

The bad image of marketing metrics and how to overcome it



By [Dunja Kartte](#)

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Do you know the financial impact of your marketing activities on your company's bottom-line? What is the impact of a 5% increase in customer satisfaction on your income statement?

The answer to these questions lies in the meaningful analysis of marketing metrics. Marketing metrics help relate your marketing expenditures to your marketing assets (brand, customer equity) and financial returns.

Measuring marketing outcomes

But why are so many marketers nervous about using marketing metrics? Why do metrics often have a negative connotation as tools to "make marketers jobs more complicated"? I have seen many marketers getting lost in data and struggling to measure marketing outcomes accurately. However, metrics create accountability and help to establish credibility for the discipline. Every reputable marketer should use metrics to their advantage and to demonstrate the value of marketing for generating business results.

There is a multitude of marketing metrics in the market. From share of hearts, minds, and markets, to margins and profits, to customer profitability. Choose the metrics that really matter. It's the ones that relate to revenue and profitability that are of interest to the CEO, CFO, and the Board. Use metrics that clearly demonstrate the contribution of marketing to the company's objectives, such as ROMI (return on marketing investment) or the number of marketing-qualified leads.

Don't choose metrics that sound interesting and impress people, such as Facebook 'likes', Twitter followers, and favourable "Hello Peter" comments, as a way to try to justify marketing spend. The C-suite will not be impressed - they want to evaluate the real payoff of marketing investments and assess results-driven metrics. Demonstrate the ROI of marketing initiatives!

It is easy to measure marketing activities (although these conversations are usually held around cost and/or budget discussions), but the measurement of marketing results is far more powerful, albeit challenging.

Often, a simple three-step approach can be applied. For example, you can measure the impact of advertising activities on consumer recall, on the public's perceptions of the business, and on sales leads and revenue.

Multiple marketing metrics

The use of any single metric lacks context and can provide a distorted view of performance. Businesses are usually

complex, and so require multiple metrics. For example, marketing metrics can complement traditional financial metrics when used to assess business and brand performance. The combination is needed to give a complex picture of business health. But, the interpretation of marketing metrics requires knowledge and understanding.

In long sales cycles, such as with B2B marketing, revenue correlation lags in time - often months. And during this time, the customer may experience a number of other marketing and sales touch points in a journey that might dilute the marketing results. It's therefore important to differentiate between lag and lead metrics.

Every CMO needs to develop a holistic view on Marketing, stay focussed on results and link marketing outcomes back to business strategy. This implies a move beyond the tactical and short-term.

Work with your peers in your organisation, your CEO, and your team to understand what metrics matter and what outcomes will drive true value for revenue and customer retention.

Marketing is supposed to be a value-creator, not a money-burner.

ABOUT DUNJA KARTTE

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