

# MADE TO MEASURE

**Tim Lennard** explores what businesses can do to ensure return on their marketing investment



It's always encouraging to see constructive, informed dialogue between finance and marketing when budgeting or measuring a return on marketing activities. It doesn't always happen.

A key role of marketing is effective communication, but that's often absent when informing internal stakeholders about what they're doing, why they're doing it and whether it's working.

Often the issue is that marketing and finance have not framed the discussion in a way that is meaningful to both parties. So how can businesses do this better?

Historically, marketing has been difficult to hold accountable to quantifiable outcomes, often because it wasn't possible to accurately measure the impact in a reliable or objective way.

Today, more and more marketing activity is traceable, with activities and responses leaving a digital footprint that helps measure impact. We have seen advertising moving substantially from print, TV and radio to digital content placed with online publishers seeking a click response. Artificial intelligence and big data techniques are now used to identify target segments. Website visitor traffic is analysed through pixelation tracking and cookies to see which components of pages are most effective and to track engagement. Business-to-business marketers analyse IP addresses to see if multiple people from a single organisation are visiting their content, indicating a concerted buying intent.

Personalised URLs and dynamic content deliver a unique experience to individual site visitors. Where individual transaction values are high, marketing 'scores' leads based on a digital history in order to filter those most likely to convert to a sale. Other developments include the allure of social media reach and the blurring of traditional boundaries of marketing, sales and customer support in an online world.

The digitalisation of marketing has been truly transformational, and there has been an explosion in the number of marketing technology providers. Cloud and software as a service (SaaS) have enabled rapid deployment of new technologies but challenged the readiness of organisations to adopt to new practices. New technology makes it possible to measure to the point where we have lots of data, but the question of whether marketing is working well and is worthy of more investment can remain unclear unless the data has context.

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### PLANNING

In understanding a marketing function, start with a plan. It should provide a framework for execution and define expected outcomes. Organisations that lack a robust planning framework suffer from a proliferation of disparate tactics that keep people busy and consume budget but fail to navigate towards planned business outcomes.

1. Has marketing clearly stated goals that it is seeking to achieve or influence?
2. Are the goals represented in clearly defined objectives that are SMART (specific, measurable, actionable, realistic, time-phased)?
3. Are credible strategies ('how to' statements) that aim to secure those objectives laid out?
4. Do all marketing tactics (activities) have a parent strategy?

This hierarchy is not only a robust planning framework to deliver a credible plan but is a great way to assign responsibilities and budget within a marketing function. With budgets held at an objective level, the budget holder is responsible for determining appropriate strategies and will only fund tactics that support the plan. This can put an end to rogue disconnected activities.

### KEEPING SCORE

A scorecard (often monthly) is then produced, outlining goals and outcomes, and should inform plan adjustment. Three top tips for creating and using a scorecard:

1. Don't report activities. Do report outcomes. Reporting activities drives a culture of being busy, reporting outcomes drives a culture of being effective.
2. Causality. Don't accept implausible claims of victory. I observed a funding request from a marketing events team that attributed all revenue won in accounts where they had attended hospitality events as the justification. There was no evidence that the events

had influenced purchase decisions or of less business from accounts that did not attend. The absence of causality undermines credible measurement of marketing activity.

3. Trending is key. You may not be in a good place, but are you moving in the right direction?

Marketers often talk about activity in the context of media types; either owned, earned or paid. While the distinctions are a bit blurred, they boil down to owned media being sites that you own and control (eg, your website and related content); while earned is a category of tactics to encourage people to find you (eg, search). Paid media is paying someone else to stick your content under their nose. Marketers seek to blend tactics across all of these to drive the most effective mix to maximise response from the target audience. So, defining the target audience clearly is a precursor to success.

### OWNED MEDIA

#### Website

Websites deliver an ever-increasing array of services throughout a customer lifecycle, from market awareness through purchase (e-commerce) to customer service. Marketing is often responsible for aspects of the website that take a visitor from initial arrival through content exploration and onto a sales enquiry or transaction. In that context marketing should measure at the very least:

- sources of web traffic including social media referral;
- correlation of investments to drive traffic with actual visitor trends;
- relative effectiveness of various areas of the site including page engagement and site time;
- web form completion and abandonment statistics; and
- conversion of web visitors to next logical steps eg, enquiry or purchase.

#### Content

Some organisations spend a lot of time and money on building content. You should measure:

- how much is being downloaded (for relevance);
- how much is being used in multiple ways (for efficiency); and
- is content rated by those who consume it? (for quality).

#### Social media

Social channels like blogs and articles published on third-party sites are



extensions of your website, and scorecard metrics will typically report on the number of people that engage through mentions, shares, reviews, reposts, likes and through subscribing to follow your organisation. If tracking code from content is carried across into a sales automation or e-commerce system, it is possible to correlate social engagement with conversion to a sale.

**EARNED MEDIA**

**Search**

Traditional teaching says that unless people are aware of you, they can't express interest and engage, but search technologies have disrupted this thinking. Potential buyers can find you with search terms describing only their needs if your site is set up (optimised) to their need-based search terms. Effectiveness is measured by your organisations ranking by search engines. You can pay to advance up the rankings (paid search) and try to optimise your appeal to the search engine algorithms resulting in a high organic or natural ranking.

**PAID MEDIA**

**Advertising**

Former merchant John Wanamaker once said: "Half the money I spend on advertising is wasted; the trouble is I don't know which half." Today, tracking techniques can tell us where website visitors have come from. Variants of advertising might carry a different offer (eg, discount) so we can assess the relative effectiveness of offers as well as

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where they are placed. Tracking might use QR codes for print, inbound phone numbers unique to specific placements, and tracking codes on digital content that record the inquiry source.

Some 100 years on, John Wanamaker might approve of today's capabilities!

**Social media**

Sites like Facebook, Twitter and LinkedIn offer advertising that can boost reach of your content and website traffic. Another way to gain exposure for your content is to pay influencers to tweet or share your links, increasing reach and recognition. Using retargeting, pay-per-click (PPC) and display ads on other sites that attract a large audience can be an effective way to drive searchers to your owned media sites.

With PPC if you pay a publisher for 500 leads that's what you will get. Treat any such scorecard metric with caution. The real issue is whether PPC leads meet quality criteria and convert to further engagement and potentially a sale.

**Funnel metrics**

In business-to-business and some high-value business-to-consumer models

the 'funnel' proposition (sometimes called a lead waterfall) is that a company will generate more revenue if it drives efficiency in the way that potential buyers engage and progress through a journey of investigation and evaluation culminating in a purchase. Efficiency means more people starting that journey at the top of the funnel, lower abandonment and increased velocity to a purchase.

The funnel is a dynamic model. One must look at the flow of buyers through the funnel over a period (often a rolling 12 months) to determine effectiveness. It's about how much flows through, not about how much is in the funnel at a point in time. Key areas for inspection are both speed and survival rates of leads to won business (top to bottom of funnel). Poor flow often betrays process breakdowns in lead response and poor-quality leads in early funnel stage, which are fated never to complete the journey to a purchase.

**Events**

Delivering a marketing event such as a trade show or webinar can be a valued activity, but useful event metrics should reflect specific planned outcomes not just confirmation that the event happened and felt good.

**Data quality**

Marketing is often the custodian of contact data for customers and prospects. As such there are some important metrics that should be captured including:

- how much data is held? (quantity);
- how accurate and complete is it? (quality);
- is the database in line with needs? (relevance); and
- how old is it? (recency).

Marketing may well be a key player in ensuring compliance to data privacy legislation. Personal data should not be processed unless there is an acceptable legal basis to do so. ●

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