

Marketing Automation as a Catalyst for Business Transformation in the B2B Sector - A qualitative study

Tietojärjestelmätiede
Maisterin tutkinnon tutkielma
Lauri Putkinen
2014

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Title of thesis: Marketing automation as a catalyst for business transformation in the B2B sector – A qualitative study

Date: 23rd of November, 2014

Language: English

Number of pages: 81

Degree: Master of Science in Business Administration

Supervisor: Matti Rossi **Instructor:** XXX

Research Problem, Objective & Methods

The digital era has revolutionized B2B sales and shifted the power from the seller to the buyer. Marketing automation is a technological solution that positions itself in a vacuum generated by the paradigm shift by claiming to manage the inbound -driven sales process. However, the technology's requirements and effects both on organizational structures as well as the sales process itself remains unclear due to a shortage of research on the subject.

The purpose of this paper is thusly to explore the degree of organizational change required by the technology as well as to map out the effects from a business perspective. Due to the exploratory nature of the research qualitative methods are used to gain a preliminary but holistic understanding of the issue. The data is analyzed following a *theory-bound* model and the results are finally reflected against a theoretical framework.

Findings and conclusions

Marketing automation should be viewed as an opportunity within the changed paradigm to respond to the needs of the marketplace and to re-shape the whole marketing and sales function of a modern B2B organization. Inside the company the technology elevates the marketing department from a support function to a measurable and critical part of the company's revenue creation process, truly integrates marketing and sales together and shifts the sales -departments focus to the bottom of the sales funnel. Externally it enables personated and targeted communications to be had with customers at an earlier stage of the buying cycle as well as at the after sales phase allowing for a stronger utilization of the customer-centered, CRM-driven, business model.

The technology also relates strongly to the imperatives for the competitive modern organization mentioned in the relevant academia such as closing the lead gap (Oliva, 2006), building customer centric and market driven organizations with cross functional processes (Vargo and Lusch, 2004), engaging customers as early as possible in their buying process (Adamson et al., 2013), changing the traditional roles between marketing and sales (Storbacka et al., 2009) and catering to the increased customer expectations (Sheth and Sharma, 2008).

Keywords: marketing automation, lead management, customer experience management, organizational change, CRM

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ABBREVIATIONS

MA = Marketing Automation

B2B = Business to Business

ICT = Information and Communication Technology

SFA = Sales Force Automation

CRM = Customer Relationship Management

CMS = Content Management System

1. INTRODUCTION

1.1. Background

The digital era has transformed the way business-to-business (B2B) commerce is done. Buyers are going online in search of relevant information concerning their buying decisions and seller organizations are being left out of the conversations they used to initiate. So far technology has been unable to fully answer the call that the shifted paradigm has caused. Sales have become more unpredictable and challenging. The old rules concerning the sales funnel of "X phone calls brings X meetings brings X deals" simply do not apply anymore and vendor's are looking for new ways to sell their products in ever more competitive markets.

Marketing automation seems to be a solution that is often times proposed as a remedy for the current situation. Could this technology bring some of the competitive edge back to the sales organizations? How should managers approach this new technology; what are the business effects? What are the organizational implications? How does the technology relate to the existing IT architecture?

The purpose of this paper is to shed light on the changed paradigm of B2B sales and to study the significance of marketing automation as a technology in the contemporary B2B sales environment. An inductive approach is taken with the purpose of positioning the technology by examining the technology's effects on an organizational level as well as clarifying the business effects. The empirical results are explored against the relevant literature of the rapidly changing business environment and also reflected according to a model that describes the different levels of IT-enabled business transformation (Venkatraman, 1994).

Empirical research is conducted in the form of expert interviews utilizing the knowledge of professionals that have been working with marketing automation since its rise, offering perspective in the form of multiple cases and experiences. The aim of the paper is to fill the academic research gap concerning marketing automation's role in business and also to offer a practical standpoint for managers who approach this new technology as a possible cure for their business pains.

1.2. Research Gap

Marketing automation remains academically un-researched even though it is quickly gaining momentum as an important part of a contemporary organizations marketing strategy. This is most likely due to the novel nature of the technology that has only recently been truly introduced to the Finnish business environment. Another evident reason for the research gap from an academic point of view might be that it does not clearly fall under any of the traditional research areas due to its cross-departmental nature. The subject seems to fall into an academic no-mans-land between marketing, management and information systems. This research draws from information system- as well as marketing -literature while the empirical focus might be classified as managerial. This research thusly aims to serve as a first step towards understanding marketing automation better and enabling further more focused studies on the subject.

1.3. Research objectives and questions

The objective of this study is to map out the major effects and requirements that marketing automation sets for the B2B-organization. The first step is to generate a holistic understanding on how the B2B business environment has changed and what are the main drivers behind the change. This is a crucial step in better understanding what need marketing automation fulfills and what its role in the bigger picture is. The next step is to go more in depth to the actual effects on an organizational level and to offer managers an insight of what the technology requires from their organization and on the other hand what they can expect to achieve by utilizing it?

Research questions:

Underlying: How has technology changed the B2B commerce?

Empirical: What effects does MA have on B2B sales?

2. LITERATURE REVIEW

2.1. The paradigm shift in business-to-business –sales

A common understanding is that there has been a significant paradigm shift in the dynamics of business-to-business (B2B) sales in the recent decades. An undisputable majority of the academic circle credits this change first and foremost to the ICT-revolution that has changed information sharing during the last 20 years. (Woods, 2009, p. 3), (Andzulis et al., 2012, p. 308) (Adamson et al., 2012, p. 62) (Sharma and Tzokas, 2002, p. 249). Buyers who were previously informed about new solutions for their business problems by sales representatives are now informing themselves through various sources including e.g. electronic trade journals, industry newsletters, industry blogs or webinars (Woods, 2009, p. 19). The buyer recognizes his business pain, has familiarized himself with possible solutions and knows the price he is willing to pay before appearing on the sales organizations radar. In fact, according to a study of 1400 B2B companies, a buyer has already completed 60% of the purchasing process before contacting a vendor. (Adamson et al., 2012).

For vendor companies this paradigm shift has resulted in numerous challenges. According to Adamson et al. (Adamson et al., 2013, p. 102) companies are reporting longer sales cycles, lower conversion rates, decreased sales margins and difficulties forecasting future sales. The reason, according to them, is that the customer is and will remain highly informed, forcing sales organizations to re-invent their way of doing business. Baer (2010) adds that the introduction of the social web moved the power inevitably and permanently to the buyer's side.

Sheth and Sharma (2008) add to the discussion by saying that the transfer from a product-centered commerce to service-centered one further changed the field of B2B sales. Sales people are no longer spokes people for products but in fact consultants to the customer. Additional change drivers such as a free global economy, increased price awareness and an urge for co-creating value are also brought up in the academia (Geiger and Guenzi, 2009, p. 874). It is however fair to assume that the single biggest game changer has been the buyer's empowerment by information and the inevitable change in B2B sales dynamics. The following sections seek to study the effects of the said factors.

2.1.1. Changes in buying behavior

In a world where buyers have easy access to relevant information and capable procurement - teams and -processes in place, the sales representative has become more of an annoyance than an asset (Adamson et al., 2012, p. 62). The traditional setting where a sales representative maps out prospects with a relevant need and readiness to buy usually leads to a price-competition with other vendors and leaves the value added by the sales person to a minimum. A usual case of the current situation is that a buyer has recognized a solution for his business problem and issues a RFP to a number of service providers that he himself has mapped out. As the authors state: sales conversations are being turned into fulfillment conversations.

The Aberdeen group (2011) states that a paradigm shift in professional sales is a result of moving away from what they call a ‘feature/friendship/price –based selling’ to the age of a highly informed buyer looking for the best overall long-term solution with maximum economic benefit. In other words, it is no longer sufficient for a vendor organization to present a similar product with a good price to all of it’s customers but it’s necessary to possess a more holistic understanding of the customer’s business allowing the seller to conduct consultative value-based selling according to different customer needs and segments. Simply put, the informed customer demands more.

This view has been adopted by other academics as well. According to a study where 45 sales-academics ranked the importance of 9 change-drivers of the sales landscape, increased customer expectations was defined as the most dominant one (Geiger and Guenzi, 2009, pp. 878–879). In other words, buyers are seeking value beyond just information they can seek on their own. This in turn generates a significant pressure for sales organizations to re-shape their sales functions to serve the heightened customer expectations. Sheth and Sharma call this the theory of increased buyer sophistication (2008).

According to Scontras (2011) the emergence of web 2.0 introduced what he calls “the buyer 2.0”. What he means by the term is that buyers are now interacting in real-time with peers through sites such as LinkedIn, Quora or Focus reading content generated for buyers by buyers. Even though acquiring information through search engines or e-mail was easy for B2B buyers before, vendor companies were still able to influence their own visibility through search engine marketing and optimization. With the buyer 2.0, sellers are inevitably being forced out of the initial conversations.

Baer (2010) agrees with Scontras by saying that the real-time aspect of web 2.0 with social media in its center has fundamentally changed the relationship between a buyer and a seller. Marketing campaigns do not make as much sense in a world where a buyer constantly interacts with a brand through a multitude of touch points often without the vendor's knowledge or input. The author concludes that the current paradigm is forcing sellers to move where the buyers are by establishing a strong web presence in different channels that the buyer uses for acquiring information.

The graph below illustrates how a typical B2B buying cycle might occur (Oracle/Eloqua). After initial awareness has been established, the buyer starts an investigative phase by using search engines and blogs, review sites, comparison sites, social media and other numerous channels in which the buyer already compares vendors and evaluates the value propositions to existing needs. In other words, a buyer might occur on a sales organization's radar only at the end of the buying journey or alternatively not occur on the radar at all, even though having been on the customer's shortlist.

BUYER'S JOURNEY

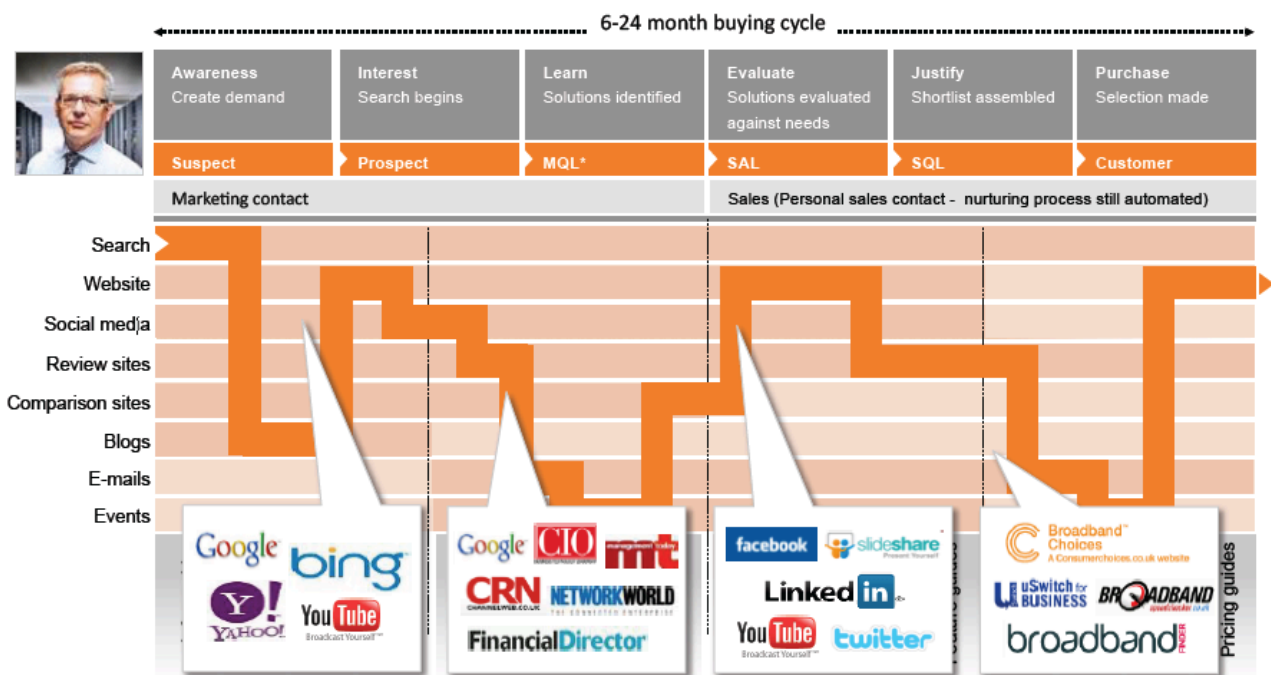


Figure 1. Buyer's journey, Oracle / Eloqua (2014)

2.1.2. A change in the buyer-supplier dynamic

Moving forward from the notion of the more demanding buyer, the logical next step is to find new ways by which value is created by the vendor organizations. Sheth and Sharma (2008) predict that the line between individual companies may blur in the future and an eco-systemic thinking will emerge. As the graph below suggests, a move away from a traditional us and them -setting will occur driving companies more towards having shared resources and processes and thus integrating their non-core business functions together. This same view was backed up already in 1994 by Christian Grönroos (Gronroos, 1994) who stated that value is co-created, hence, a vendor has to be knowledgeable of a customer company's value creation processes in order to position their offerings accordingly in the value creation chain.

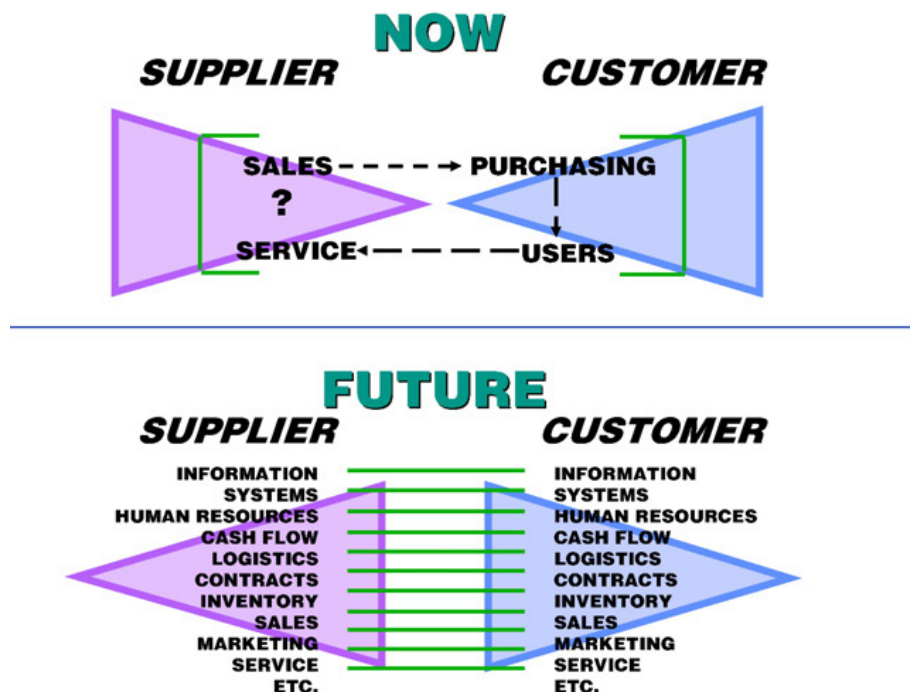


Figure 2. "The sales person as a general manager", Sheth and Sharma (2008)

Sheth and Sharma base many of their views on the service dominant logic –theory developed by Vargo and Lusch in the mid 2000's (Vargo and Lusch, 2004). Vargo and Lusch state that the original view of marketing has been outdated with the servitization of commerce and that marketing should be placed in the core of a firm's strategic positioning and planning. In fact they say that marketing should lead the way by building cross -functional and -departmental business processes after identifying the core competencies of which a firm's value proposition is based on. Simply put: marketing should be at the core of strategy building creating

competitive advantage. This is due to the shift from tangible to intangible, from products to skills, knowledge and information. Value is always co-created between the buyer and the seller and marketing is the value proposition offered.

To meet the complexity that a customer-driven strategy imposes, companies are increasingly turning into structured customer relationship management –programs (Arnett and Badrinarayanan, 2005). These programs are implemented by adapting a specific CRM – strategy that traditionally has been done through database driven segmentation. A growing trend, however, is to manage customer relationships through customer-needs-driven strategies. The author's state that at the core of this strategy are core selling teams that focus on serving a customer through understanding their business and needs.

A key-take away from this section is that the whole dynamic between buyers and sellers is under reconstruction due to the shifted paradigm and companies are still looking for best ways to re-model their operations accordingly.

2.1.3. New requirements on sales personnel

With the paradigm shift of the sales function, also the sales agents have to adapt their behavior accordingly. Sheth and Sharma (2008) state that salespeople have to transform themselves from 'persuasion agents' to 'education agents' to better serve the changing customer needs. They continue by stating that a sales person has to become a consultant of the customer company instead of a spoke person of the company's products he/she represents. This new role of the sales person becomes relevant when observing the wider picture of B2B sales and how the dynamic between marketing and sales functions works.

