WELCOME TO THE THIRD GENERATION OF MARKETING AUTOMATION
Introduction

Marketing automation has come a long way in the last 15 years. But recent leaps forward with the deep integration of machine learning and artificial intelligence has been a significant game changer for marketers.

To help us understand how to maximize recent advances, it is valuable to map out and dissect these three generations of marketing automation.

The first generation automated highly manual tasks, which led to increased productivity in areas such as email scheduling, audience segmentation and customer journey creation. Even though automation generated significant amounts of customer data, marketers were not equipped with tools to harness that data properly – they were limited to reviewing and reacting to it at a very high level.

To help tackle the data problem, the second generation saw the early application of machine learning to provide additional insights. This stage of machine learning was limited to narrow tasks such as discovering potentially valuable new audience segments or highlighting underperforming campaigns. It was still a case of using data insights to try to find the right audience for existing products or category rather than trying to determine what the customer would like to see and respond to.

The current and third generation integrates machine learning at a much deeper level. In addition to providing additional insights, machine learning also automatically takes action on those insights on behalf of marketers – all driven by KPIs. This advancement has had a significant impact on marketing productivity, created more engaging customer experiences and accelerated achievement of company goals.
The first generation of marketing automation launched in the mid-2000s and was a huge step forward for marketers as it was focused on the automation of previously manual tasks within marketing workflows. It facilitated such operations as the creation of prescribed customer journeys, the scheduling of messages delivery (mostly emails), and the tracking of various first-level metrics such as email opens and click-through rates.

This helped increase both marketers’ efficiency and the ability to effectively reach out to more prospects and customers which in turn generated higher numbers of marketing qualified leads and greater sales volumes.

These early-stage marketing automation tools produced incredible amounts of potentially useful data exhaust. Although analytics tools and dashboards existed to help marketers better understand what was happening in their programs, the sheer volume and complexity of the data made it challenging and time-consuming to apply any learnings back to marketing.

These massive data sets were often shelved because platforms did not yet exist to leverage them correctly. Key insights and associated opportunities remained buried and were not used to improve marketing operations.
The second generation enabled marketers to dig deeper into customer engagement while analyzing their behaviors in a more advanced way: read/send time optimization, content heat mapping, and CTA participation. These capabilities fused with new integrations allowed marketers to translate and exchange customer data seamlessly between different platforms.

The second generation also saw new tools that helped marketers manually create message variants, test them, and then select those that performed the best for use in the actual campaigns, usually using basic A/B testing methodologies.

This era also saw the nascent use of machine learning in the marketing process, mostly limited to unsupervised AI techniques which uncovered interesting patterns in the data. This helped marketers in specific and constrained ways, such as suggesting the creation of new audience subsegments or identifying underperforming campaigns.

But the real value of machine learning remained unrealized. Turning these insights into action still required more traditional and highly manual campaign management processes. These bottlenecks hindered the insights making real impacts on marketing strategies.

For example, a new audience subsegment is suggested by machine learning as likely to purchase a product. But to take advantage of it still requires the development of new messaging and offers, the testing of these messages and offers, and the ongoing management of the campaigns, including iterative, ongoing analysis to deliver incremental improvements.

While the insights were interesting, they essentially just moved the bottlenecks downstream from analysis to the execution phase. The result was that most marketers were unable to effectively take advantage of them.
The third generation is a significant leap forward in marketing automation to address these bottlenecks. This has been accomplished by extending the use of machine learning beyond the production of insights and into actual campaign execution and optimization.

The leap was achieved by building new automation platforms starting with machine learning as the foundation rather than as a bolt-on accessory. This approach allowed the power of machine learning to extend throughout the platform – from the integration of the campaign goals through the better understanding of customers to automated and continuous improvements of campaigns.

These improvements were driven through a technique known as reinforced learning, where the machine determines the best way to accomplish the goals of the campaign, all within parameters set by the marketer.

For example, a marketer can integrate the actual business-level goals of a campaign – such as increasing sales, driving margin or having a customer visit a store – directly into the platform. Machine learning is applied to not only find the insights, but also to continuously determine the best message and offer to deliver to each customer to achieve those goals.
Integrating machine learning throughout the marketing process also provides additional benefits:

- **Micro-segmentation**: many smaller and more effective audience segments are discovered and automatically addressed
- **Messages**: the best messages for each micro-segment are continuously validated and enhanced
- **Offers**: determine the most compelling offer for each customer
- **Scalability**: with automation more audience micro-segments can be addressed with the most effective messages at much greater speed than manual processes allow
- **Attribution**: the ability to directly determine the impacts of different marketing campaigns on business goals (sales, margin, store visits, etc.)
- **Always-on**: the platform continuously and frequently evaluates the effectiveness and automatically improves the campaigns

It’s easy to see that the integration of machine learning throughout the entire marketing process drives increased marketing velocity, better and more personalized customer experiences, and faster attainment of marketing goals.

And this is all accomplished under the full control of the marketer through the use of rules and extensive reporting including insights.

With the goal of using the most effective tools, the good news for marketers is that they don’t have to work through each generation of marketing automation before moving to the next. They can immediately start with third generation platforms and take advantage of the fully-integrated and advanced machine learning.
SUMMARY

While the first two generations of marketing automation improved the efficiency of marketing and laid a solid foundation, the third generation of marketing automation is the significant leap forward in both scale and effectiveness.

Using machine learning to not only uncover new insights but also to automatically execute the next best steps delivers better results, significantly increases marketing velocity and provides better customer experiences.

The marketer can now run automated marketing at scale to realize the promise of the first and second generations of marketing automation - but without the manual constraints and bottlenecks.

ABOUT AMPLERO

The Amplero Automated Message Optimization Platform enables global brands to increase customer lifetime value automatically and at scale. Driven by KPIs, the Amplero platform uses advanced, patented machine learning algorithms to discover valuable new micro-segments and determine the most relevant, compelling messages for each.

For more information, please contact Amplero at amplero.com or info@amplero.com.