

The Business Value of Real-Time Marketing

A Quantitative Case Study

Inbound Marketing vs. Outbound Marketing

It is increasingly accepted that marketing to your customers when they are already interacting with you (i.e., Inbound marketing) is more effective than reaching out to your customers on your schedule (i.e., Outbound Marketing),

but

how much more effective?



Interaction History



Inbound marketing with real-time offer decisions

Best Offer

Inbound marketing provides the opportunity to consider the combination of both past behavior and present behavior (or context) when making a real time decision about customer communication,

so

what is the value of utilizing this
combination of customer information?

The Measurement Approach

To address these questions, Pinpoint looked at organizations with marketing programs that met the following criteria:

1. Active, high volume programs for both Inbound Marketing and Outbound Marketing (> 100 million marketing touches per year each for inbound and outbound marketing)
2. A common set of messages/offers delivered across inbound and outbound marketing programs
3. A consistent methodology used for both inbound and outbound marketing for attribution of revenue to marketing touches
4. Use of fine grained customer segmentation, that considered a wide spectrum of customer relationship data , in both Inbound and outbound marketing tactics
5. Inbound marketing tactics that make real-time offer decisions using the current interaction context.

Pinpoint collected the following metrics for both inbound and outbound marketing programs:

1. Number of marketing touches

A marketing touch is a single marketing interaction that may contain multiple offers or messages to the customer (e.g. one email is one touch, even though there may be 4 different offers in that email).

Only inbound and outbound marketing touches targeted to individual customers were included.

2. Amount of revenue attributed to marketing touches

As long as the attribution methodology was applied consistently across all inbound and outbound marketing touches within an organization, the specifics of how each organization computed attribution of revenue to marketing were not factored into the analysis.

3. Revenue per marketing touch

The aggregate amount of attributed revenue divided by the total number of marketing touches, computed separately for inbound programs and outbound programs.

1. Number of marketing touches

77.8% of all marketing touches were performed by outbound marketing

22.2% of all marketing touches were performed by inbound marketing

2. Amount of revenue attributed to marketing touches

20.9% of all attributed revenue came from outbound marketing

79.1% of all attributed revenue came from inbound marketing

3. Revenue per marketing touch

Revenue per marketing touch for inbound was **13.3 times** as much as revenue per marketing touch for outbound

Inbound Marketing was found to be 13.3 times as effective as Outbound Marketing

The Results – A Closer Look

The magnitude of the difference in effectiveness of inbound marketing over outbound marketing was larger than we expected, so we took a closer look.

There are two major differences between inbound and outbound that could account for the increased effectiveness of inbound:

1. **Engagement** - For inbound, the touches happen when the customer is already engaged (e.g., browsing the web site or making a purchase) where for outbound, the customer generally is not engaged at the time of marketing touch.
2. **Real-time Decision** - For inbound, the decision on what offer(s)/message(s) to present at the time of a given touch used information on the current context of the customer interaction but for outbound, the offer decision was made in advance.

The Results – A Closer Look (cont'd)

In order to quantify the contribution of each of these factors to the difference in effectiveness of inbound marketing, we looked at outbound marketing emails and the open rate of those emails.

- When a customer opens an email, they are engaging with the organization in much the same way as when they are browsing the organization's web site
- As a reasonable approximation, we can factor out the engagement component of the difference between inbound and outbound marketing by including only opened marketing emails and inbound marketing touches in the analysis.

The Results – A Closer Look (cont'd)

Results including only opened emails and all inbound marketing touches:

1. Number of marketing touches

37.1% of all marketing touches were performed by opened emails

62.09% of all marketing touches were performed by inbound marketing

2. Amount of revenue attributed to marketing touches

20.9% of all attributed revenue came from opened emails

79.1% of all attributed revenue came from inbound marketing

3. Revenue per marketing touch

Revenue per marketing touch for inbound was **2.23 times** as much as revenue per marketing touch for opened emails

Real-time marketing decisions were found to be 2.23 times as effective as marketing decisions made in advance of the customer interaction

For more information about this case study
or assistance with planning , implementing or improving
your real-time marketing solution,
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