Adamson et al. (Adamson et al., 2012, p. 60) take the notion of change even further by saying that sales people have to re-invent themselves completely because solution sales is not enough anymore. The buyer's increased awareness of their problems and a thorough understanding of the solutions on the market forces the sales person to concentrate on engaging the buyer in the earliest possible stage of the buying process. According to their study of the top 20% sales people, the key is to target agile organizations that are in a state of change and to find the change agents within those organizations. In other words, the key is to sell insights that enable and facilitate change rather than sell solutions that serve existing needs.

2.1.4. Changes on marketing vs. sales alignment

The paradigm shift has also transformed the roles of marketing and sales –departments in a B2B-setting. The sales function is increasingly identified as account management and solution development whereas marketing is more involved with customer communication, branding and advertising (Storbacka et al., 2009). For example: order processing, a task previously handled by a sales representative, is becoming the job of marketing or IT in the contemporary organization. That said, producing relevant information for the buyer and serving as a customer service channel is becoming significantly more important than simple order fulfillment of the digital marketing channel i.e. a company web site, thusly extraditing this role away from the sales person (Storbacka et al., 2009).

Within an organization the afore mentioned change manifests itself as the rising number of key account managers (KAM) and strategic account management (SAM) (Storbacka et al., 2009). These functions stress the role of maintaining relationships and taking on a consultative or solution selling approach. Thusly, it can be argued that marketing is moving further down the sales funnel by taking the role of sales as an informative channel and consequently moving sales' responsibilities more to the maintaining and deepening customer relationships.

Perhaps due to the fact that the roles of the two departments are in transformation, the co-operation between them still possesses some challenges. In concrete terms, due to the misalignment of marketing and sales' interests, a significant amount of leads go to waste. According to studies performed by the Aberdeen Group, 28% of leads passed on from marketing to sales as “sales ready” are never followed upon on (Michiels 2009). Considering that B2B companies spend around 65% of their marketing budgets on lead generation, (Sabnis et al., 2013) the equation simply does not make any sense.

Oliva (2006), refers to the process of un-successfully passing leads from marketing to sales as the “The Lead Black Hole” saying that leads that have not been fully qualified often result in wasted effort. He continues in saying that this is often due to the separated nature of marketing and sales functions where they are both measured on department specific standards instead of seeing the sales process as a continuum between the two. This leads to marketing investments going to waste when sales regard marketing as disconnected from the day-to-day sales effort.

According to a B2B-marketing study (Hosford, 2012), 80% of the respondents who described their lead generation practices as being highly effective also stated that they work in close co-

operation with sales. In contrast, the average was 64% and 57% for those who saw their lead generation efforts as modest. In other words a key success factor for effective lead generation is that sales and marketing break out of their traditional silos and seek new ways of co-operating to allow for marketing success.

2.2. The role of sales-technology in the contemporary organization

According to Biegel (2009), marketing operations management solutions are only a part of a company's business information platform. However, the data generated through marketing systems is often populating the neighboring systems such as sales force automation (SFA) and customer relationship management (CRM) serving as fuel for these technologies in terms of enabling business planning through acquiring data.

CRM and SFA –technologies are already multi-billion dollar industries enjoying steady growth rates, indicating a trend in the B2B-setting of emphasis on customer relationship management and sales efficiency (Bush et al., 2005, p. 369). Biegel (2009) states that over the past few years marketing automation technology has been incorporated into these legacy systems. In other words, marketing automation is a dynamic part of a company's business information platform and thusly its position against the existing technologies is integral in understanding the role of marketing automation

This section seeks to find the position and purpose of the legacy technologies in an organizational context. This is done to understand the underlying technological context when it comes to marketing automation implementation. Finally, the section introduces marketing automation as a new tool for B2B-sales and positions it in relation to the pre-existing technologies.

2.2.1. CRM

According to Gartner (2013), customer relationship management (CRM) technology will surpass enterprise resource planning (ERP) technology becoming the number one enterprise software sub segment in market size by 2017 (Figure 3). Even though all segments of enterprise software were projected to experience growth, CRM's highest growth rate in comparison (compounded annual growth rate of 15.1% between 2012-2017) shows that enterprises find value to be created increasingly through customer relationship management.

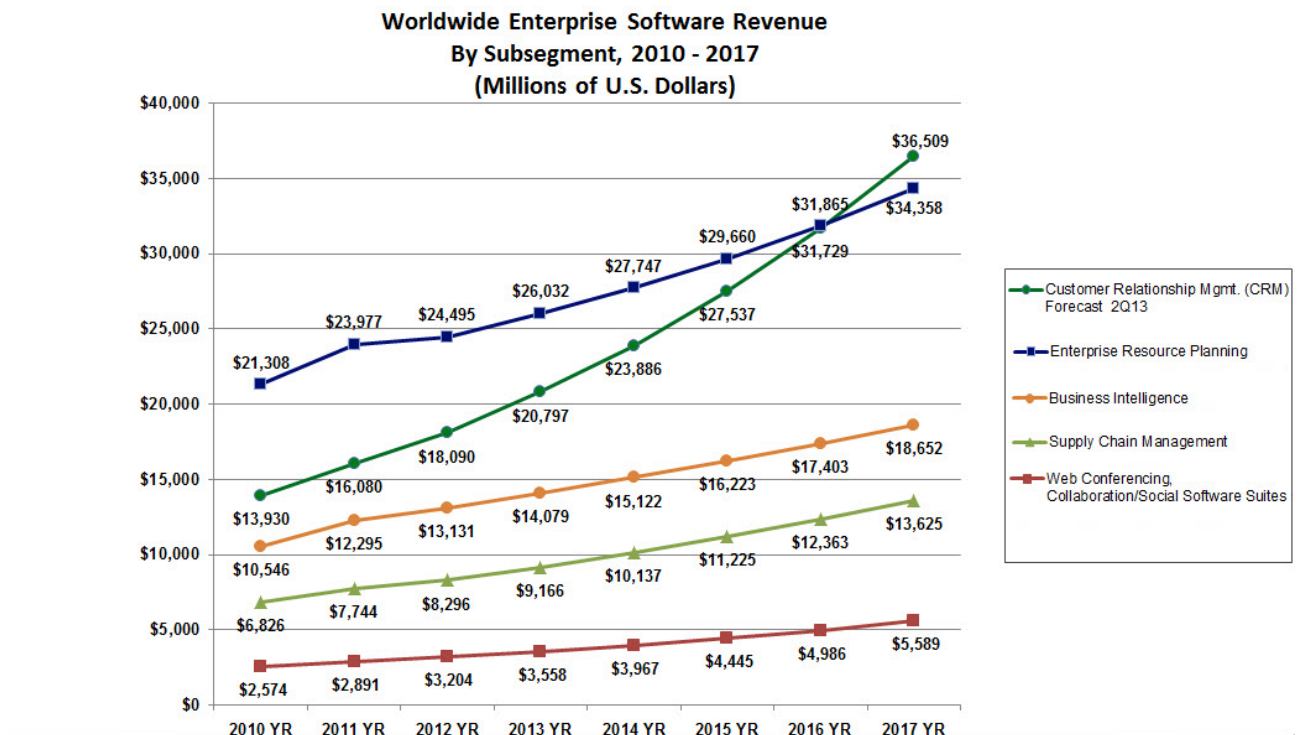


Figure 3. Worldwide Enterprise Software Revenue by Sub segment 2010-2017 (Gartner 2013)

According to Tamošiūnienė and Jasilionienė (2007), customer relationship management is not a new business concept developed during the information era but vice versa. They say that a CRM driven business strategy could be witnessed already in the early 20th century where store owners still knew their customers’ needs and preferences and could serve them individually leading to customer satisfaction and loyalty. Urbanization and the vast volume growth in commerce made this impossible but now personalized relationship management is rapidly gaining foothold enabled by modern technology. Be that as it may, the point the author’s make here is that one should perceive CRM as an overall business approach instead of merely a technological tool.

Payne and Frow (2006) agree that CRM as we know it today is a new concept but the underlying principle of managing unique customer relationships has remained the same. The difference is that the information era enables companies to efficiently manage these relationships with a vast number of customers in a continuously changing market environment. They state that the purpose of CRM is to: “efficiently and effectively increase the acquisition and retention of profitable customers by selectively initiating, building and maintaining

appropriate relationships with them”.

When it comes to the positioning of CRM Tamošiūnienė and Jasilionienė (2007) offer three approaches derived from pre-existing literature: 1) technology centric 2) customer lifecycle centric and 3) strategy centric approach. The technology centric approach refers to the development of pre-existing technologies and the automation of certain CRM processes built around customers’ needs. They state that this approach is natural given the technological context of modern CRM systems in the same time offering a somewhat narrow perspective on CRM as a whole. Customer lifestyle centric approach focuses on integrating the four parts of a customer lifecycle namely *attracting, transacting, servicing and supporting* and finally *enhancing* the customer relationship. Strategy centric approach looks beyond CRM as a technique of building customer value and states that CRM offers a fundamental change on how business is done. The authors conclude that this seems to be the dominant view of how CRM is positioned and is either caused by or even driving the change from a product-centered approach to a customer-centered approach in commerce.

The graph below illustrates a strategic positioning of CRM integrating it with business strategy in addition to the functional strategy of a company (Tamošiūnienė and Jasilionienė, 2007).



Figure 4. Grades of Strategy and CRM Fit, Tamosiuniene and Jasilioniene (2007)

2.2.2. Sales Force Automation – SFA

According to a global study of 1300 executives, sales force efficiency was ranked the number two priority in companies right after revenue generation (Hunter and Perreault, 2007, p. 16) On the other hand the cost of one sales-call increased from 20\$ to 200\$ from the year 1950 to the year 2000 (Sheth and Sharma, 2008, p. 264). Against this change, one of the key benefits

sought from Sales Force Automation –technology is to reduce costs and make the sales force more efficient. According to Tanner and Shipp (Tanner Jr. and Shipp, 2005, p. 306), this has indeed happened. The cost of a sales call has declined 15% over a ten year time period between mid-nineties to mid-2000’s while compensation of the sales force more than doubled during the same period thus signaling an increase in productivity. The relevant industry is also booming with multi-billion dollar sales indicating that the demand for technology in the sales sector is high and rising (Honeycutt Jr., 2005, p. 302).

Sheth and Sharma (2008) deduce that one dominant factor in the demand for SFA is the shift from product-centered commerce to a service-centered one. In terms of value creation, the focus is on the intangible such as information, skills and knowledge rather than the tangible such as products. In the graph below they suggest that some of the tasks previously handled by sales personnel can now be better done with automation through the Internet with less cost and higher accuracy. This allows the sales personnel to shift their focus to a more consultative direction with a customer-focused approach. In other words it has become relevant to investigate when a salesperson is necessary.

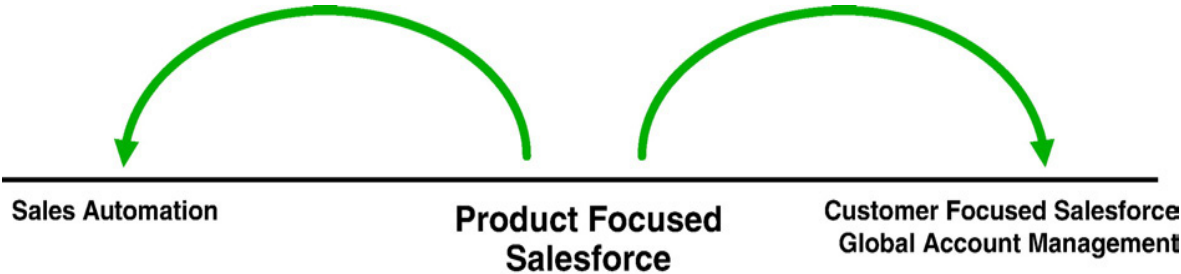


Figure 5. Evolution of the sales force, Sheth and Sharma (2008)

For example a company website can also be a better way to communicate complex product offerings to customers with easy-to-follow displays sometimes even outperforming a sales agent (Sheth and Sharma, 2008). Situations where a website outperforms a sales agent could be for example business travel booking or industrial product information sites. The conclusion remains that the role of a salesperson as an informant is inevitably declining.

According to Tanner and Shipp (2005) automation allows for organizations to restructure the whole sales effort and clear sales personnel from the routine and easily automatable tasks. For example if a salesperson is freed from doing any paperwork, a 33% percent increase in selling

time would occur as a result of utilizing technology. In addition technology might also help sales personnel to perform certain tasks more efficiently. Hence, a distinction can be made between SFA that aids a sales person and SFA that makes the sales person obsolete.

According to Jobber and Lancaster (2009) the SFA –technology is now in its third generation. While the first generation is characterized by making use of modern information technology equipment such as PDA’s, laptops and cell phones and the second with connecting these devices to the internet, the third generation brings SFA –technology to the modernized era of B2B-sales. *Technology enabled selling* (Generation 3) includes attributes such as lead management, opportunity management, account management, proposal management and win/loss reporting. The author’s conclude that while a CRM approach helps organizations to understand their customer’s better, SFA in turn makes sales people more efficient in acting on that understanding in the most relevant way possible.

2.3. The new wave – marketing automation

Marketing automation was born to address the challenges derived from the paradigm shift towards modern, technology driven commerce. It seeks to fill a void that the existing technologies such as CRM and SFA could not in their existing forms do. According to Marketo (2013), the final break through of marketing automation happened alongside the increasing importance of inbound marketing. When buyers actively and increasingly seek out information online, it has become a top priority for vendor’s to have a strong digital inbound presence. The problem, however being: how to manage a vast number of complicated relationships with potential buyers? According to Marketo (2013), marketing automation is the glue that manages, measures and steers the multi-channel and personalized communication with potential clients.

According to a global inbound marketing study of 723 companies (Global Inbound Marketing Report 2013) 83% of the respondents stated that they are engaging in some form of inbound marketing while 26% said that inbound marketing was at the core of their strategy. When it comes to the effects of the said activities, 68% reported an increase in lead generation as the primary outcome. On the other hand, 59% reported that they did not know if inbound marketing had decreased their cost per lead. The conclusion of the study was that inbound marketing is widely adopted but poorly managed. This clearly indicates that an acute need of a system that is able to evaluate, manage and measure the inbound marketing setting. Marketing

automation serves as a natural tool in this context not only measuring but also steering marketing efforts.

According to Forrester (2006), one of the main problems of the contemporary sales organization is how to consistently drive prospects through the sales funnel and finally convert them into buying customers. As the graph below suggests, interested buyers “leak out” from the sales funnel between marketing and sales due to the vendor’s inability to recognize the stage of the buying process a prospect is in, resulting in passing un-matured leads to sales.

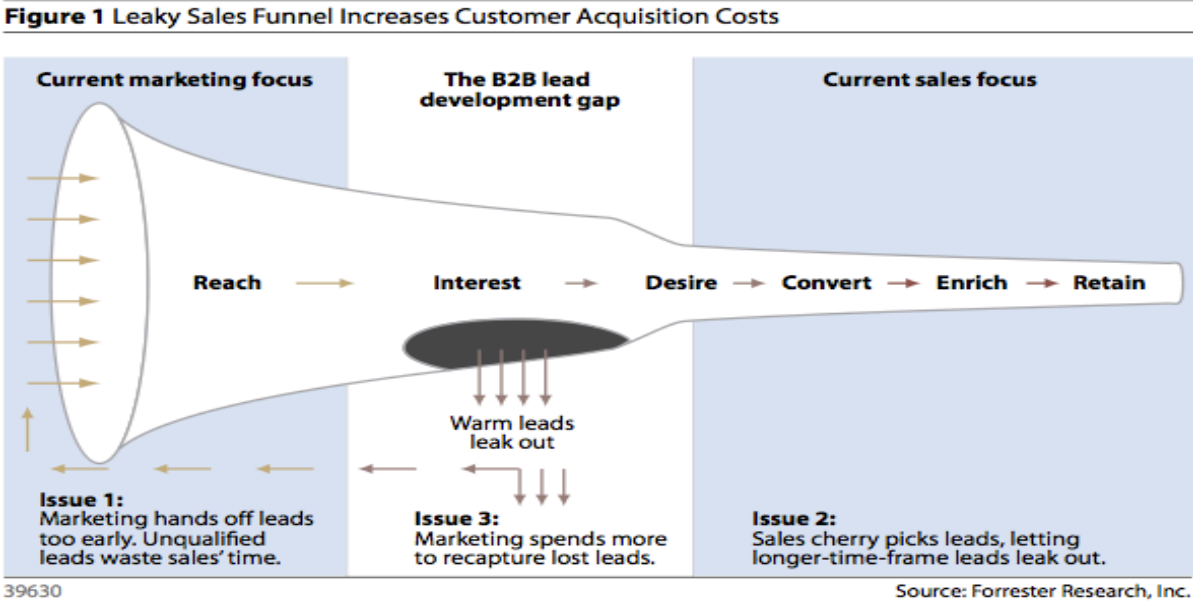


Figure 6. The Leaking Sales Funnel, Forrester (2006)

A study performed by Madison Logic (Olson, 2013) supports this view stating that far too often a lead scoring function is totally neglected when generating leads and qualified leads are immediately passed on to sales after a suspect e.g. has downloaded a white paper. Considering that the B2B sales cycle lasts between 3-12 months or longer and usually the initial information gathering starts earlier than in a B2C setting (Forrester 2009), a majority of the leads passed on to sales simply are not ready to buy. In addition, treating all leads equal generates an overflow of leads passed on to sales resulting in the inability to react to them all resulting in funnel leakage.

