



Three Keys To Accelerating Marketing Measurement and a Fact-Based Culture

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More than six in ten CMOs (63%) say ROI on marketing spend will be the most important measure of their success by 2015, but only 44% say they are fully prepared to be held accountable for marketing ROI, according to the [2011 IBM Global CMO Study](#).

If CMOs are to be accountable for marketing ROI, their marketing organizations must first have fact-driven cultures. In many cases, that will require a significant cultural shift and changes in the personnel roster. Why? Because marketing accountability requires marketing professionals who have data, analysis, and measurement skills.

Whether such a shift is the beginning of a transformation or just the next stage of your journey, the following three practical ideas can accelerate your progress.

1. Establish clear alignment between Marketing and the business

Most marketing strategies and programs are designed to drive three primary business outcomes: customer acquisition, customer retention, and customer growth.

Marketing effectiveness and accountability starts with the alignment of program performance targets and marketing objectives with key business outcomes. Executive support in developing customer-centric business outcomes is one of the most important factors in creating that alignment.

However you go about it, make sure you have direct line of sight between marketing activities, programs, strategies, and objectives and the business outcomes.

Alignment is essential—both for establishing the right metrics and for identifying the primary data chains to support the development of your marketing dashboard.

2. Develop a measurement framework

A century has gone by since store merchant John Wanamaker stated, "Half the money I spend on advertising is wasted; the trouble is I don't know which half." For many marketers, measuring is still a trial.

Selecting the right metrics is a key step in developing a measurement framework. The right metrics are critical to ensuring accountability and optimizing your marketing investments—i.e., determining Marketing's value, contribution, and impact in relation to finding, keeping, and growing the value of customers. The key to selecting marketing metrics is to choose those performance metrics that directly measure marketing's impact on the business.

Select metrics that provide the insights you need to make actionable decisions regarding strategy effectiveness, program course adjustments, and operational efficiencies. The alignment step, if done properly, will reveal the relationship between output and outcome metrics.

3. Use data and analytics

Moving from gut-based to fact-based decisions takes data and analysis.

Many marketers are drowning in data, and that flood of data will only increase because of the growing number of customer contact channels. Marketers therefore need to take responsibility for understanding how to analyze and use that data to optimize marketing results.

Marketing needs data to be integrated from the various channels. Take stock of your data. Do you have the data needed to analyze your processes and make potential improvements? If you do have it, is it easily accessible and digestible? If you answered no to one of those questions, now is the time to inventory, organize, and centralize your data.

Centralized data is essential to marketing effectiveness and marketing measurement.

Organizations that centralize data and resources to facilitate proper data governance and management can achieve a consistent view of their performance. Centralized data also facilitates the sharing of information and the making of fact-based decisions that improve performance.

Before tackling centralization, be sure to address data definitions, standards and reporting, and processes for data collection, analysis, and sharing.

Many organizations still make do with manual processes, using a mix of spreadsheets and approaches. Make this year the year you eliminate out-of-date processes and automate your information management.

Centralized data and automated information management are essential for performing analytics, creating models, and producing dashboards—three capabilities that facilitate a holistic approach to measurement and performance reporting.

Analytics can provide hindsight, insight, and foresight on numerous critical business issues.

Analytics contribute to product pricing, product profitability, portfolio optimization and product design, channel management, campaign performance, sentiment analysis, and marketing mix optimization. Analytics can be used to improve customer segmentation, customer loyalty, profitability, churn, and customer insights and relevancy. Marketing organizations can use analytics to assist with capacity planning, workforce effectiveness, asset utilization, and supplier efficiency.

By showing the connection among analytics, the company's outcomes, and marketing metrics, you will be able to avoid a common pitfall of "analytics for the sake of analytics."

We realize that those three steps are easier talked about than done.

Every company has some level of organizational inertia. Resisting change is natural. As you move forward on your journey, remember to deploy change management techniques to motivate adoption of any new metrics, tools, technology, processes, etc.

To turn organizational inertia into real transformation, as marketers we need to implement a communications plan, and if necessary a training plan, to support any new data, analytics,

metrics, and reporting initiatives.

Having the right people using a technology is just as important as implementing and aligning that technology. Educating frontline people helps facilitate meaningful change. As a way to signal the desired behavioral change, reward and celebrate those who test, evaluate, and measure.

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