



Moving To Measuring Performance

by Laura Patterson

Marketing organizations have yet to leverage insights from metrics and dashboards, remain challenged to develop and execute a systematic approach to marketing performance management (MPM), lack proper infrastructure to support MPM, and continue to strive to link activities to business results. These four key gaps continue to affect marketing's ability to measure its impact on the business.

That's according to findings in the recently released ninth annual MPM study conducted by VisionEdge Marketing. The study assesses how companies measure marketing's performance, which metrics and processes marketing tends to use to measure its performance, effectiveness, efficiency, and financial contribution to the business, and how proficient marketers are at MPM.

More than 400 business executives and marketing professionals participated in the 32-question online study administered mid-February through mid-March. One positive trend relates the CEO's perception of marketing's contribution. The question "What grade should marketing receive for its ability to contribute to the business?" has been asked in each survey.

Over the years, marketing has struggled to show its contribution to the business. Last year, only 17% of CEOs gave marketing an A. This year, the number of CEOs giving an A grade increased to 24%, returning to the 2008 level. Eighty percent of CEOs believe that marketing's efforts made a difference, compared to 2009 when only 67% felt this way.

Marketing provides the most value when it is clearly linked to the business. Marketing did not make much progress in 2010 over 2009 in being perceived as being strong at linking its activities to business goals -- with less than 50% of the respondents indicating that this is an area of

competence. For most organizations, overarching business outcomes are defined around revenue generation, market share or customer retention.

It is marketing's responsibility to develop objectives and implement programs that are designed to support achieving these outcomes. Aligning marketing objectives more closely with business outcomes provides a key opportunity for enabling marketing to improve its ability to manage its performance.

This year's study hoped to provide insight into two key questions. First, did the 2010 results reveal that marketing professionals rose to the performance management challenge? And second, has marketing transformed to a performance-driven organization?

The bottom line is the results continue to show that even after a decade along the performance measurement and management journey, marketers still need to leverage insights from metrics and dashboards to steer their ship.

Many of the respondents indicated that Marketing understands what it takes to manage marketing performance and has mechanisms in place to do so, yet many organizations still remain challenged by the lack of systems and issues associated with data collection. The lack of data and systems negatively affects the ability to make real-time course adjustments which potentially derails long-term success.

Respondents indicated that organizations continue to add to include marketing in their operations. The marketing function has become a more integral part of the marketing organization. However, the role tends to be limited to budget management, market research and data management. Capabilities such as performance targeting skills, process and technology optimization, and strategic capabilities are needed in order to drive change and improve performance.

Marketing organizations have focused more on monitoring programs and managing measurement rather than managing performance. The results indicate that few companies are demonstrating an ability to use what they are monitoring to create actions for improvement.

Marketing organizations still need to establish processes and metrics definitions, and adopt tools to adequately and easily report marketing's contribution to business outcomes. Until these challenges are addressed, it will remain difficult for marketing to truly be effective and efficient.

Two key steps that any organization can immediately take are a) to audit its performance management metrics and measurement processes to ensure continued alignment with the business and market and b) benchmark its capabilities.

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