The Forrester study (2006) concludes, that perhaps the main purpose of marketing automation is to fill this leak in the sales funnel resulting in a decrease in customer acquisition costs and an increase in conversion rates. In other words, marketing automation seeks to unite the processes

between marketing and sales bringing the relationship of these two functions to a level that the modern buying behavior calls for. Below you can see an illustration of the new alignment according to Forrester.

Figure 2 Mature Marketing Processes Close The B2B Lead Management Gap

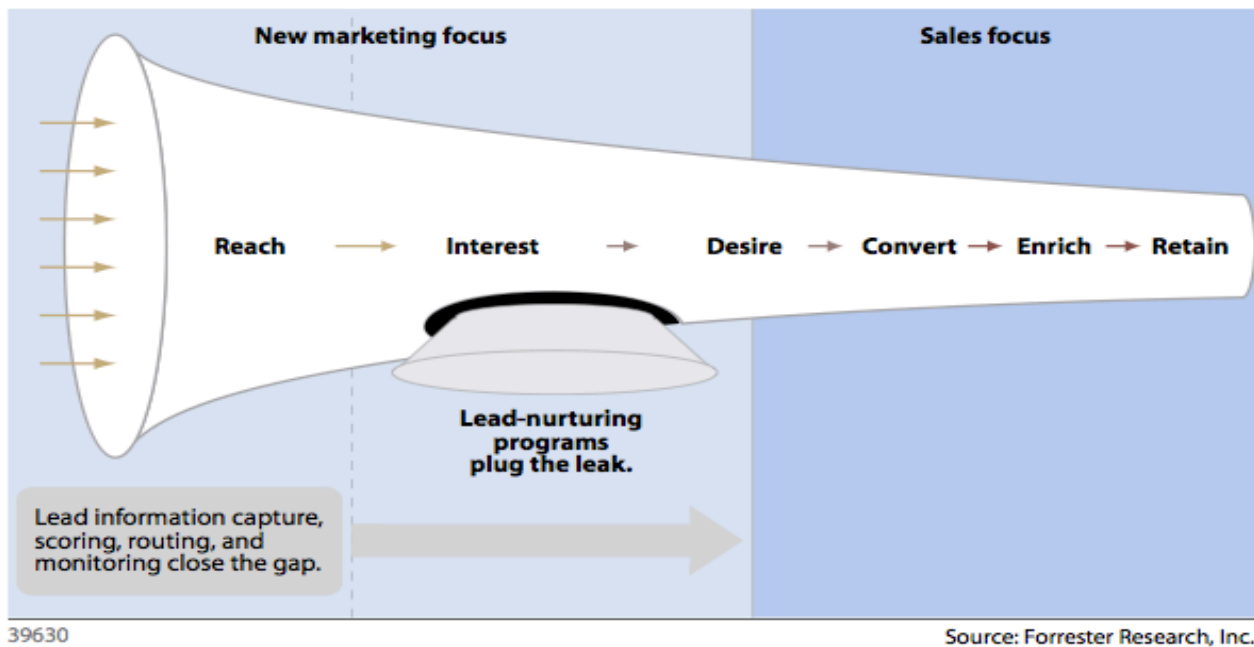


Figure 7. The Effect of Lead Management, Forrester (2006)

The latter part of this chapter introduces the characteristics and capabilities of marketing automation technology. Despite the purpose of marketing automation technology being relatively straightforward; there seems to be no common definition on what capabilities it actually contains. According to a study on automated lead management technology performed by Aberdeen (2010), the four most common capabilities are: behavioral tracking, lead scoring, lead nurturing and CRM integration. Ginty et al (2010) say that the three main aspects of marketing automation are: segmentation, lead scoring, and lead nurturing. Dickie (2012), in turn states that the three driving forces behind marketing automation are lead scoring, lead nurturing and analytics. It can also be noted that even though the terms used can differ, the underlying purpose might remain the same.

The approach of this paper is derived from these multiple sources and is perhaps best in line with Ginty et. al's (2012) definition of marketing automation:

“Marketing automation combines technology and methodology to understand buyer intent, engage leads with personalized messaging and content, trigger the release of messages based on buyer behavior, and pass on the hottest leads to the sales team”

In other words, marketing automation can be seen as a combination of both methodology and technology that utilizes different lead management practices and requires a specific approach to the whole marketing and sales function of a company. What follows is an introduction of the most common attributes associated with marketing automation.

2.3.1. Lead Scoring

In order to be able to “plug” the leak in the sales funnel as Forrester (2006) suggests, a way of segmenting buyers into different groups according to various attributes is required. Woods (2009) refers to this as *lead scoring*. The purpose of lead scoring is to determine when the leads are moved from marketing to sales (Ginty et al., 2012, p. 186). The first step in scoring leads is determining the different attributes used in the scoring mechanism. Woods suggests that the four most common are

- 1) The stage in the buying process
- 2) The buyer’s role
- 3) Demonstrated or expressed interest level
- 4) Communication preference

Woods (2009) suggests that once the different attributes are chosen the next step is to construct a scoring algorithm (Figure 8). He states that several possibilities exist such as a spectrum or a matrix. In the graph below the author visualizes a matrix defining maximum points for each category according to their importance and then ranking the prospect accordingly as a point in time picture of a certain individuals buying process. A key aspect of the scoring mechanism is defining the point in which a lead becomes sales qualified and can be passed on from marketing to sales.

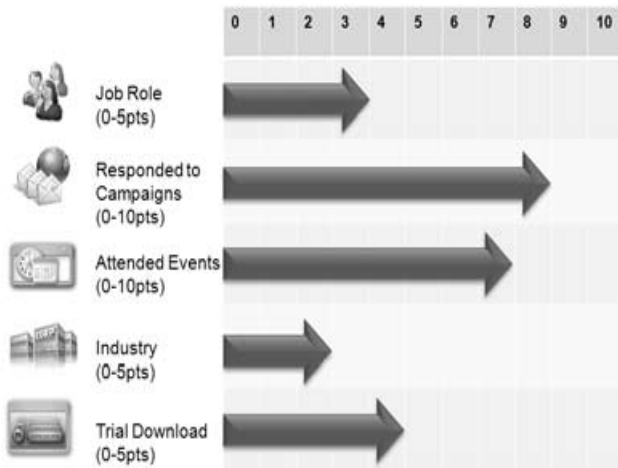


Figure 8. Lead Scoring, Woods (2009)

Oracle (2014) scores leads with a matrix that takes into consideration the explicit and behavioral attributes by ranking e.g. company size, job title and company location (explicit) against web activity and e-mail click through rates (behavioral) arriving at a double attribute ranking system, where a high enough score passes the lead to sales while a lower rate leads to telesales or conversion campaigns (Figure 9). Low scoring leads are either rejected or nurtured.

Split the score

Explicit – Profile Fit of Customer **A 1** Implicit – Level of Engagement or Interest

Score	Description	Follow-Up Action
A4	The right prospect but no interest	Priority but may need specific "why now" messaging
B1	Good fit and very interested	Send to sales queue for immediate follow-up
C1	Not the idea prospect but very interested	Will they ever be a good fit? Continue to nurture and profile
D4	Wrong fit. No interest	Fulfill request and segment out

www.eloqua.com/grande/grande_guide_to_lead_scoring.html

Figure 9. Lead Scoring, Oracle / Eloqua (2014)

Marketo (2013) defines lead scoring as “Shared sales and marketing methodology for ranking leads in order to determine their sales readiness”. They also score leads based on both demographic and behavioral variables. By combining the fit, interest and buying stage of a potential buyer a lead is passed to sales, further nurtured or disqualified. Below you can see an illustration of lead scoring variables (Figure 10).

Types of Lead Scoring		
	Implicit	Explicit
Behaviors	Online body language	BANT data (Budget, Authority, Need, Timeline)
Demographics	Inferred geography, Data quality factors, etc.	Demographics, typically captured from form data or data appending

Figure 10. Lead Scoring, Marketo (2010)

In order for lead scoring to be feasible, some elements such as clean customer data are imperative allowing for segmentation of the data. (Forrester 2006). Woods (2009) agrees with this by saying that the transition towards marketing automation not only consists of a new way to target and deliver communications but also a transformation of processes and data management supporting and enabling the technology to work.

2.3.2. Lead nurturing

According to a recent study on B2B marketing automation usage (Holger Schulze 2013), 64% of the 900 respondents saw generating more and better leads as the most important benefit of marketing automation. More specifically, 48% saw lead nurturing as the most important feature of marketing automation.

Forrester (2009) defines lead nurturing as follows:

“Build time or event-triggered communication that advances buyers through early-stage funnel. Includes drip marketing through complex, multistep nurturing flows based on activity or rules, auto-responders, inactivity clawback, sales-initiated events, follow-up communications, etc.”.

In other words, the purpose of lead nurturing is to build pre-determined paths for prospective buyer segments through which they receive timely and relevant content that guide them through their buying journey. The purpose is to nurture the prospect into a state where a sales contact becomes relevant for the buyer due to the automated communication from the seller's side. The idea relates back to CRM as a strategic approach where the goal is to build unique relationships with customers with the exception that in a marketing automation context, the relationship building starts already before any traditional sales contact has been made.

One of the strongest arguments for lead nurturing's vitality is presented by a study done by Sirius Decisions from which a graph below (Oracle / Eloqua 2014). It concludes that from the 20% of leads that are initially followed up on, 70% are later on disqualified. From these 70%, 80% end up purchasing a matching product or service from either the company in question or a competitor within the next 24 months. In other words, it is extremely important for a seller to be able to communicate with that 70% even though they are not sales qualified leads (SQL) at that specific time, since they most likely are going to need the product or service in the future. By sending relevant content not only serves a way to keep a vendor as a top-of-mind provider but also actively guides the prospect's buying journey shortening conversion times and raising conversion rates.

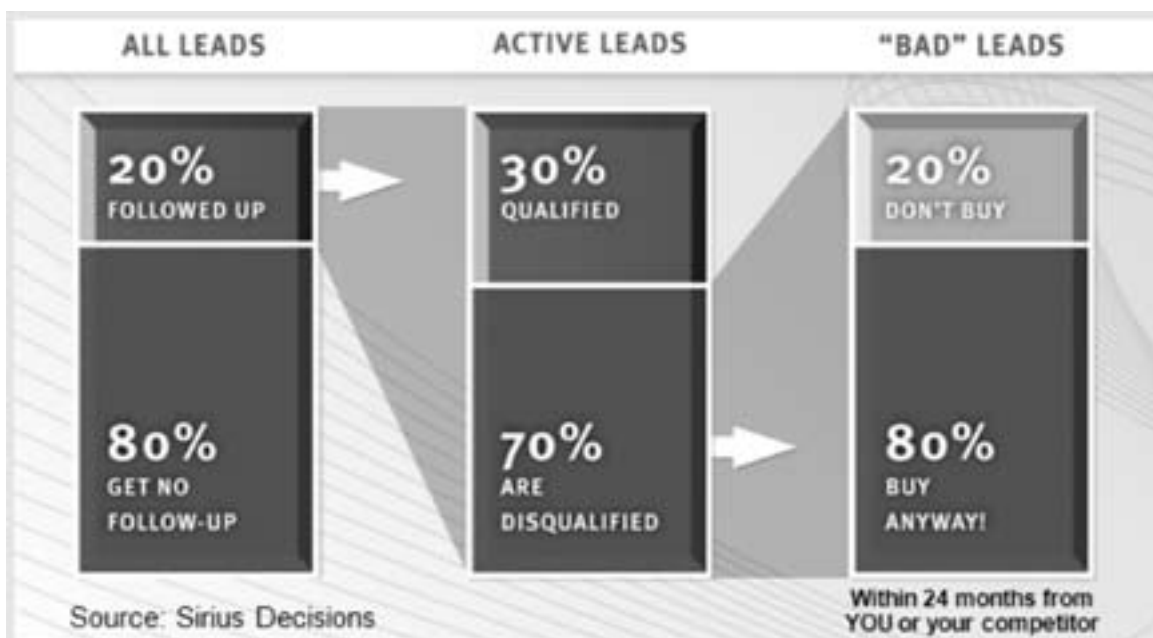
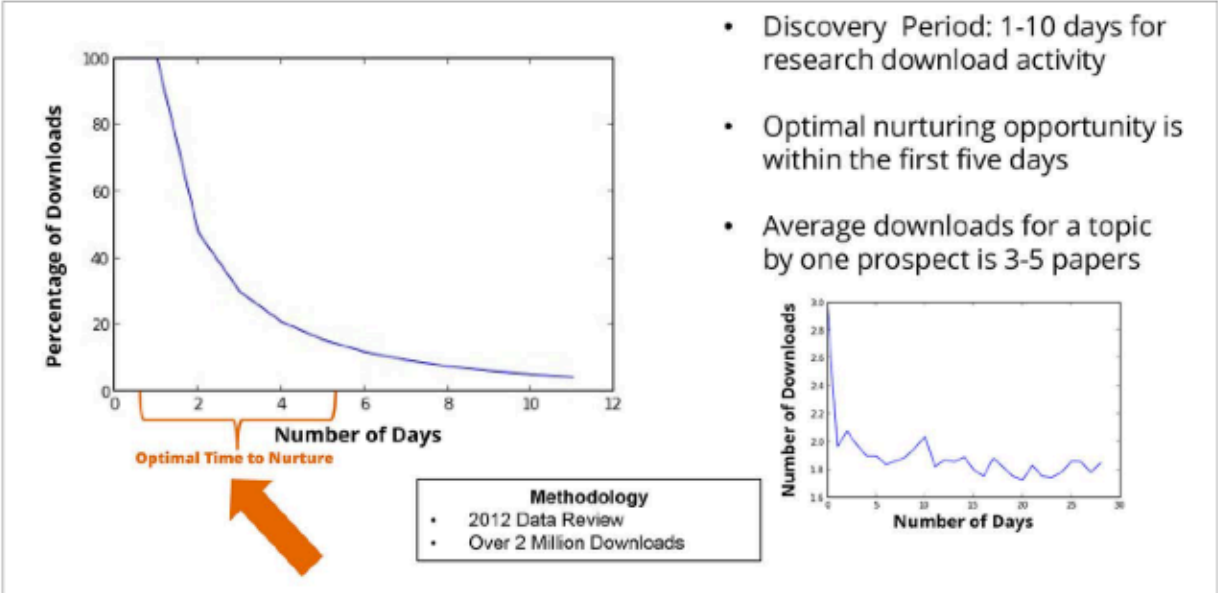


Figure 11. The lead Black Hole (Eloqua 2014)

According to a study made by Madison Logic (2013) even though the sales cycle in a B2B context stretches out over several months, the initial discovery phase only lasts for 1-10 days. By this time a buyer has mapped out the relevant vendors to his best knowledge and made an initial cut to include the most relevant ones. In other words the first five days after initial contact are crucial for a nurturing campaign to start (see graph below).

Figure 2. The discovery phase is shorter than you think!



Source: Madison Logic.

Figure 12. The Discovery Phase, Madison Logic (2013)

When it comes to the channels of communication typically only e-mail is utilized but the authors suggest that expanding the channels for output can increase results. In addition they state that only targeting one recipient is illogical considering that the buyer is not always the user and the buying decision is made by a multi-person procurement team. Hence, finding out the relevant stakeholders and communicating with a group instead of an individual is the correct path of action. Lastly the authors suggest that a marketer must be as knowledgeable about customer intent as possible. Too often the marketer assumes a retained interest without having established sufficient checkpoints or measures to track the buyers motivations.

2.3.3. Behavioral tracking

One of the key aspects in marketing automation software is tracking and analyzing the trail a potential buyer leaves online. Woods (2009) refers to this broadly as digital body language, Dickie (2012) simply calls it analytics and Aberdeen uses the term behavioral tracking. Nonetheless the sentiment remains the same; gathering data about the buyer's movements and acting on it in structured and pre-determined ways.

Brown (2012) defines behavioral marketing as the combination of tracking an individual's behavior and the utilization of marketing automation technology. He states that for marketers, this means moving away from dealing with audiences and segments and truly enabling one-to-one communication. The effects, when implemented correctly, include higher open, click and conversion –rates throughout a prospects buying journey.

Behavioral tracking is usually utilized parallel to demographic analysis both in lead scoring and lead nurturing functions. Brown (2012) stresses the importance of integrated marketing systems where the behavioral data can be collected through a multitude of touch-points such as e-mail, social media, website, mobile/location and direct communication (CRM) and stored in a centralized marketing database. By collecting data through different sources, personalized content is triggered according to pre-determined principles. This dynamic messaging can also be included to extend beyond e-mail by e.g. customizing a company web site according to previous behavior of the prospect.

