Demystifying Marketing Metrics

By Laura Patterson

Challenging and highly competitive business environments. Channel proliferation. The need to prove and improve marketing ROI. Budgets on the chopping block. Perceived primarily as an expense, Marketing executives face many obstacles. One of the only ways to avoid being "sliced and diced" is to generate measurable value and demonstrate Marketing's impact on the bottom line.

As a marketer you're always measuring something – even if it's only whether you are on-budget, or the number of emails you distributed and their open, click through or bounce rate, or website or social media metrics. Or taking one step up the ladder, perhaps you're measuring the number of new qualified opportunities and the cost per opportunity you delivered to the sales team. These may be exactly the right metrics for your organization. Or maybe you need metrics that help determine marketing's contribution to share of preference, customer loyalty, or the rate of adoption of a newly launched product.

You have the right metrics only IF they answer these C-Suite's questions:

- How is Marketing impacting and contributing to the business
- What is and isn't working
- Does the data enable course adjustments?

If your metrics don't answer these "So What" questions, do not pass go; do return to the drawing board. You may have made some huge investments in tools thinking that they will produce the metrics and dashboard you need, but holding on to what's familiar, easy, or a sunk cost may not get you where you need to go.

Demonstrating what you are doing to move the needle for your company is a critical part of the equation. There's no escaping it. Savvy marketers are embracing new skills and adding analytics to their capabilities in order to prove the value of marketing. They speak the language of business and know how to translate marketing jargon (opens, downloads, registrations, likes, etc.) into results and language that is meaningful to the executive team.

So while it may take some work, it makes sense to invest the time to create a set of metrics that will serve you better.

Here are three steps to get you started:

1. **Achieve Alignment**. From a decade's worth of research, we have found that the number one practice of best-in-class marketers when it comes to proving the value of marketing is alignment. Lean teams and resources combined with today's breakneck pace and channel

explosion makes it easy for marketers to become tactically oriented. Best-in-class marketers focus on making sure their marketing objectives are tightly aligned with business outcomes and developing strategies and associated tactics to deliver on these objectives. Unfortunately, every year we see numerous marketing plans that are really just dressed up tactical plans with output-oriented metrics. These plans fail to deliver on C-Suite expectations. So take the time to approach things in the right order. “First things first” as Covey says, and the first thing is to have clarity around the business outcomes. In addition to business targets such as revenue, margin, market share, etc. business outcomes include the strategic initiatives that the organization must achieve in order to realize the business targets. Once you have this clarity, develop measurable customer-centric marketing objectives aligned to the business outcomes. We highly recommend that your marketing objectives clearly show how Marketing will impact customer acquisition, retention, and growth in order to drive revenue, market share, and customer equity targets.

2. **Build your data chains**. By starting with the business outcomes and measurable marketing objectives and then creating the strategies and tactics you will be able to create the data chains that connect marketing activities and investments to business results. For example, a data chain might be: <new product revenue:><new product adoption rate><marketing-generated opportunities win rate:><marketing generated qualified opportunities ><marketing generated conversations from campaign Y<<X# qualified opportunities/webinar or event at $Y/opportunity>. This chain shows the relationship between the qualified opportunities from a series of marketing tactics and investments (webinar and events) associated with a particular campaign, marketing generated customers, and revenue for a particular product. Data chains enable marketers to connect outputs with outcomes.
3. **Select your metrics**. There are so many things marketers can measure that it can be hard to decide which ones matter. Remember, the metrics you choose to report to the C-Suite need to answer their “So What” questions. The data chains help identify how marketing tactics, objectives and outcomes relate to each other, what data elements you will need, and what if any analytics will be required. Once you have all of these components you can select the relevant metrics. Marketing metrics should capture marketing’s impact and contribution in at least these areas: customer acquisition, customer retention, customer/brand equity, competitive position, and operational efficiencies and financials.