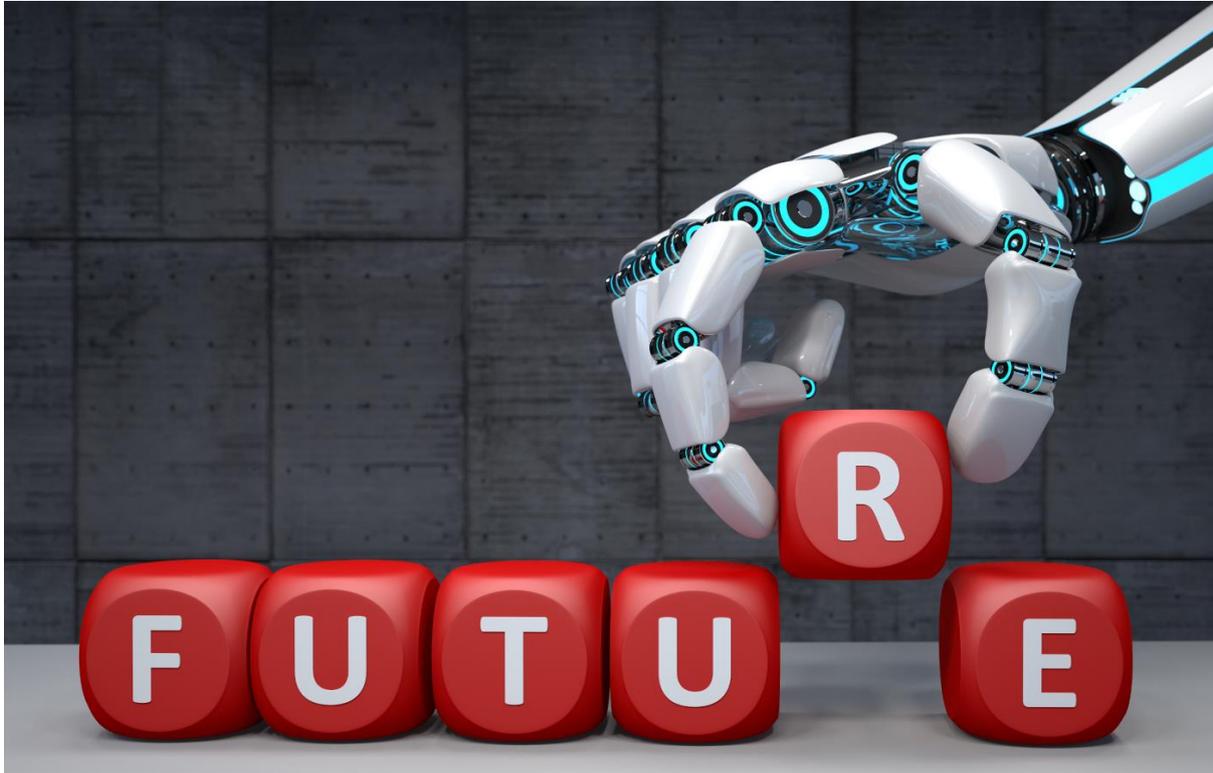


CFO's Guide to Investing in Marketing Automation



By Michael Kightley

There are more than a thousand different digital marketing automation tools available. There are few entry barriers into the digital marketing technology business. The underlying technology is cheap, the skills are readily available in the global gig economy, it is easy to scale, and the risks are low. So, the number of firms competing in this sector has grown rapidly. Prices are highly competitive.

However, a hidden cost in these tools is the cost of integrating the data from each of them. Recently, we've been helping firms find "work arounds" to enable them to access their data from highly inaccessible tools. Their frustration is significant: After all the investments and efforts they have made in their digital marketing initiatives, they now find that they can't easily access the data they need to make decisions, tune their approach and understand what's working and what isn't. A frustrating situation that can be avoided by appropriately selecting marketing tools and having a cohesive data strategy.

So, when your firm is making a choice of marketing automation tools, screen them first on one simple criterion. "Is it easy to extract my data in a suitable format and combine it with data from all my other marketing sources". If not, then that tool will be undermining the biggest advantage of digital marketing, the ability to interrogate data in order to optimise marketing spend. A poor choice will mean that you will waste money on data integration and/or will have poor analytics that lead to wasteful marketing spend.

The care that a marketing automation tool has taken to ensure that users have painless access to their own data is an important guide to the quality of the design. If the tool has an inadequate or poorly supported API or application programming interface, used to extract the data, avoid it. It will handicap your digital marketing efforts

However, if you can get out the data you need, even as a csv or Excel file, then you will always be able to automate the transformation with generic tools and load your data into a cheap cloud database; you will build a valuable data asset and be able to apply any data analytics tool you wish. You will have a cost-effective digital marketing data strategy that will scale with your business - not a poor strategy that will handicap your firm.

The problem is prevalent enough for a new industry to have sprung up that offers connectors to help you extract data. If you have made a poor choice, then these will be your best option – at a price. Why put yourself in the position of needing them in the first place?

Given the fragmentation, sector consolidation is in progress, and proprietary marketing platforms are available that offer both data and analytics tools. For these options consider that they have your data, not you, and that the future license costs will reflect that fact that you will be locked in by the cost of switching away from the platform.

An alternative strategy that puts the data in your teams hands, gives you the freedom to use the best analytics tools, gives you the best chance of creating intuitive analytics and that supports the sort of creative and innovative marketing that will help your firm stand out. Having marketing data analytics, that is purpose built and meaningful to your team, will drive that differentiation. You can do this with an internal team of data experts, an external data analytics specialist or by upskilling team members with assistance from a data strategy consulting firm.

As digital marketing is an area where returns compound over time, the decision to invest in marketing automation is strategic. This means that it is best approached with a view to the longer-term development of a cost-effective data strategy and to the development of valuable data assets, not for the sake of short-term expediency.