Even though “segments of one” are made possible by the technology, it is rarely worth while due to the extensive content needed. Marketo uses behavioral targeting in determining the buying stage of the prospect (Dreamforce 2013). The prospective buyer is thusly offered different content on the basis of the signals the buyer sends through his actions. In concrete terms this often means moving the content from general to particular e.g.: How has the buying process changed? → How does marketing automation help? → What can Marketo offer? Aquino (2013) suggests that the depth of behavioral analysis is also crucial; in stead of knowing how many pages a prospect visited on a company website, it should be known which pages he visited.

2.3.4. CRM integration

Perhaps the final step of utilizing marketing automation technology is connecting it to a company's CRM –system. According to Ginty et al (2012, p. 203), CRM integration is vital in

bringing the marketing and sales functions together when working with marketing automation. The authors continue by saying that a company's CRM system is not only a tool for the B2B sales person, it should also be a way for the B2B marketer to monitor the impact of different marketing efforts and be able to track revenue to key-words i.e. follow through on a lead all the way to sales conversion. This allows for cross-functional learning and adaptation of efforts at the top-of-funnel phase.

Woods (2009, p. 173) agrees with the importance of CRM integration by saying that passing a lead to sales from marketing is not enough, it has to be done in the right environment that sales is comfortable with. He says that in reality this means utilizing both the CRM platform as well as client e-mail. Without making the data available in these environments the adoption rates will suffer greatly and sales will not utilize the leads passed from marketing.

2.4. Conclusion

According to a B2B marketing automation survey (Hosford, 2011) many companies who implement marketing automation software are not ready for it process wise. Vendor's sell marketing automation as an off-the-self solution while user experiences state that to able to derive true business benefits, companies should have clearly thought out lead management processes in place as well as strategy and capabilities for content production.

If we look at a study done by the Aberdeen group (2011) that seeks out to map out the best-in-class B2B sales practices, a common denominator can be found amongst top performing companies when it came to customer insight and segmentation, value propositions, channel and sales force structure, sales processes and technological features. Among other factors, the best-in class companies were more likely than others to seek to understand customer needs and utilize customer segmentation practices, have close co-operation between sales and marketing, generate different content for different customer segments and use lead management and/or scoring mechanisms. A previous study by Aberdeen (2009) focusing on the best in class lead lifecycle management practices found four aspects that clearly stand out. Lead scoring, lead nurturing, segmentation and targeting.

If we reflect these results on the emergence of marketing automation technology, the indication is that marketing automation goes beyond being merely a software purchase but actually a tool to manage the complex requirements of the modern B2B sales landscape. It can be debated if marketing automation is the cause or effect of successful lead management practices but a

strong assumption remains that some level of changes to a company's processes and existing structures are needed for marketing automation to be leveraged to its full potential.

3. METHODOLOGY

3.1. Research objectives

So far this paper has addressed the changed paradigm of B2B-sales, gone over and positioned the existing technologies within that context and introduced Marketing Automation as a new technology to utilize in the B2B-sales setting. From here on out, the paper's main goal is to find out what kind of tool Marketing Automation is from a managerial standpoint. This goal can be further divided into four subcategories. The first goal is to validate the degree of causality between factors mentioned in the literature review and the rapid growth of the marketing automation market as well as to explore alternative causes. This validation is included in the scope of the research since understanding the driving forces of the phenomenon is important in predicting the future direction of it.

Perhaps the primary goal of the research, however, is to position the tool within company strategy, relate it to existing technology and explore its effects on company structure and processes. In concrete terms: is the purpose of marketing automation merely to automate existing processes within the marketing function of a firm or does it possess more strategic capabilities that have a more revolutionary affect on a company's processes or even business alignment? It is also important to clarify marketing automation's relation to the existing technologies such as CRM or SFA and find possible interoperability between them in terms of purpose and functionality.

In addition, the study seeks to delimit companies that the said technology is applicable for both from a demographical standpoint (size, industry, customer base) as well as listing internal pre-requisites for implementation such as specific processes and structures. Lastly, the study seeks to name the key business effects of implementing the technology but restricts from trying to find any numerical data since that would be outside the scope of this research.

3.2. Research methods

Since the study is exploratory by nature and seeks to develop familiarity with a new phenomenon qualitative research was selected as the research method (Kothari 1985). The most common data collection methods in qualitative research are interviews, questionnaires, observation and document based information gathering (Tuomi and Sarajärvi 2002, p73). Taking note that the nature of this research is to explore the somewhat unknown, conducting

interviews is the best-suited approach allowing for flexibility that the other methods do not allow. The dynamic nature of an interview gives the interviewer a possibility to repeat questions, call for clarification and follow up on questions in order to truly expose the necessary and most relevant information (Tuomi and Sarajärvi 2002, p75).

Further dividing interviews into questionnaire interviews, semi-structured interviews, unstructured interviews, in-depth interviews or simply qualitative interviews seems to lack an academic consensus in terms of what each interview type consists of (Hirsjärvi & Hurme 2000). For this research a semi-structured interview approach was chosen where interview themes and questions are defined but no answer alternatives are given. This approach is in line with Eskola and Suoranta's (1998) definition of semi-structured interviews where the order of questions remains the same but answers are left open. Un-structured interviews were not considered since a preliminary understanding of the subject was gained from the literature and a theoretic background was used which is discussed further in the next section.

The question structure was developed by first dividing the objectives of the interview into theme categories (Hirsjärvi and Hurme 1982, p 41) and then creating 1-4 questions concerning each area. The four subcategories of research mentioned in the beginning of this chapter were used as the theme-categories. All together the interview consists of 14 questions divided as follows (see Appendix 1 for the complete interview structure):

- Definition, background, limitations - **3 question**
- Positioning MA in regard to existing sales technologies – **3 questions**
- Examining the strategic significance of the technology – **3 questions**
- Effects on company structures and processes– **3 questions**
- Business effects – **2 questions**

3.3. Data collection - Expert interviews

Since marketing automation is a novel technology and only now gaining foothold in the Finnish market, it was deduced that the best expertise on the phenomenon lies on the vendor side. Marketing automation vendors in Finland are B2B consulting companies who generally possess a good understanding about both the external business environment and the internal process structure of their clients and are thusly in an objective position to offer insight on the

phenomenon. An additional reason why consultants were chosen is that they have been able to form a holistic take on the matter through multiple cases and the researcher can form a better overview on the matter with a reasonable sample suitable for qualitative research. This kind of holistic view would perhaps be hard to obtain by interviewing companies utilizing the said technology due to the inevitable subjectivity of the data due to underlying factor's such as company size, industry, customer base or simply ambition level.

Kvale (1996, 102) states that usually in qualitative methods the sample size ends up being too small and thusly fails to offer the chance for generalization or too big when an in-depth interpretation becomes impossible. Hence, to find the optimal amount of data, the amount of interviewees was not pre-determined but instead an “as many as it takes” –stance was taken. Hirsjärvi & Hurme (2000) refer to this as a *discretionary sample* where a researcher does not try to formulate statistical generalizations but tries to develop an understanding of a phenomenon in stead. In other words, interviews were conducted as long as new and relevant information presented itself. Eskola & Suoranta (1998) refer to this as the *saturation* of data.

The table below represents the profiles of the interviewees. Seven of the eleven experts were CEO's of consulting companies on digital marketing, two were the experts of B2B marketing automation in their companies one of which was also a doctoral researcher on the matter. Lastly two of the experts were from the user side from a company that has been a pioneer on implementing marketing automation in Finland, Vaisala Oyj.

Table 1. List on interviewees

Interviewee	Position & company
Timo Kruskopf	CEO, ID BBN Oy
Mikael Blomqvist	CEO, Vipu Consulting Oy
Joonas Rinne	CEO, Digtys Oy
Jani Aaltonen	CEO, Axession Oy
Emma Storbacka	B2B manager, Avaus Consulting Oy.
Mika Raulas	CEO, ICMI Oy & Guest lecturer, Aalto Yliopisto

Timo Lausala	Consept designer, Zeeland
Ilmari Piela	CEO, Element Oy
Petri Säkkinen	CEO, Digitalillustrated Oy
Henri Kaukola	Vaisala Oyj
Mikko Haapanen	Vaisala Oyj

In order to treat the interviewees as experts on their field instead of spokespersons for their companies, their names are not directly referred to in the later parts of this thesis. This also allows for a full use of the material given the public nature of the research. The names are coded in such a way that the author is able to identify the individual interviewees if needed. In addition a third person personal pronoun “He” is used when referring to all of the interviewees. An exception to the rule is made by identifying the Vaisala experts since the distinction between consultant and end user is relevant for the purpose of the study.

3.4. Data analysis

When analyzing qualitative data the approaches can usually be classified as being based on either *inductive* (from particular to general) or *deductive* (from general to particular) reasoning. Qualitative research is typically *inductive* in its early stages where the researcher is trying to discover patterns, themes and categories from the data (Patton 2002, p. 453). Since this research seeks to form an initial understanding of what marketing automation means for B2B sales, *inductive* data analysis would be the logical choice from these two methods. It can however be argued that *inductive* analysis in a qualitative context is always subjective by nature stemming from e.g. the research design, research methods and pre-existing attitudes (Tuomi & Sarajärvi 2002, p 95).

Eskola (2007) prefers to divide qualitative research into three different categories instead which are: *empiria-based*, *theory-bound* and *theory-based*. In this classification also *abductive* – reasoning is included which generally has been neglected by the traditional twofold -division. Abductive reasoning can be characterized as having a theory-bound *guiding principle* but does not seek to validate a certain existing model as deductive research does (Tuomi & Sarajärvi

2002, p 95). This research thusly follows the logic of Eskola's (2007) *theory-bound* method where the data is collected rather freely and later on reflected on the underlying model selected. A good illustration of the same principle has been done by Hirsjärvi & Hurme (2000) in which the data gathered is broken down, classified and then combined in relevant categories. The final stage then consists of analyzing the information, forming a holistic view on the matter and finally re-conceptualizing the phenomenon.

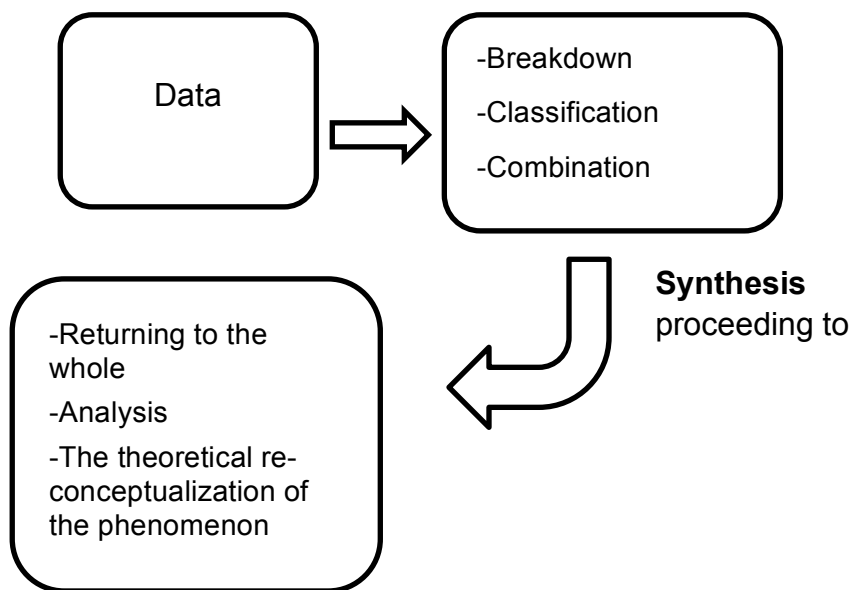


Figure 13. Data analyses according to Hirsjärvi & Hurme (2000)

3.5. Theoretical framework

In order to conduct the *theory-bound* analysis, a conceptual model developed by Venkatraman (Venkatraman, 1994) was selected. This tool offered the best conceptualization when it comes to positioning marketing automation as a managerial tool compared to other relevant models (Henderson and Venkatraman, 1999) (Jarvenpaa and Stoddard, 1998).

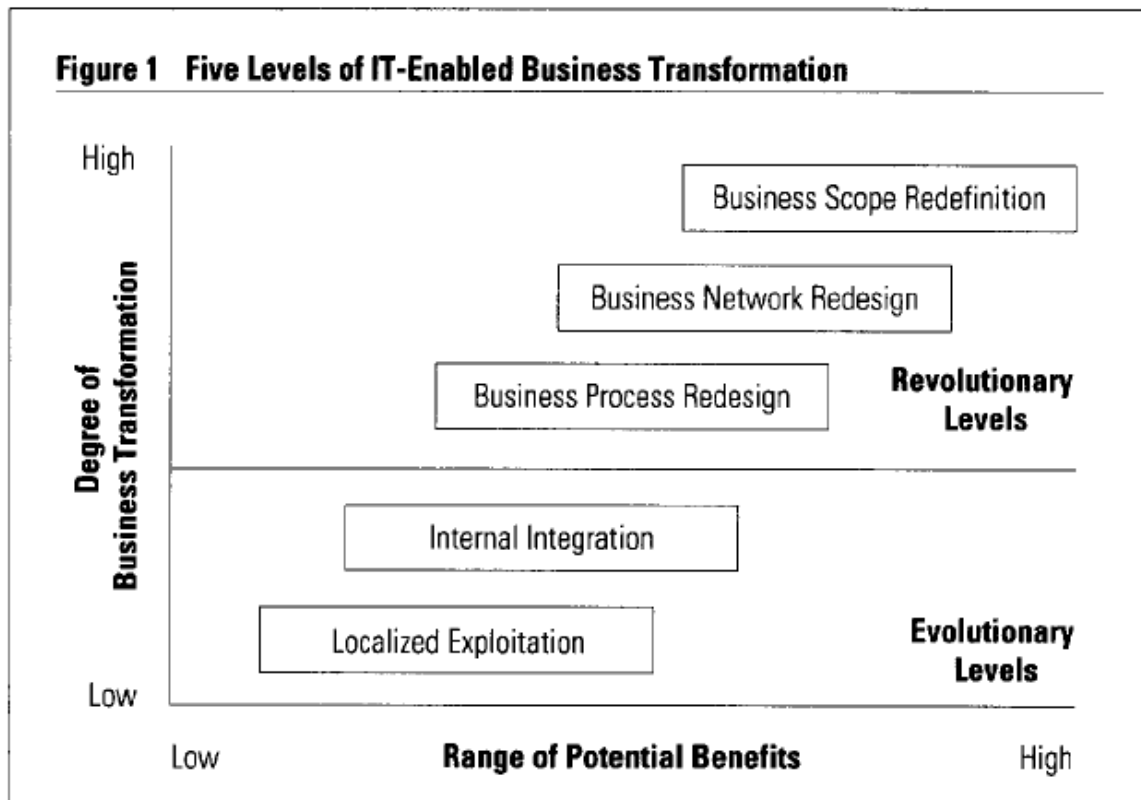


Figure 14. Five Levels of IT-enabled Business Transformation, Venkatraman (1994)

The model functions under the premise that the more strategic value derived from an IT-system, the more radical the degree of organizational transformation is needed:

“The central underlying thesis is that the benefits from IT deployment are marginal if only superimposed on existing organizational conditions (especially strategies, structures, processes and culture). Thus the benefits accrue in those cases where investments in IT functionality accompany corresponding changes in organizational characteristics”.

The author goes on and divides the degrees of transformation into five different levels: Localized Exploitation, Internal Integration, Business Process Redesign, Business Network Redesign and Business Scope Redefinition. The author points out that these levels are not be seen as stages of evolution but rather as a description of different levels of to what extent can information systems be leveraged to generate business value and the organizational requirements they beset. In other words, an organization must carefully assess the potential benefits derived against the needed changes in organizational routines and the costs involved.

Below is a summary of the distinct characteristics of each level as defined in the article.. The lower levels “localized exploitation” and “internal integration” are seen as evolutionary in terms of the organizational change required whereas the latter three, “business process redesign”, “business network redesign” and “business scope redefinition”, are described as revolutionary. The purpose of this framework is to offer a reflection point on the degree of organizational change and the possible strategic advantage the implementation of marketing automation requires The analysis is performed in the discussion and analysis section (Section. 5).

Table 2. Summary of the characteristics of IT-Enabled Business Transformation (Venkatraman 1994)

Level of transformation	Distinctive Characteristics
Localized Exploitation <i>Evolutionary</i>	“Leveraging of IT functionality to redesign focused, high-value areas of business operations”
Internal Integration <i>Evolutionary</i>	“Leveraging of IT capability to create a seamless organizational process- reflecting both technical interconnectivity and organizational interdependence”
Business Process Redesign <i>Revolutionary</i>	“Redesigning the key processes to derive organizational capabilities for competing in the future as opposed to simply rectifying current weaknesses; use IT capability as an enabler for future organizational capability”
Business network Redesign <i>Revolutionary</i>	“Articulating the strategic logic to leverage related participants in the business network to provide products and services in the marketplace; exploiting IT functionality for learning from the extended network as well as for coordination and control”
Business Scope Redefinition <i>Revolutionary</i>	“Redefining the corporate scope (e.g., what’s done inside the firm, what’s obtained through special partnerships and related arrangements, etc.) that is enabled and facilitated by IT-functionality”

4. FINDINGS

This section presents the findings of the empirical study. The structure is based on the thematic categorization presented in the methodology –section of this paper.

