Five Fundamentals for Optimizing Marketing Stats with Measurement and Analytics
By: Laura Patterson, President

The Institute for Supply Management recently bottom lined a business confidence and economic update report by stating, “Slow growth – if any – remains a top concern among American businesses.” With forecasts like that, it’s not surprising that the leadership team’s expectations and pressure on marketing continues to rise. CEOs continually want to know how marketing is impacting their business.

For many CEOs, it really isn’t about money as much as it’s about understanding the value and impact of what’s been spent. Many marketing organizations may visually present some data or provide a status report, but for the most part, the C-Suite is still waiting for marketing to help in strategic decision making by understanding what is and isn’t working. Metrics need to be displayed in a usable and actionable way.

There are five fundamental steps every CEO can encourage, support, and demand to optimize marketing. Understanding the impact of marketing on a business starts with measurement. This initial step is the essential ingredient for performing the useful analysis needed to optimize marketing efforts – measurement and metrics are the foundation. Marketing needs these two basic elements to present actionable data and develop models to support fact-based decisions. Here’s how the C-Suite can help:

1. Enable Alignment
Marketing organizations that align their efforts to the business are perceived as having the greatest impact on the business. The best marketing organizations create a direct line of sight between marketing activities and business outcomes. Marketing needs to understand how many new customers need to be acquired and ideally from what markets; how many existing customers need to be retained, and if there is a churn issue, what’s causing it? What customers need to grow and will this growth come from existing or new products? With this information marketing activities can be properly aligned.

2. Collaborate on Metrics
Marketers have many tracking tools available to them and many of them are free: website visitors, twitter followers, and email open rates. There is so much, in fact, many marketers are drowning in data. The challenge isn’t measuring but rather measuring what is meaningful. By
starting with the business outcomes and aligning marketing efforts with these, marketers can focus on metrics that matter to the leadership team. Mapping marketing metrics to outcomes improves the quality of the marketing objectives and facilitates collaboration between marketing and the leadership team. People perform to how they’re measured. If the metrics are based on activity such as traffic to the website and email open rates, then that’s what the leadership team will see, even if that’s not what will help the business. There’s no silver bullet marketing metric. No single measure, such as Return On Investment, completely encompasses the value and impact of marketing. More than likely, a mix of financial and nonfinancial metrics such as the number of qualified leads, the rate of customer acquisition, the cost-to-acquire, cost-per-lead, marketing win rate, sales pipeline contributions, share-of-wallet, customer retention, and referral rate, are better measures of success.

3. **Expect Performance Setting and Tracking**

With alignment and agreement on metrics, a strict policy of setting performance targets for all marketing activities needs to be enforced. Replace broad brush targets such as increase awareness, grow share, keep customers, and do more business with existing customers, with specific quantifiable objectives. Expect marketing to have a performance and cost target for every marketing activity such as the number of new contacts, new conversations in play, new qualified leads, number of demos, number of trials, the number of samples, cost-per-contact, and cost-per-lead. Expect marketing to track and report on the performance and costs. Keeping track of marketing costs and results by objective, program, channel, geography, segment and medium can greatly improve understanding the effectiveness of the marketing investment. Store the results in a data base and use the information to help set targets in the future. This step is about having the discipline to consistently establish performance targets and capture marketing performance. It is at this step an organization truly begins to understand the value and impact of marketing.

4. **Require Analysis and the Use of Analytics**

With performance data and a repository of results, organizations can now leverage analytics. Analytics enable companies to make decisions related to business operations, competitive moves, staffing and skill requirements, customer strategy, positioning/messaging, and, of course, marketing optimization. As Dave Frankland of Forrester Research once said, “The goal is not to collect data, but to develop insights.” Insights are the purview of analytics. Analytics are algorithms: advanced and/or mathematical techniques on large volumes of data that help marketers translate data into actionable insights. The analysis drives marketing and customer strategies and optimizes marketing efforts. At this step building models will help answer questions like, “How likely will this group of customers adopt this new product?” Or, “How likely will this group of customer respond to this offer?”

5. **Request a Marketing Dashboard**

There are all sorts of marketing dashboards – from the bad, to the ugly, to the good. A dashboard is more than just a visual representation of data; a good dashboard is actionable because it
visually reflects the output of the measurement efforts. A dashboard is typically populated with metrics. In fact, the design of a dashboard usually leads to a conversation that entails the first two steps – alignment and collaboration – and captures the data in the third step. A good dashboard answers two questions: “So What?” And, “What’s Next?”

“So What?” That’s what was gotten for the effort and what difference it made to the company. “What’s Next?” That’s what the options are now, based on what’s now known. Marketing dashboards should be a catalyst for decisions and action.

In addition to optimizing marketing, implementing these five steps will keep marketing from getting too far adrift from the C-Suite’s priorities. It will also ensure the marketing investments are connected to the overall strategy of the company.

Disclaimer: Any VEM information or reference to VEM that is to be used in advertising, press releases or promotional materials requires prior written approval from VEM. For permission requests, contact VEM at 512-681-8800 or info@visionedgemarketing.com. Translation and/or localization of this document requires an additional license from VEM. For more information on VEM, visit www.visionedgemarketing.com.