools designed to measure the effectiveness of online campaigns; and marketing-operations functionality to help with tasks like asset management, reporting and workflow. They essentially consolidate many of the tools marketers currently use in silos, and combine them with new functionality that eliminates or streamlines formerly manual processes.

Vendors such as Unica, Oracle, Aprimo and SAP have offerings that are tailored to large enterprises with hundreds of marketing employees and huge marketing budgets. Not surprisingly, these comprehensive solutions are expensive, and they can take considerable time and cross-organizational effort to implement.

Enterprise-level solutions are, quite simply, more than small-to-midsize businesses need and much more than they can afford. A solution like [Lyris HQ™](#), designed specifically for this market, can be a much better fit – with Web-based technology that reduces dependence on IT and a feature set that provides 360-degree control of campaigns by combining email marketing, Web analytics, pay-per-click bid management, content creation for Web and landing pages, and asset management. Seat-based monthly pricing puts these capabilities in the hands of marketers at a fraction of the cost of purchasing standalone solutions that aren't integrated nearly as well.

### CONCLUSION

High-performing companies are vigorously pursuing integrated marketing – an approach that's all about end-to-end, closed-loop campaign creation, execution and analysis. Once implemented, it holds tremendous promise for streamlining marketing processes and providing meaningful insights into the ROI payoff for cross-channel marketing programs. It is well within any organization's grasp to move down this path – and companies are advised to move swiftly, before their competitors do.