4.1. Setting the scene - definition, background, limitations

The first task the interviewees were given was to define marketing automation. This was requested due to the fact that a common consensus is still lacking within the academia on what does the term “marketing automation” actually imply to. It supported the exploratory approach of the study and also allowed for the interviewer to understand to what the interviewee reflected his/her answers to when asked about marketing automation.

Six out of the eleven interviewees had similar views describing marketing automation as automated digital communication with potential or existing customers. Interviewee 2 defined marketing automation as:

“...systematically and electronically gathering data from consumers or customers in different channels and then utilizing that information by automating customized and targeted marketing communications”

The most relevant factor that combined these six answers was that they described the process as being dynamic in a sense that the marketing communications is subject to the consumer’s behavior. Other terms used were “trigger based”, “pre-determined”, “dialogue based automated communication” and “behavioral targeting”. The rest described marketing automation by saying it involves automating existing processes where they can’t reasonably be performed manually or simply freeing up resources by automating data processing.

The second question aimed to seek out additional reasons for the rapid growth of marketing automation both as a phenomenon and a business as well as to confirm the presumptions made in the literature review section of this paper. Six out of the eleven interviewees confirmed that they see changed buying behavior and the digitalization of business as the main reason behind marketing automation. Interviewee 1 describes the situation through an analogy:

“The most important factor is definitely the change in buying behavior. If we say that in the 1950’s, the sales- and buying process were kicked off simultaneously when a vacuum sales man rang your doorbell and educated you that you should use a vacuum while

cleaning... at the latest when Google made its breakthrough the situation changed so that the customer finds the sales-man, if he finds him, and then the customer has already completed about 80% of the buying process... the buyer already has a short-list and has done all of the information gathering online”

He continues by saying that marketing automation has emerged as a way to recognize these people at an early stage of their buying process and get a chance to influence them before they have come up with a shortlist. The other most mentioned driver of this change was that the technology has matured to a level where marketing automation can be utilized. Interviewee 7 answers:

“The biggest force of change is the availability of data. We have behavioral data, customer data, we have data on which content’s work and which do not and we have data about how the sales funnel is doing... If we can predict conversions or who is most likely to buy through the data, then it has created the need to make automated assumptions through scoring...”

The interviewee continues by saying that with the data available it is now possible to measure the entire sales process from marketing through sales all the way to the purchase. Vaisala manager 1 agrees by saying that the digitalization has enabled efficient measuring of marketing. Interviewee 2 adds that only recently the technology has become cheap enough for it to truly break through on a wider scale. The main line of thoughts can thusly be divided between the *need* and the *ability* to implement marketing automation technology. The first one conveys a more customer driven thinking and the second a performance driven internal thinking. Additional facilitator’s for the change mentioned were cost cutting pressures and increased competition in the market.

The third question aimed to identify possible restrictions as for which the technology is suitable for. The results were somewhat unanimous with eight of the nine (excluding Vaisala) interviewees saying that as an approach, marketing automation is relevant for every company. Interviewee 9 said:

“I don’t see that there’s a company for whom the technology isn’t at all applicable, it’s more about which software you choose. The pricing models are constructed in a way that for a really small organization all are not feasible but in the end it comes down to the

amount of dedication you are willing to put in and that perhaps, is the more restricting factor.”

A few of the other respondents also mentioned costs as a restricting factor as it might not always be feasible for a micro-organization to cover the licensing costs of the major providers on the market. However moving on from the cost notion, many of the interviewees stressed the importance of internal behavioral variables. Interviewee 3 states that in order for a marketing automation system to be implemented successfully, several elements need to be in order such as marketing strategy, communication design, content production capabilities and analytics (customer understanding). He continues:

“And that is not relevant to size, not by any means. You can find large corporations that are hopeless in this and small start-ups who are extremely good because the management understands this [new] world”

Restricting behavioral factors mentioned were a lack of customer orientation, lack of in-house knowhow combined with limited outsourcing possibilities, the lack of an ability to invest in marketing, or strict IT-security protocols.

On the other hand a few external factors were presented in terms of for whom marketing automation might be especially relevant. Interviewee 5 sums it up by saying it is most relevant for:

“...those who have a high individual transaction value or customer life time value. Usually also for knowledge intensive services and products, in other words complex sale transactions... everything that has a long sales cycle or buying process.”

Interviewee 1 strongly agrees by saying that the best potential is with long sales cycles, complex and valuable transactions and investments. He names the ICT industry as an example.

When it comes to customer base, the interviewees do not see a small - existing or potential - customer base as a restricting factor. Even with a really limited market it is extremely beneficial to see what your existing customers are doing online. Interviewee 2 says that for some companies with a high transaction value there might be very limited web site traffic but the benefit comes from recognizing the prospect early on and passing it to sales. In both of these cases the main benefit comes from analytics.

Perhaps the only interviewee that clearly stood out was Interviewee 3 who said that automation becomes relevant only when you cannot manage the customer communication workload manually:

“Marketing automation is similar to automation in general. If you have a lot of laundry to wash, you use a washing machine, if you only need to wash one pair of pants a day, you don’t need a washing machine.”

Interviewee 3 estimates that usually marketing automation becomes relevant when a customer base reaches a threshold of 10 000 customers. He states that with this kind of customer base the need to segment and customize content becomes so great that automation becomes relevant. A case where automation might become relevant with a lower number of prospects is when they are geographically dispersed.

4.2. Technology

Since marketing automation remains debated in terms of the attributes it entails, the interviewees were asked their point of view on the matter. Below you can see a graph of the most common features mentioned as by the number of the interviewees.

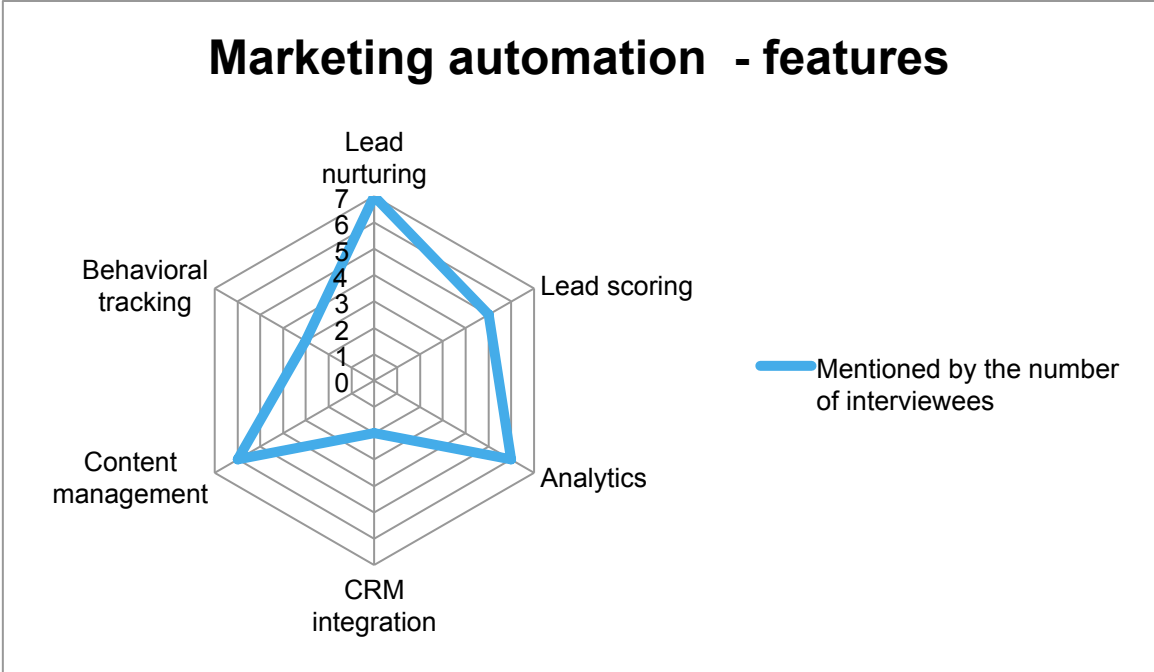


Figure 15. Features of Marketing Automation

As the graph indicates, lead nurturing was commonly agreed upon being perhaps the most important or at least most common feature of marketing automation. This relates back to the idea

of the dynamic nature of the modern marketing and sales –function where marketing takes the role of the informant traditionally assumed by the sales person and guides the buyer through the initial stages of the buying process. Closely tied to this is the lead scoring function where leads are given valuations based on demographic and behavioral factors that ultimately determine the way the lead gets passed on in the sales funnel. Adding to the literature, the importance of content stood out as many mentioned the importance of personalized and targeted communication as a key element of marketing automation.

Analytics and data management were also considered important features of marketing automation. This can be strongly tied to the marketing automation software that allows for more complex calculations and data management procedures to take place compared to lead nurturing or content strategies that can be seen more as approaches rather than software enabled features. Finally CRM integrations, an element pointed out in the literature review, were only mentioned by Kaukola and Haapanen from Vaisala.

Since the positioning of marketing automation software towards existing marketing/sales technology was seen as a key factor in clarifying its role as a management tool, a direct question was asked on how MA relates to CRM and SFA technologies. Here the importance of CRM integrations clearly stands out as a decisive element in marketing automation implementation. Only Interviewee 9 said that marketing automation can be implemented as a stand-alone system but he also stressed that the true benefits are realized through CRM integrations.

Interviewee 2 analyses the relation by saying that marketing automation should not and cannot be implemented separately from the CRM system. Marketing automation should be very closely integrated to a company's CRM, both from a process and systems point of view. He sees that CRM should serve as the master database where all customer related information concerning both existing and potential customers is stored which relates to customer understanding that enables automated targeting and managing the customer experience. From this statement it can be debated whether Interviewee 2 sees marketing automation as a subordinate to CRM software or as a subordinate to CRM as a business approach as defined in the literature review of this paper. (Tamošiūnienė and Jasilionienė, 2007).

Interviewee 6, Interviewee 1 and Kaukola all position marketing automation in between a content management system (CMS) and the company CRM. Interviewee 6 stresses that he is speaking about CMS in a broad sense including social media channels, blogs, e-mail marketing, landing pages and even search engine advertising. He says marketing automation scans these

channels for leads. Interviewee 1 describes the same thought in practice by saying that marketing automation acts as a bridge between the CMS operated by the marketing department and CRM operated by sales:

“...it means capturing a lead from the CMS or through tagging it from the MA system and recognizing it on an individual level, and ultimately when it is sales ready, automatically transferring it to the CRM system and letting sales take it from there.”

In between the lead is naturally nurtured through pre-determined protocols. Interviewee 4 emphasizes that marketing automation is a separate system from CRM. Duplicate efforts or features are minimal and one system cannot replace the other. He positions MA in front of the CRM system at the top of the sales funnel capturing and nurturing leads all the way to the point when a lead becomes sales qualified (SQL) and is transferred to the CRM system. He adds that a lead can exist in the marketing automation system even 6-24 months before being seen as sales ready.

Interviewee 3 states that the natural place of a MA system is in front of the CRM system, refining leads before they enter the CRM. He also states that MA can be utilized for existing customers for cross-sales and up-sales purposes. Interviewee 5 Agrees with Interviewee 3 by positioning marketing automation between a potential client and the CRM system but he also adds that the systems intertwine when communicating with existing clients. He concludes by saying that without a CRM integration, investing in marketing automation technology is not worth while.

Interviewee 6 says that marketing automation is often referred to as the “marketing CRM” and refers to both systems being equal.

“...in the mid 90’s companies were acquiring CRM systems, now they are acquiring marketing automation systems. Oftentimes MA is referred to as the marketing CRM... the systems often contain overlapping data and they are seamlessly integrated with the same information flowing through both so in other words it’s a different dimension of the same thing”.

Below you can see an illustration of the technological positioning of marketing automation (MA) as described by the interviewees.

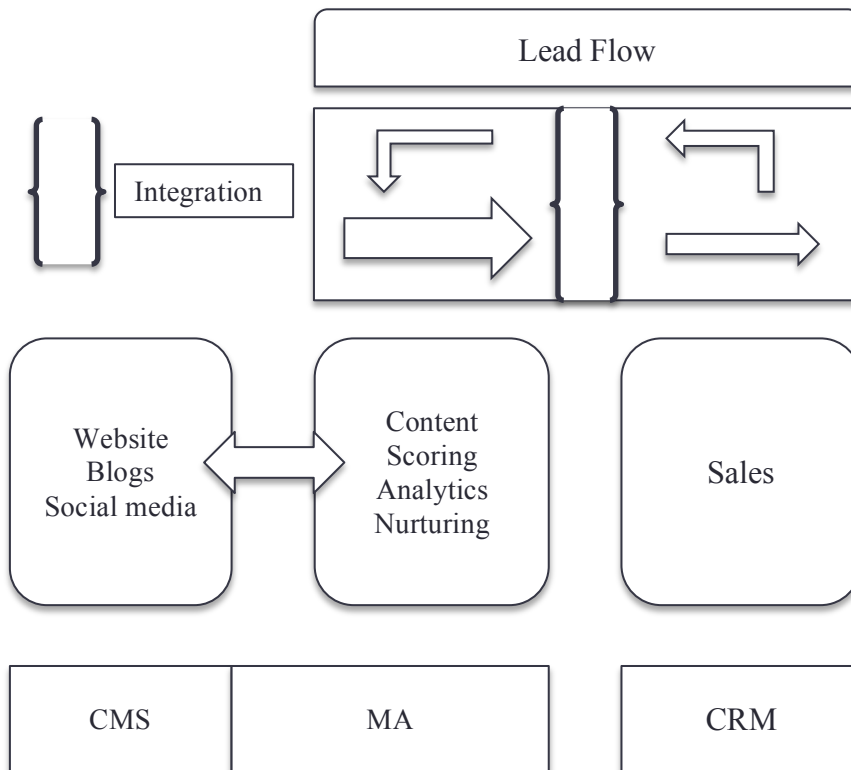


Figure 16. Technological positioning of Marketing Automation

An evident factor concerning system integrations here is the lack of SFA integrations. Interviewee 2 mentioned that SFA is usually built on the CRM system and is a part of the CRM strategy. It can however be stated that SFA is not seen as a crucial system that would play a major part in marketing automation implementations. Perhaps the relevance would become clearer in after-sales utilization potential when processing leads on a tactical level becomes more relevant.

In order to gain more comprehensive view on the after sales usage, the interviewees were asked if they see marketing automation only as a customer attraction tool that serves the sales pipeline or also as a tool for managing existing customer relationships. Perhaps the main take-away here was that technology wise there are no restrictions but right now the discussion focuses more on the pre-sales phase. Interviewee 2 comments on the situation:

“If we think about marketing automation as a technology and think about the automated processes, the needs exist equally in the post-sales phase. And when we talk about service management for existing customers it can easily be done in the digital environment. As a best-case scenario up selling and customer service are the same thing. The potential exists throughout the customer life cycle from the first encounter to the ongoing service relationship

and I would not say the pre-sales phase is more important or more strategic in that sense. Right now customer interest, however, seems to be at the pre-sales phase.”

Interviewee 6, Interviewee 4 and Interviewee 5 share the same point of view that often times there is no need to make a distinction between potential and existing customers. Interviewee 5 describes the situation through an example where an existing client starts to consume a company’s online content, which is captured by the vendor organization through marketing automation, which then triggers a sales-, or marketing action. Interviewee 6 describes the situation as follows:

“There is no need to distinguish between potential and existing customers. They are people performing actions. What marketing automation is designed to do is to capture the behavior of people. We can measure the behavior of our existing clients as well as our potential clients. We can for example personalize our websites so that they look different for the two segments.”

Interviewee 4 agrees with this by saying that the idea is to create a profile for each contact and the fact that somebody becomes a customer does not change anything. Companies still create new solutions, which can and should be communicated to the client. This process creates a holistic customer experience for which it is important that MA and CRM continuously interact with each other.

Perhaps the main distinction that can be made here is that oftentimes MA is not used purely as a customer service tool, but rather as a way to re-introduce existing clients to the sales pipeline. Even though Interviewee 5 says that for example some software as a service providers utilize what they call “customer-on-boarding” programs where users are offered support and encouragement to use a software to its fullest potential, this is not seen as the primary use of the software yet. Interviewee 6 offers a viable explanation for this:

“In B2B companies customer relationship management is not typically a job of the marketing department and this is perhaps the biggest reason [for the limited usage]. It is a job for the account manager who is responsible for that specific account. Technology wise there is no reason not to, however”.

Interviewee 3 adds to the discussion by saying that usually in a B2B context the amount of existing customers is so small that automated communications are not necessary. He says that typically automation becomes relevant when it is impossible to manage the accounts manually

for example in a multi-divisional organization. This is indeed the case with Vaisala where their global customer base of tens of thousands customers spread out around multiple business units and continents has allowed them to use marketing automation actively towards existing customers as well, describes Kaukola.

Below you can see an illustration of the utilization potential of marketing automation technology according to the experts. Right now the emphasis of the possibilities the technology provides is on the pre-sales phase. In addition cross-sales and up-sales are being performed either as simply seeing that an existing customer is active again through content consumption or through outbound generated re-marketing campaigns. Lastly, the potential to utilize marketing automation as a customer service tool by for example delivering relevant trigger-based educational content is technology wise possible but is still an untapped area of the technology. The aim of this kind of actions could be to improve customer experience and increase the retention rate of existing customers.

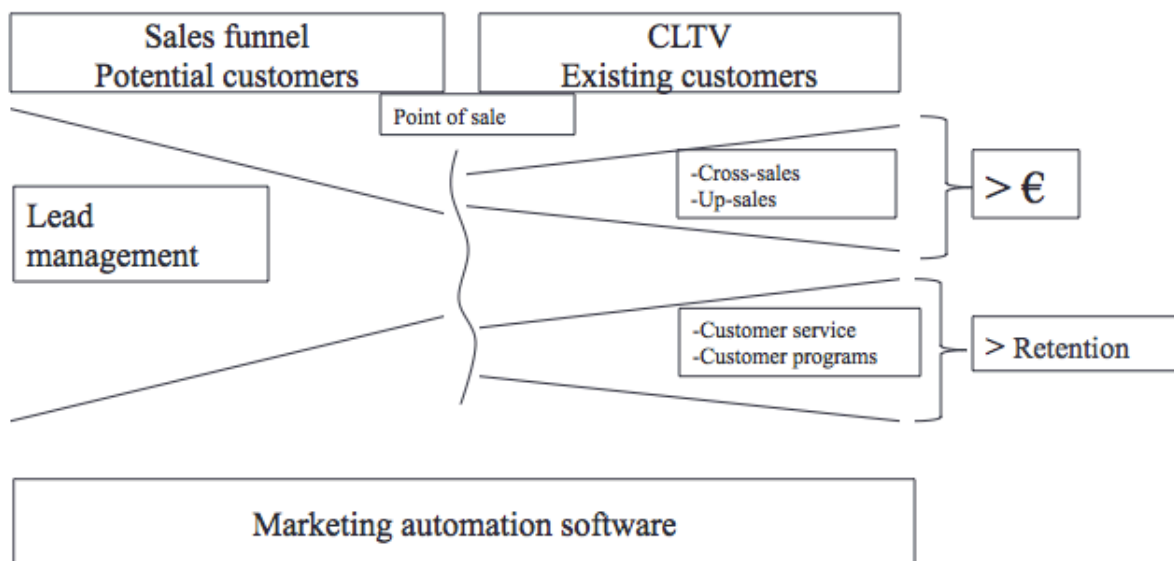


Figure 17. Utilization potential of Marketing Automation. Pre-sales vs. After-sales

4.3. Strategic positioning

This section aims to offer information concerning strategic positioning of marketing automation which is later on reflected to the theoretical framework of this paper (Venkatraman, 1994). First off a direct question was asked whether marketing automation was seen as a strategic information system. A common theme concerning the answers was that it can be both strategic and tactical, depending on the usage. Kaukola says that for Vaisala it's both, depending on the business unit. For homogenous markets it might be a tactical way to automate messaging and lead handling, for more diverse customer groups it becomes strategic changing the way marketing is performed. Interviewee 9 says that it should be strategic and if it's only utilized as a tactical advertisement tool it has not been adopted on a level that brings the potential gains.

Interviewee 6 and Interviewee 4 both bring up the strategic nature of customer data. Interviewee 4 defines that 80% of the processes related to marketing automation are tactical even though everybody likes to talk about a strategic system. However, customer understanding enabled by marketing automation brings the strategic edge. Interviewee 6 summarizes the situation:

“It's a strategic system due to the customer database. Customer needs, problems, behavior, and interests. The more an organization has been able to gather information the more value it has”.

Interviewee 6 says that it operates on both levels. He says it's strategic in the sense that it requires decisions on how to operate the marketing and sales functions of a company e.g. whether to invest in digital channels. However the day-to-day operations are very tactical by nature. Interviewee 8 says that many organizations may not differentiate marketing automation from managing customer data, which makes it purely tactical. However, Interviewee 8 continues by saying that in order to get the full benefits, it should be a strategic system. Interviewee 2 sums up the whole discussion:

“It depends on how an organization sees it. In principle it should be seen as a strategic system and that is where the biggest gains are made also in the long run but I don't see any reason why a company could not start to use it as tactical tool by not giving it any strategic business emphasis. I see it as and encourage people to see it as a strategic system but it's not out of the question to acquire it as a tactical system.”

The only person having a different view on the matter was Interviewee 1 who said that marketing automation is first and foremost a tactical tool aimed at making sales and marketing processes more efficient. He estimates that the technology will become mundane in a similar fashion that CRM systems did after companies started to think about how to use them in reasonable and simple ways.

The second question approached the situation from a decision-making standpoint: on what level is the purchase decision of marketing automation software made on? Within the marketing department?, jointly by marketing and sales? or perhaps at the management board level? A clear majority of the experts see that the decision to acquire marketing automation technology should not be done only by the marketing department. Vaisala's Kaukola and Haapanen say that even though the marketing department is the driver of the project, the results are going to be disappointing if its not adopted on a wider scale. They state that in their case, the stakeholders are chief marketing officer (CMO), business unit directors (sales) and the CIO.

Interviewee 9 says that it's an upper management level decision since the implementation requires organizational changes. He repeats his point of view by saying that if the decision is made only by the marketing unit the benefits can easily remain superficial. Interviewee 6 agrees by saying that the ideal case would be a joint decision made by marketing and sales but that seldom is the case, which leads to unrealized potential. Interviewee 8 agrees that the project's size demands it to be addressed at the management board level. However, he too is skeptical about the reality:

“The third element is the management board's strategic vision. That if we actually invest in this we are going to gain a significant competitive edge while increasing profitability and market share...this kind of one-to-one customer mindset and real time in- and outbound dialogue of sales simply isn't on the managerial mindset. The rhetoric is existent but it lacks action”.

Interviewee 6 states that while the purchase usually requires higher-level acceptance, the buyer is the marketing department. He points out that marketing automation does not change the core purpose of the marketing department, namely producing leads for sales and thusly is ultimately a decision for the marketing function. Interviewee 5 agrees by saying that if a CRM system is something acquired by the sales function, MA is that of the marketing functions.

Interviewee 2 analyses the situation by saying that in Finland a marketing head often times lacks the influence and the budget a CMO possesses e.g. in the US.

“In Finland marketing has not been seen as something with high value and the CMO has not been part of the management board. Marketing has been subordinate to sales or even to some support function... In my opinion the decision should be marketing departments but due to the fact that companies are not organized as marketing driven the procurement can be left without a natural owner or driver”.

Interviewee 1 states that in middle sized companies, the driver for the implementation project is either the marketing head, sales head or the CEO. He adds that IT is rarely the driver. The role of the IT department was generally seen as supportive by making sure the compatibility to existing systems is existent and that security issues are in order. Interviewee 2 says that the project should not be lead by IT but they should be involved. Interviewee 1 estimates that IT usually steps in when choosing a suitable technology to utilize while the business need has to come from elsewhere.

Concerning the strategic positioning the interviewees were also asked if they see marketing automation mainly as an internal tool shaping existing processes or an external tool that transforms the way a company communicates with its customers affecting the customer experience. A clear majority (eight out of ten) agreed that the system’s purpose is first and foremost to develop the customer experience and serve customers better. Interviewee 6 describes the purpose as being two parts of the same coin:

“Marketing automation is one of the biggest drivers of customer experience development. That’s mainly because we are able to perform one-to-one personated and dynamic marketing or in other words deliver customer experiences... marketing should be seen as a service and not like someone selling you something. On the other hand because the results can be seen immediately, the situation leads to a point where in order to scale your operations, you need to transform internal processes.”

Interviewee 4 agrees with Interviewee 6 by using the old phrase “customer is king”. He says that customers ultimately dictate the internal processes of vendor companies by setting the pace for change that vendors need to follow. He sees customer experience design as a tool for vendors that ultimately also shape the internal processes of sellers.

Interviewee 6 returns to the notion that marketing automation can be used on many levels but concludes by saying that in a best-case scenario, marketing automation can be a holistic way to improve and enable customer experience. He sees the process as follows:

“If we gather information we are able to start targeting our communications. When we understand the customer’s buying process, where it starts, where it ends, what phases does it entail, we can automatically support a customer’s buying process by offering them relevant information for every step of the way. The affect is that a potential or existing customer experiences better customer service”.

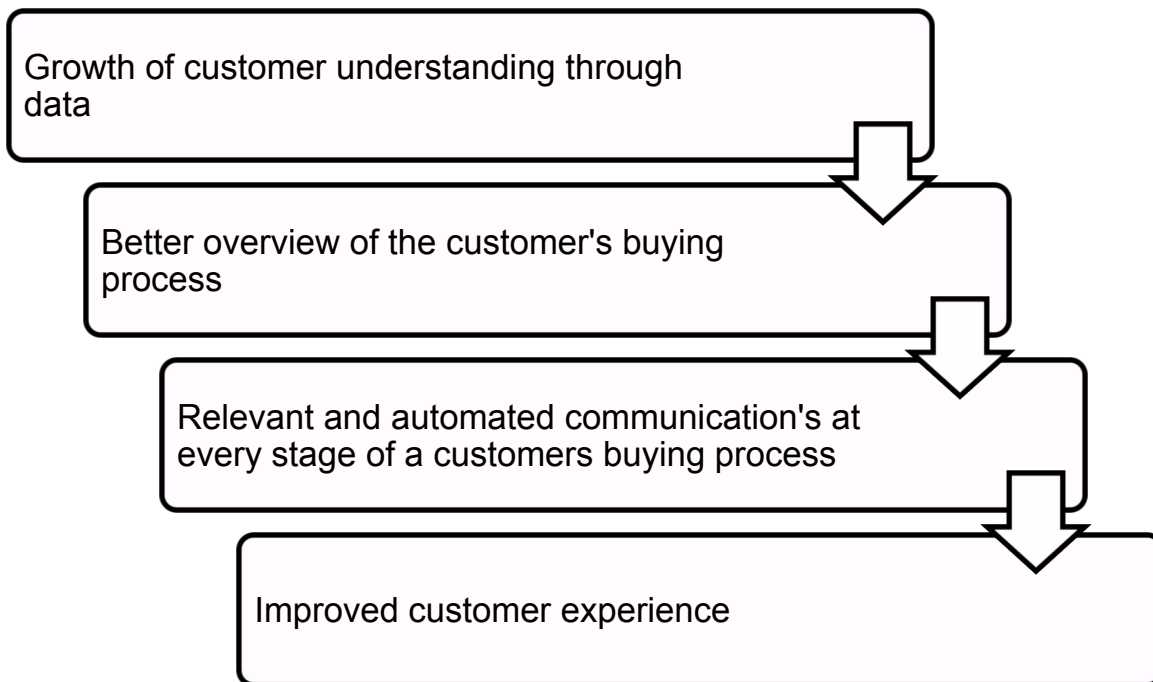


Figure 18. Marketing Automation's effect on Customer Experience

Interviewee 1 is skeptical and takes the internal stance by saying that the system is usually viewed straightforwardly from a profit generation point of view in the upper management. He sees marketing automation as a part of the trend that marketing managers should be able to justify investment decision with accurate return on investment (ROI) predictions that have a concrete base. Interviewee 8 agrees with Interviewee 1 by saying that the software is probably usually acquired with internal motivational drivers such as streamlining processes or saving costs. Interviewee 8 brings up the valid point that there is no such thing as “customer equity” visible on the balance sheet and upper management is thusly not easily convinced about the link between customer experience management and profits. He says that marketing automation should be somehow linked to customer centric thinking.

From the user side, Kaukola and Haapanen say that for them, right now the emphasis is more on internal factors such as data quality, streamlining marketing processes, and better aligning sales and marketing functions. Kaukola quickly adds though that the customer cannot be left out of the equation and it carries some evident affects from the customer viewpoint as well. He sees that from an implementation stance it should in fact be decided what the main emphasis, and roadmap, is going to be on before starting the project.

4.4. Organizational change

One of the research objectives was to find out what level of organizational change is needed to utilize marketing automation technology. According to the theoretical framework (Venkatraman, 1994) this factor is also crucial when it comes to the potential benefits derived from information systems. To open up the topic the interviewees were asked how radical they see the level of organizational change being concerning marketing automation implementation on a holistic level, whether it was in terms of company strategy, structures, processes or culture. More specifically they were also asked how the technology affects the roles of marketing- and sales departments individually as well as their dynamic together. Finally the aspect was approached from a resource point of view asking what the effects are from a HR-standpoint.

The interviewees were unanimous in voicing that the change is significant, especially when it comes to marketing's role within the organization, how the whole marketing and sales functions work together as well as how it sets new competency requirements especially within the marketing function. One important effect mentioned by Interviewee 4 is how the marketing function becomes a business critical function of the company:

“Now that you are coordinating this whole experience [marketing automation] you are working with the core business of the company. That's something marketing has never been doing. Until now marketing has been on their own island doing their own things and they have been trying to justify that their activities are valid through some poor indicators.”

Interviewee 6 uses the same terminology as Interviewee 4 and states that with the responsibility of providing leads to sales, marketing becomes a business critical function. He describes a clear shift in B2B marketing as a move away from the branding and advertising -world into a more sales-driven culture. He also brings out how the ability to measure marketing's efforts will

immediately reflect on how marketing investments are being made; moving the money away from planning brochures and into generating leads. He also sees that the appreciation of marketing will rise as marketing and sales work towards common goals.

Interviewee 1 has observed the change on an international level:

“If we compare [the situation] to American companies and ask both what they [marketers] do for a living, the answer in Finland is that we work with the corporate image and develop our brand as well as think about advertising campaigns with the ad-agency. In the US the most common answer is that we generate leads for sales...This is something that will also change in Finland because of the new technology and ability to measure marketing”.

Another key effect mentioned by the interviewees is the increased cooperation between marketing and sales. Interviewee 2 says that in an ideal situation marketing automation should unite the marketing and sales functions both in a process and technology sense. He says that the implementation of marketing automation forces companies to define the processes, responsibilities and interfaces when it comes to passing on leads from marketing to sales. He also stresses, however, that the whole lead management process should not be seen as a static assembly line where a lead is being moved through marketing to sales but rather as a dynamic process where leads can be bounced between marketing and sales if needed.

Interviewee 6 also brings up the fact that previously marketing and sales have been seen as different functions operating on separate targets but through the measurability and CRM integrations enabled by marketing automation they are brought together to sit around the same table. Kaukola and Haapanen have seen this happening at Vaisala and say that their marketing and sales functions are becoming more aligned and have also shared objectives. The setting increases the responsibility of the marketing department because the quality of leads can be monitored all the way until potential sales. Operating with verifiable data also removes any doubt from the equation and marketing actions can be based on facts rather than a gut feeling. Kaukola and Haapanen also make the point that this allows continuous learning due to the ability to see what works and what does not.

The transformed role of the marketing department of attracting and nurturing leads and thusly serving the transformed buying behavior puts a lot of emphasis on the content a company produces. As Interviewee 3 put it, if you do not have a story to share, there is no point in doing any inbound marketing at all. He emphasizes the importance of a content strategy that guides the

inbound and outbound communication for many years to come. He also states that marketing campaigns are dead and marketing programs have taken over. By this he means that a company can have hundreds of pre-determined marketing programs or paths in effect, through which potential customers are moved automatically with scoring practices.

Interviewee 6 refers to the situation by saying that companies should realize that they are in charge of their own media through which they communicate towards their existing and potential customers. Interviewee 1, in turn, clears the misconception that introducing marketing automation is going to free a lot of resources:

“It does not decrease the amount of work to be done but in fact we arrive at a situation where it becomes a challenge to create enough content because the only way to attract interesting traffic to your website or to communicate through e-mail or social media is to generate interesting and relevant content... it quickly generates a challenge to create the content and might actually add the need for resources”.

Interviewee 2 agrees with Interviewee 1 and points out that marketing automation should not be seen as merely an implementation project after which you can push a button and everything runs smoothly but rather as something that needs resource allocation on a continuous basis. He continues by saying that a company needs to offer relevant and tailored content to different customer segments through different channels. He mentions that this might be the first resource related bottleneck since content generation, in his view, cannot be outsourced. He believes strongly that to be able to produce content that addresses to the target audience and their business problems, understands the market and also relates to the company’s services it needs to be done in-house. He finishes by saying that in an ideal case marketing is also freed from doing manual tasks, which frees up resources.

Interviewee 4 saw the situation differently than Interviewee 2 and said that content generation can in fact be outsourced and sometimes also should. In Interviewee 4’s mind the rapidly changing technology environment serves as an inhibitor to acquire all the human resources in-house and he would rather outsource the non-core work. Interviewee 6 agreed in a sense that He saw outside partners being relevant in the transition phase in terms of technology, process and content management making the implementation smoother. He also points out that the technology does not start generating gains with the push of a button but generating content through multiple channels is in a key role. Kaukola and Haapanen describe the situation at

Vaisala by saying that they have a person responsible for content within each market segment who works with close co-operation with an outside content producer and internal subject matter experts as well as sales. They point out that the process demands close interaction and cannot be completely outsourced in Vaisala's line of business.

Through the changed job-description of the marketing function, also the competencies required from marketing personnel are shifting rapidly. Interviewee 9 points out that through the increased demand for relevant content production such as demos, videos, guides and blogs, the traditional excel focused marketer might be in trouble. Interviewee 8 describes the key knowledge areas of the new marketer are processes, nurture models, triggers, utilization of customer data and above all analytics. He also adds that the traditional marketer might be in trouble with the digitalization of commerce and the new competency requirements. Interviewee 1 agrees with Interviewee 8 and says that the marketer's job profile becomes more tactical and measurable and it demands new skills such as ICT understanding and mathematical/analytical capabilities. Interviewee 4 joins the rest in calling for analytical skills when it comes to the modern marketer.

The transformed cooperation between marketing and sales also affects the sales function. According to Interviewee 6 the process of re-shaping a company's sales funnel is relieving sales personnel from their traditional responsibilities such as prospecting and cold calling. He estimates that up to 85% of the workload previously done by sales personnel can now be done automatically by the marketing automation platform. As an example he mentions a webinar where he can have a dialogue simultaneously with 45 potential customers and points out that the same amount of customer encounters would not be possible with a "man, briefcase and a car – model". Consequently the role of the sales person changes into a more customer-service oriented by working with ready to buy customers. Interviewee 1 agrees by saying that marketing automation enables sales to work with more informed and interested customers using more of their time at the end of the funnel on making quotations and negotiating contracts in stead of cold calling and creating customer needs.

All in all the interviewees were in agreement that the main affects of implementing marketing automation technology are not technological but in fact organizational. For example Interviewee 2 sums it up by saying that first and foremost the change is significant when it comes to processes and the whole approach of conducting B2B sales. It demands new kind of resourcing

capabilities and a new mindset, he says. Interviewee 5 agrees by stating that marketing automation technology is only that, a technology that ultimately functions under set premises and processes that the company itself has designed. Interviewee 4 points out that the change forces a company to transform its whole marketing function into a process and to support it with strong content production and resource allocation, otherwise the system does not generate any value. Interviewee 8, in turn, states that marketing automation should bring major changes into a company's management, strategy and goals but remains skeptical if it actually does so.

4.5. Business effects

Even though no numerical input was sought, the interviewees were also asked to briefly describe the business effects of marketing automation technology. The questions that aimed to explore the implications were: does marketing automation generate a competitive advantage? And how does marketing automation affect a company's income statement?

Only one interviewee said that marketing automation in itself does not generate competitive advantage, but stated that it can enhance an existing advantage. The rest saw marketing automation as a major source of competitive advantage at least if it's utilized properly. Interviewee 6 describes that the main advantage becomes from recognizing a potential customer sooner in their buying process:

“It generates competitive advantage by allowing a vendor company to grasp a customer's buying process sooner. You realize sooner when a potential customer is considering a purchase and it is of utmost importance that you are the first one to call or to be in contact or generally notice the customer's need first.”

Interviewee 6 describes the same effect by saying that marketing automation decreases the lead-time significantly. He says that a vendor now has access to tables where procurement decisions are started to be considered. He also states that by acquiring marketing automation technology at this point would give a company a two-year head start compared to competitors. Interviewee 4 goes as far as saying that the organizations that fail to utilize marketing automation are phasing a threat of going under. He says that generating competitive advantage is the big idea of marketing automation. It is now the job of the marketing department to generate competitive advantage through a good strategy and positioning, good customer understanding and by generating leads and thusly increasing sales, he adds.

Interviewee 5 sees that marketing automation definitely generates competitive advantage and backs his view with some numerical data. He says that research results from the US indicate fast return on investment periods of marketing automation implementation projects and up to 50% more qualified leads with 33% lower lead acquisition costs. Interviewee 1 says that their customers usually have a return on investment period of six months when it comes to medium sized B2B companies. He also agrees that because the market is still in its early stages, major competitive advantage can be gained by utilizing marketing automation software. Interviewee 8 analyzes the situation by saying that a new technology is challenging in terms of lack of business cases to present to the management boards. He says that for example low e-mail marketing unsubscribe- rate hardly is business evidence enough for getting the top management onboard. He, however, also underlines that competitive advantage is to be gained through proper utilization. Kaukola and Haapanen saw that the biggest gains achieved at Vaisala have been an increase in customer understanding, better segmentation of the customer base, and the ability to forecast future revenue by seeing through the sales funnel unlike before. They say that this is an absolute source of competitive advantage for them.

When it comes to marketing automation's affect on the income statement, the opinions were partially divided. First of all, all the interviewees agreed that the key-effect that marketing automation should generate is an increase on sales. Where the views differed, however, was the technology's effect on costs. The answers could roughly be divided in three groups: decrease in costs, increase in costs and lastly costs remaining the same. Interviewee 2 describes the situation:

“Primarily the effects are seen on the first line [of the income statement] as a growth in turnover. It might possess some cost-savings potential but I'd rather see it as affecting the growth digits and turnover. Relatively the potential is greater in terms of increasing turnover than decreasing costs”.

Interviewee 6 says that the major cost affects are seen as a decrease in the cost of sales. Marketing costs might decline if a company has had a big marketing team generating brochures or other non-measurable activities and now invests in digital channels and lead generation. However, he wants to clear out the misconception that marketing automation is a cost cutting investment. Interviewee 5 agrees by saying that a decrease in lead costs and an increase in sales effectiveness ultimately bring down the cost of sales. He also says that the goals should be in increasing sales rather than lowering costs.

Interviewee 4 says that the main affect is an increase in sales, which originates from streamlining the sales function and also from generating value added for the customers. He says that the marketing budget might increase due to licensing costs but because they are critical investments the comparison between the old and the new budget is not viable. Interviewee 1 agrees by saying that first affects are an increase in costs due to licensing fees and points out that consulting costs might also be significant due to the need to shape the organizations processes to serve the new system. First and foremost the technology also puts pressures in content production, which brings pressures to invest more in the marketing function. Interviewee 8 agrees by saying that the first affect is an increase in marketing costs and only after a while an increase in sales. He again points out that some of the effects such as decrease in cost of leads and an improvement in customer satisfaction or customer equity are not visible on the income statement per se, which complicates the measurement. Interviewee 6 was the only one suggesting that marketing automation decreases costs. He states that the technology needs less human resources, which generates cost savings.

Kaukola and Haapanen from Vaisala describe the affects at Vaisala by saying that with marketing automation they can now more reliably show the ROI when it comes to marketing activities, which makes it easier for top management to allocate budget for marketing. This is perhaps the point that a majority of the interviewees tried to communicate; implementing marketing automation transforms the way marketing is positioned as a function within the organization. In other words, treating it as cost saving project by automating processes can be seen as misunderstanding the nature and potential of the technology.

5. DISCUSSION AND ANALYSIS

The purpose of this section is to discuss the results of the findings and summarize the main points. In addition marketing automation is examined as a phenomenon against the academic theory presented in the literature review. Lastly marketing automation is positioned in Venkatraman's (1994) framework presented in the methodology section in order to offer a conceptualization regarding on the level of organizational transformation and potential benefits the technology requires and offers.

5.1. Discussion of findings

The findings of this study offer a wide overview of the different aspects marketing automation affects, enables and requires from the contemporary B2B sales organization. The results reflect a still young concept where all of the organizational implications are perhaps yet to be discovered. The rapidly changing digital environment also guarantees that the field keeps on evolving which means that these results should be viewed as a description of the current situation and thusly might be subject to change in the coming years.

The findings confirmed that the biggest driver of marketing automation technology is the changed buying behavior i.e. the ICT-revolution and the consequential empowerment of the customer. Some of the experts named the technological leaps in data gathering and analytical means as the main driver of marketing automation growth but it is somewhat clear that they simply did not see it necessary to look far enough to the origins of the phenomenon; without the use of internet as a buying medium there wouldn't be any data to collect or analyze. Nevertheless the division between the *need* and the *ability* to engage in marketing automation is an important one on a conceptual level due to the ever-changing nature of the digital marketplace. Seeing technological features such as data processing or analysis as an absolute value and drivers of the phenomenon might present risks. Viewing the ability as an instrumental value to cater to the changed buying behavior better enables for organizations to remain agile and serve potential and existing customers better.

Perhaps the biggest change marketing automation presents within organizations is that the traditional marketing department is transformed into what could be called the "marketing department 2.0". This means that marketing is attached to sales as one of the key functions – if not the key function – as the machine that generates revenue, delivers customer experiences and

gathers and manages one of the most valuable assets of modern organizations: customer data. This change is ultimately made possible by marketing automation technology by bringing the much needed way for organizations to measure, steer and connect their marketing efforts directly to sales results by analytics and CRM integrations. As stated in the findings, this new role also enables internal investment in marketing unlike before when marketing investments could be summarized by the famous line by Henry Ford: “I know only half of my advertising works. The problem is, I don’t know which half.” In other words, the discussion whether marketing automation cuts a company’s marketing costs could be deemed irrelevant since the old dynamics do not apply and the comparison would thusly be between apples and oranges. The ability to truly measure ROI across the marketing board raises marketing to a new level. The next phase of the phenomenon already presented by some of the actors on the field is to unite the marketing and sales process under the umbrella term “revenue management”.

The marketing department 2.0 also changes the traditional competency profile of a B2B marketer, respectively demanding for a marketer 2.0. The ability to understand the technological platform and its abilities, possessing analytical capabilities, understanding the customer’s buying process as well as their business problems are all features needed from the modern marketer. Traditional roles such as planning brochures or working with the corporate image are not going to disappear completely but most likely are going to be pushed to the sidelines of the day-to-day marketing activities. Surely creativity will not be killed but it might concentrate on different aspects such as engaging the customer in innovative ways through digital channels. The coming years will show how companies address this HR-challenge.

Since one of the effects or goals of marketing automation is that marketing relieves sales from the role of the “informant” by automating the initial early-stage communications with leads, perhaps the biggest change to marketing on an activity level is the need to produce relevant, interesting and timely content in multiple channels for different buyer segments. As one expert stated, companies must realize that they are now in charge of their own media. Content can be seen as the fuel of the modern, inbound-driven marketing machine and without it the machine simply does not run. This most likely puts companies in a position where they have to decide whether to outsource the content production and to what degree or as one of the experts pointed out, can the content production even be outsourced? Developing appropriate content strategies, mapping out buyer personas and examining the customer’s buying process in detail are also necessities without which marketing automation can not deliver the value it otherwise would be capable of.

If we look outside the organizational boundaries and focus on the change from a customer point of view the effects of marketing automation are also significant. Receiving value adding, personal content and being directed through the buying process partially alleviates business buyers from the information gathering tasks. In an ideal scenario, sales or fulfillment meetings are only arranged when the seller's and the buyer's interests are aligned saving time on both ends. Drip-marketing, customer onboarding programs and customized web interfaces offer better ways for companies to stay relevant even when dealing with big masses ultimately resulting in better customer experiences. Right now the main emphasis of marketing automation business goals are at the pre-sales phase but countless opportunities also exist when dealing with and serving existing customers. In pre- and cross-sales this is already acknowledged but utilizing customer programs for existing customers triggered by behavioral models is still in its infancy.

One of the key issues when talking about marketing automation is that it might be challenging to distinguish between marketing automation - the software, and marketing automation - the business approach. An example would be that when the interviewees were asked about the key features of marketing automation, only Kaukola and Haapanen from Vaisala named CRM integrations as being one even though that was seen as a key feature in the relevant literature. On the other hand, content was brought up by several experts as one of the five most important areas of marketing automation. However if you scrutinize the answers, CRM integrations are a feature whereas content production relates more to the inbound-driven marketing strategy that successful marketing automation requires. Another example could be that some of the experts said that marketing automation as a "concept" is suitable for every organization; it's just the matter of choosing the correct software. In other words, marketing automation as a term is still used rather broadly.

Perhaps marketing automation should be reviewed with a twofold division in a similar fashion that customer relationship management: as a business approach as well as a technological platform. If we look back at Tamošiūnienė and Jasilionienė's meta-study on different ways of approaching CRM as presented in the literature review, dividing CRM into different categories depending on the depth of usage is something that on a conceptual level could be extended also to marketing automation. As stated earlier in this research, the experts emphasized not to treat marketing automation as a software project but rather as a way to shape the sales function, elevate marketing within the company, deliver superior customer satisfaction and gain a competitive advantage on the market. Interestingly enough, Interviewee 6 referred to marketing automation as the marketing CRM. In general MA was seen as on-par rather than subordinate

system to CRM on a technological level. However, they both operate under the same guiding principle where emphasis is given on a customer-centric way of approaching the whole of B2B commerce. As Payne and Frow put it (2006)

“What sets present day CRM apart is that organizations now have an increased potential to utilize technology and manage one-to-one relationships with potentially huge numbers of customers in a context of rapid market transformation.”

With marketing automation, this approach can be expanded to reach further down the customers buying process towards the interface where first contacts with a topic or brand are made. Marketing automation enables tailored communications with specific segments at the beginning of customers buying process bringing new scalability possibilities to employing the customer centric, strategic CRM thinking.

Below you can see an illustration of marketing automation based on the argumentation above. The graph divides marketing automation into three separate levels: functional, utilitarian and conceptual. The functional level describes the key features of marketing automation software. The second, utilitarian level lists some of the business gains that the technology enables. Lastly, the conceptual level describes the bigger themes, which relate to the changed buyer behavior and the organizational effects of marketing automation.

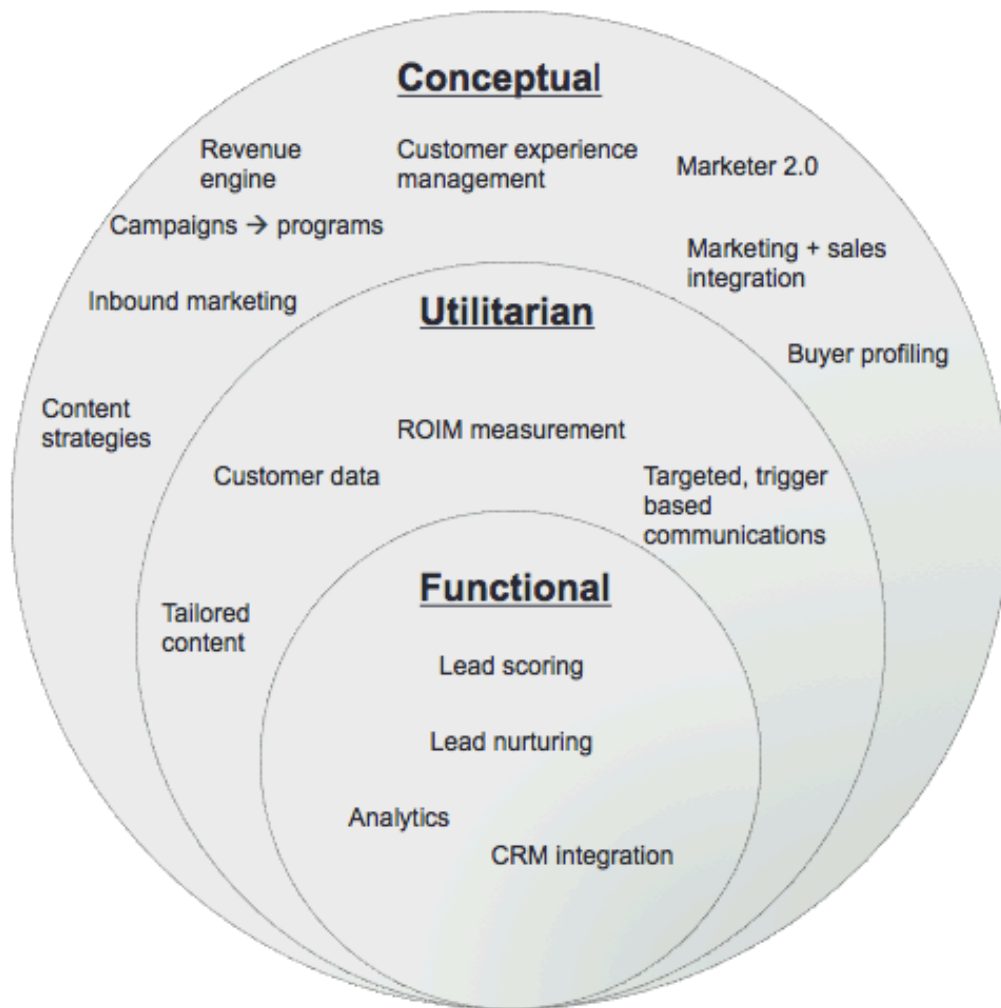


Figure 19. Three levels of Marketing Automation

5.2. Theoretical reflections

One of the effects of the changed B2B-sales paradigm as discussed in the literature review is heightened customer expectations towards vendor companies (Sheth and Sharma, 2008) (Geiger and Guenzi, 2009). The modern customer simply demands more from the vendor organization and sales people have to transform themselves from “persuasion agents” to “education agents” in order to serve the changed customer needs. The change puts pressure on companies to develop marketing-lead, customer-centric business models. As Vargo and Lusch (2004, p. 5-6) already discussed in their work concerning service dominant logic (SDL), due to the servitization of commerce marketing should be brought to the very center of a company’s strategic positioning:

“The service-centered view of marketing is customer centric and market driven. This means more than simply being customer oriented; it means collaborating with and learning from customers and being adaptive to their individual and dynamic needs.”

It could be argued that marketing automation serves at the pleasure of this notion allowing for targeted and relevant communication to be had with potential clients through-out their buying cycle. This view was supported in the data presented in the findings section concerning the new role of the marketing department as a critical core part of a company’s business operations. Marketing automation was also seen by a majority of the interviewees as one of the biggest enablers or even drivers of customer experience development. This would indicate that marketing automation could be seen more as an enabling tool of the customer centric thinking rather than simply a tactical tool utilized for streamlining and automating existing processes. Simplifying, marketing automation would thusly be a strategic information system aiding or even steering company strategy. However, it must be noted that a minority of the interviewees saw the software mainly as an internal tool albeit possessing some external (customer experience) implications. Perhaps the main conclusion is that marketing automation can be used both on a strategic and tactical level either as a driver of customer centric business models or as a tool aimed to streamline the sales process and bring marketing and sales closer together.

Vargo and Lusch (2004. p.5) also mentioned one key effect of the servitization of commerce being building cross-functional and cross-departmental business processes:

“The focus of marketing on core competences inherently places marketing at the center of the integration of business functions and disciplines”.

Here we can again draw a parallel on the functionality of marketing automation technology and the bigger megatrends of business such as servitization. As presented in the previous section, marketing automation serves as the “glue” that makes it possible to integrate marketing and sales functions into one machine working towards a common goal instead of being positioned in different silos.

If we move away from the macro level and again take a look at the changed dynamics in B2B sales, a key aspect of the challenges a contemporary vendor organization faces is being left out of the initial sales conversations. According to Adamson et al (2012) a key success factor here for the vendor is to recognize a potential customer as early as possible in their buying process. In practice this means targeting agile organizations in the midst or prone to change where a sales

agent can truly make a difference not only by responding to a RFP but actually by educating customers, offering value added content and creating needs. The data clearly brings up the fact that one of the key benefits of marketing automation is to be able to recognize potential customers earlier in their buying process. The technology is designed to recognize a potential customer as they are performing early stage information gathering and to offer them relevant content about their business pain by lead nurturing. The idea is to be an active participant and influencer as early as possible and prepare the buyer for a sales interaction further down the line. It can thusly be said that marketing automation caters to the needs of modern B2B sales organizations by re-balancing the paradigm in a vendor organizations favor.

Another area under change in the contemporary B2B organization is the relationship between marketing and sales. As discussed in the literature review, a sales person's responsibilities are moving increasingly towards account management and customer service while marketing is more involved with customer communication, order processing, branding and advertising (Storbacka et al. 2009). The evidence of this research supports Storbacka et. al's view and marketing automation can be seen as a tool to manage customer communications. It can however be argued that the rapid development of marketing automation technology has allowed marketing to move even further into traditional sales' territory by engaging in dynamic and targeted customer communication alleviating sales from the traditional informants role it has possessed in the sales cycle. This in turn allows sales personnel to allocate more of their time towards the bottom-of-funnel tasks as discussed in the findings section.

Another important area that marketing automation seems to address is the "lead black hole", as phrased by Olivia (2006), in other words the misalignment of lead management between the marketing and sales functions of a company. As pointed out in the literature review, almost one third of sales qualified leads are never followed upon (Michiels 2009), most likely due to lack of trust or understanding between the marketing- and sales -functions. For example a person briefly talked with at a fair by marketing personnel might not be something that sales is ready to qualify as a sales ready lead. The failure to classify leads depending on their readiness to buy results in an overflow of leads making it impossible for sales to follow up on them all. This is one of the key problems marketing automation seeks to tackle by behavior-based lead nurturing and lead scoring procedures. As pointed out in the findings section, marketing automation can be seen as a bridge between marketing and sales which guides leads through their buying process. Key-aspects derived from the findings section here are co-operation between the marketing and sales department when it comes to agreeing on the processes, goals and metrics needed to successfully

implement the technology and manage the lead flow within the organization. If the implementation is only done within the marketing function the potential benefits are not realized and marketing automation becomes an overpriced e-mail communications tool.

Another important effect is the ability to measure marketing activities and in a way, shed light on the whole sales cycle all the way from the first encounter to a realized sale. This removes the distrust that sales might have had towards marketing. As pointed out by Kaukola and Haapanen from Vaisala, it also puts a different kind of pressure on the marketing department since lead quality can directly be tracked to the marketing team's efforts. In addition, as pointed out by numerous interviewees, marketing becomes a business critical function instead of being a support function that could not directly be connected to a company's revenue creation chain. As a conclusion, marketing automation is a tool, which demands but also enables coordinated and measured cooperation between the marketing and sales functions thusly making it a lot easier for the two functions to work together.

5.3. Positioning marketing automation on the theoretical framework

In order to offer a more quantifiable conceptualization on the level of organizational change involved with marketing automation implementation, the findings of this study are reflected on Venkatraman's (1994) framework presented in the methodology section. As already described, Venkatraman seeks to correlate the level of organizational change and the range of potential benefits gained from information system implementation. He categorizes five different levels under a change-benefit -continuum for which he allocates different variables and characteristics to describe the potential benefits and problems of each level. He also offers managerial advice accordingly based on his observations about the different levels. This section seeks to place marketing automation in the said model and thusly agree on the level of organizational change vs. potential benefits derived as described by Venkatraman.

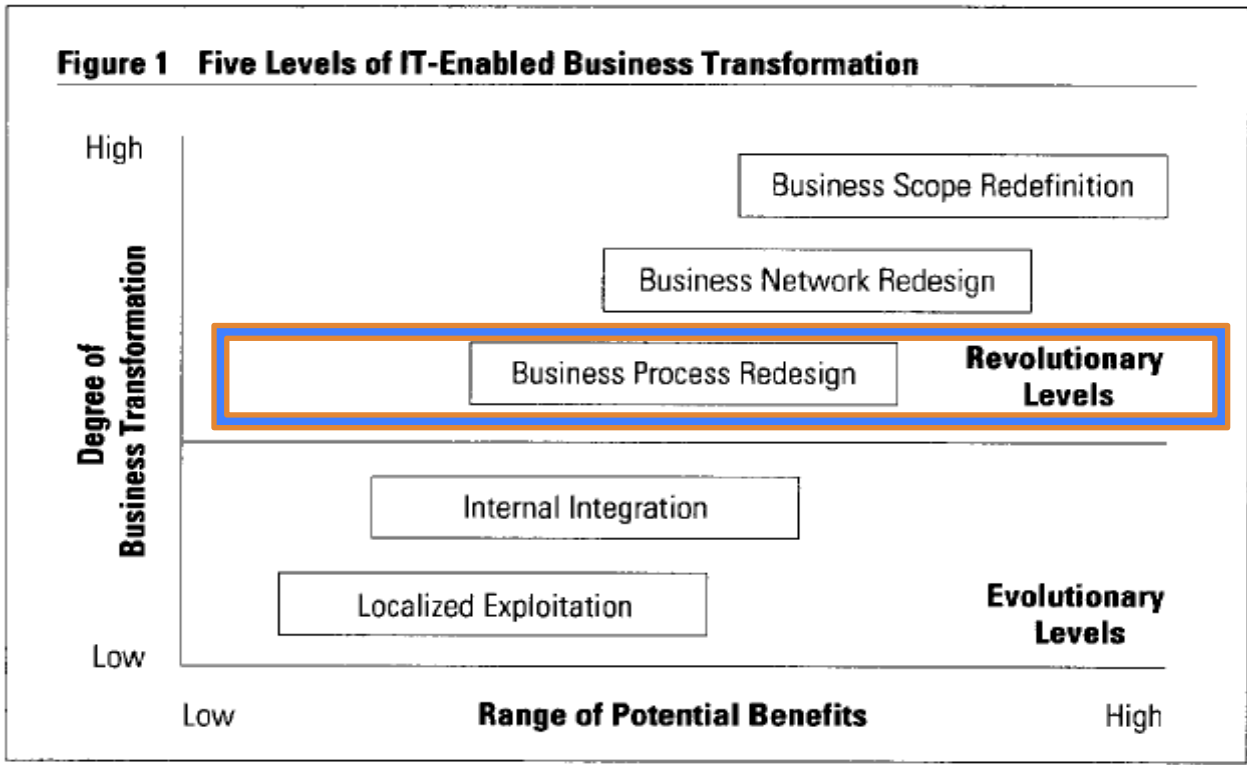


Figure 20. Marketing Automation positioned in Venkatramans's (1994) model

The first level, *localized exploitation*, is characterized by “*deployment of standard IT applications with minimal changes to existing business processes*”. Venkatraman states that even though a few managers he encountered reviewed these kinds of systems as being “strategic” for the company, their views can be questioned due to the fact that an off-the-shelf information system, no matter how powerful, can easily be acquired and implemented by a competitor diminishing the “strategic” advantage gained. If we compare the data on marketing automation against this level it can be rather quickly deduced that marketing automation goes beyond just being an IT application with minimal changes to business processes. Here it must also be noted that when a few of the experts stated that competitive advantage can be derived only by being ahead of the competitors in implementing marketing automation technology, the strategic edge is nonexistent if the implementation is regarded as a “push-of-a-button” kind of solution.

Level two, *internal integration*, already introduces a “*more systematic attempt to leverage IT capabilities throughout the entire business process*”. This level is distinguished from the first by technical interconnectivity and business process interdependence. In other words, integrations and interoperability on the IT architectural level as well as cross- functional operations. As an example he describes a process at Lexus where the car maintenance information system is linked

to their design and manufacturing database allowing for cross functional information to be shared, catering horizontally to the needs of separate business units.

On the second level confluences can be made with marketing automation. As discussed, the MA platform is a cross-functional implementation influencing the dynamics of the marketing and sales cooperation. If marketing automation is utilized only as an e-mail campaign tool, as witnessed by some of the experts, with the purpose to manage and automate communications with already recognized leads and existing customers, marketing automation can be positioned at the internal integration level. On the second level the benefits are described as an increase in the total quality of operations: streamlining existing processes resulting in higher efficiency and better capability to serve customers.

Venkatraman stresses that perhaps the most important decision relating to the model is whether to stay at the second level and streamline existing processes or to take a bigger leap towards the revolutionary levels which require a substantial re-thinking of the organizations routines. If we look at the evidence of this research it is clear that in order to reap the full benefits of marketing automation technology a revolutionary stand has to be taken. The nature of the first of the evolutionary levels is described as follows:

“The third level reflects a strong view that the benefits from IT functionality are not fully realized if superimposed on the current business processes – however integrated they may be. This is because the current business processes subscribe to a set of organizational principles that respond to the industrial revolution”.

This view confirms the argumentation made in the previous section which stated that the servitization of commerce and the digital revolution has changed the nature of the game in a way where the old internal dynamics of the B2B sales function as well as customer expectations and demands simply are not aligned with the traditional constructs of the sales effort.

The remaining two levels, *business network redesign*, and *business scope redefinition* are separated from the third level by extending the scope of the re-structuring approach to involve the whole business network or alternatively to re-direct the company strategy and expose new areas of business activity and profit generation. Even though marketing automation clearly has an affect on the one and most important external stakeholder, the customer, it is hard to see marketing automation being an active component when it comes to the supply chain alignment or recognizing new business opportunities. In the end, it is a marketing and sales tool designed to

manage customer relationships as well as to offer a new, measurable way to compose the whole sales function of a company.

Thusly it can be argued that within this framework, marketing automation is placed at the third level of *business process redesign*. The level is characterized by:

“Redesigning the key processes to derive organizational capabilities for competing in the future as opposed to simply rectifying current weaknesses; use of IT capability as an enabler for future organizational capability”.

The advantages, according to Venkatraman, is that the organization is freed from the historical processes and thusly being able to offer higher value to customers. The level calls for a shift towards a new business logic with distinct possibilities for a first mover advantage.

6. CONCLUSIONS

6.1. Managerial implications

Perhaps the most important thing for managers that come in contact with marketing automation is to understand the big picture of the digital revolution and servitization of commerce and the consequential effects on customer- and buyer behavior. Understanding that a completely new business environment requires a revolutionary, not an evolutionary approach is the first step to staying competitive, agile and responsive on the market.

Marketing automation should be viewed as an opportunity within this changed paradigm to respond to the needs of the marketplace and to re-shape the whole marketing and sales function of a modern B2B company to suit the changed paradigm. Inside the company this elevates the marketing department from a support function to a measurable and critical part of the company's revenue creation process, truly integrates marketing and sales together and shifts the sales-departments focus to the bottom of the funnel. Externally it enables personated and targeted communications to be had with customers at an earlier stage of the buying cycle as well as at the after sales phase allowing for a stronger utilization of the customer-centered, CRM-driven, business model.

It is also important to understand that marketing automation should not be viewed as a software project but in fact understood that the software is only the interface which is meant to deliver the processes which are planned under the re-structured marketing and sales machine. In other words in order to gain the full benefits of the technology, a company needs to develop a holistic digital strategy and undergo significant structure, process and resource -related changes within the company. On the other hand, the potential benefits are numerous and the implementation of this technology should be strongly considered within managers throughout the B2B sector.

6.1. Theoretical implications

This study presents a link between the emergence and rapid adaptation of marketing automation technology and the requirements that the contemporary digital service economy sets towards businesses. Imperatives for the competitive modern organization mentioned in the relevant academia such as closing the lead gap (Oliva, 2006), building customer centric and market driven organizations with cross functional processes (Vargo and Lusch, 2004), engaging customers as early as possible in their buying process (Adamson et al., 2013), changing the

traditional roles between marketing and sales (Storbacka et al., 2009) and catering to the increased customer expectations (Sheth and Sharma, 2008) are challenges that marketing automation seems to address. The perspective of this research thusly is that a distinction needs to be made between marketing automation software's functionalities on a tactical compared to the strategic implications it possesses as pictured in the graph earlier in this research.

This study also presented Venkatraman's (1994) model to be applicable to the contemporary business context when weighing the potential benefits derived from information systems and the consequential organizational changes that are needed. The empirical data confirms that using marketing automation as a tactical tool and thusly remaining on the second level of Venkatraman's model namely *internal integration*, offers benefits from a resource saving and process streamlining point of view but also fails to benefit the organization on the same level that a more revolutionary approach allows for. The revolutionary approach in this case is justified by the changed paradigm, which suggests that old tactics fail to address new challenges.

6.2. Limitations and suggestions for further research

This study subjected itself to a certain risk of bias when the decision was made to use experts from the vendors –side instead of users. Even though it can safely be assumed that the interviewees did not have any motives to give information contradicting the best of their knowledge, the results should still be interpreted bearing in mind that the experts in consulting companies are used to operating under certain principles that they perhaps have never challenged. As an example, such conflict of interest might arise where a consultant sees that content production should be outsourced while also providing the said service. However, the fact that results from the user side from Vaisala were much in line with the other experts gives a clear signal that the results are viable also for the user's point of view.

When it comes to moving forward from this research, the inductive approach was suitable for the exploratory nature of this study, but could not by its nature offer any concrete quantifiable data or information about the requirements, benefits or challenges of actually utilizing the technology. Thusly, the logical next step would be to pick a narrow enough scope from within the rather wide approach of this paper and engage in implementation research to explore the technology in action.

Proposed areas could be for example doing a quantitative study on lead conversion rates, a qualitative study on the content management protocols in the digital environment or a study on

the actual competitive advantage derived from the technology. Another interesting relating study would be to examine the digital marketplace: how customers find brands, companies and ideas and what is the role of search engine driven website and content development?

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8. APPENDICES

Appendix 1. Interview questions.

Definition, background, limitations

1. How would you define marketing automation with a few sentences?
2. Which background drivers do you see as the most important ones behind the proliferation of marketing automation?
3. For what kind of companies is/isn't marketing automation suitable for?

Technology

4. What functionalities do you think are at the core of marketing automation?
5. How would you position marketing automation in relation to existing sales-related technologies such as CRM or SFA?
6. How do you think marketing automation is positioned relating to the sales funnel? Is it a tool only for acquiring new customers or also for managing existing ones?

Positioning

7. On what organizational level should the acquiring of marketing automation be made? Is it a decision made inside the marketing department? IT-division's decision? A decision for the person who manages the whole sales effort or perhaps a management board decision?
8. Do you see marketing automation being a strategic information system?
9. Do you see marketing automation mainly as an internal tool or an external one? In other words, is the main emphasis on streamlining internal processes or on changing customer interaction?

Organizational change

10. How radical of a change do you see implementing marketing automation being when thinking holistically in terms of company strategy, structures, processes and culture?
11. What actions does implementing marketing automation require when thinking of human resources?
12. How does marketing automation affect the roles of the marketing and sales department on their own as well their dynamic together?

Business effects

13. How is the implementation of marketing automation visible on the income statement of a company?
14. Does marketing automation generate competitive advantage?