



Marketing ROI: the big picture

Part 1 in a Series



Marketing ROI: Accountability, Measurement & Metrics

New technologies that allow better tracking of the actions leading to a sale have helped make “Marketing ROI” the latest major trend in the industry. But some B2B companies have gone a little overboard in seeking a proverbial “silver bullet” that addresses all of their needs to measure marketing communications effectiveness. Following is Godfrey’s take—from Jeff Hurt, Jody Jacobs, and Curt Hitchcock (*left to right*)—on the issue of marketing communications measurement, metrics and ROI.



GETTING STARTED WITH MARKETING ROI

- 1** Make sure you understand your company's business objectives and marketing objectives.

- 2** Define your marketing communications objectives as specifically as possible (not just "increase awareness" but "increase awareness among design engineers by 25% over the next 18 months").

- 3** Define the timeframe of your selling cycle (the AIDA spectrum).

- 4** Determine what actions a prospect will take to move along the AIDA spectrum.

- 5** Begin to identify what measurements would indicate progress in achieving progress.

Marketing and advertising have always been somewhat elusive to management's attempts to better measure the contribution their expenditures make to their company's success.

Now you and your clients are starting to be held accountable. That can't be good...

Curt: Actually, we love it. We're absolutely convinced that an appropriate evaluation of marcom effectiveness will demonstrate the value a solid program can provide.

So what would that "appropriate evaluation" look like? Hits on a web site? Leads? Sales? Ranking in a Google search?

Jody: Those may all be valuable metrics, and in some programs they could even be critical. But if you focus on one measurement there's a good chance you'll miss the full scope of the program. A fair evaluation might include all, some, or none of those criteria. It all depends.

It depends? On what?

Jeff: On a lot of things. Your business situation, your market position, your objectives...

Wait a minute. That sounds complicated. I thought you said you loved this idea and now you're making it sound complex.

Curt: Sorry, but that's the way it is. There's no one, easy answer on what to measure. The good news is, there are very valid and, for the most part, easy and inexpensive ways to measure performance at every stage of the marketing spectrum or program.

What about all those measures I mentioned, like ranking in a Google search?

Jody: We're reading a lot about "marketing dashboards," where you make key metrics accessible to the organization in one easy-to-view place.

It's a hot topic, and a good tool. But the question is: what's on your dashboard? What are you measuring, and does it present a complete picture? After all, what good does it do to measure speed, if you're not going in the right direction?

So what do you recommend?

Jeff: We would look for a range of measurements that capture the full spectrum of the marketing program and activity, not just the snapshot you might get with some of the measurements you mentioned. Unfortunately, Marketing ROI has become the flavor of the month, the latest buzzword, measuring behavior very close to the sale.

Curt: The result is that some marketers are getting overly focused on the final steps of the marketing and sales process to the detriment of brand-building and other earlier steps that eventually lead to sales success. It's all too common in this situation for companies to lose sight of the totality of what they should be measuring. We see a danger in focusing on a narrow view, while losing track of the bigger picture. Worse yet, non-marketing people who are reading the hype begin to think there's some magic that really doesn't exist.

Give me an example of a misleading measurement.

Jody: Lots of companies in the industrial space are obsessed with their performance in a Google search — they want to be in the top ten, the top five, the top two. But, while coming up at the top of a Google search may be a very positive measurement, it won't do much good if your awareness is low. Because people won't have a reason to click on your name and go to your site.

That makes sense.

Jeff: It's human nature. If you do a search for something you want to buy, and you look at search results, you're going to tend to focus on the names you know, not the names you never heard of. So if the company is ignoring its brand-building or awareness-building efforts and just focusing on search engine performance, it is short-changing its overall marketing and sales performance.

“Some marketers are getting overly focused on the final steps of the marketing and sales process to the detriment of brand-building.”

So what would you suggest?

Curt: To evaluate a marketing program properly, Godfrey is advising our clients to include the entire marketing process when viewing measurement and ROI. We know that buyers go through a defined set of steps before they buy—Awareness, Interest, Desire and Action. That’s the AIDA model you may have heard of in college or grad school. And a complete marketing program has to be set up to make things happen all along that process.

What happens if you don’t?

Jody: If you focus on the short term, you may have an immediate result, but long term, sales can dry up because no new prospects are in the marketing pipeline. Conversely, focusing on brand-building only may miss the call to action. In the sales rep’s terms, you forget to ask for the sale. That’s why you need a full range of measurement.

So couldn’t there be one of each in a marketing dashboard?

Jeff: Yes, but each dashboard, each arsenal of measurement tools, is unique to the company, the market, the industry and the situation. The measurements will vary—even among different companies in the same industry, because they all have different marketing objectives.

Well, yeah, everything is different. But isn’t awareness always good.

Jody: Sure. But it may not be a defining measurement for *your* program.

Why not?

Jody: You may be in a mature industry, for instance, and your brand may already have high levels of awareness. Trying to increase awareness in that circumstance may not be the best use of your marketing dollars. There may be other things you can do, and measure.

Such as?

Jeff: Such as helping you understand how your brand is perceived, and moving those perceptions closer to what you want your brand to stand for.

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So where do we start?

Curt: You need to start with a total view, and with appropriate tools that fit back into marketing and business objectives. And they must be dynamic—tactical elements need to change, evolve. The competitive environment changes constantly, as do your products and services. Your marketing needs to evolve with it. And so do your measurement techniques.

Jody: We have a model that helps insure that appropriate metrics and measurement tools are used to measure the right things in a program, customized to each situation. It helps make sense of a marketer's need to build awareness, or change perceptions, to create interest and, yes, to generate leads.

How does it work?

Stay tuned: In future issues, we'll explore the metrics and measurement tools that can be used to track and report progress in each part of a program.

Marketing Spectrum Measurements

Establish the right metrics for measuring marketing performance at every step of the buying process.



More on the Subject

Visit www.godfrey.com/roi for more information on this and other communications topics.

In the Next Issue:

This is just part one in our discussions on Marketing ROI. In future issues, we'll explore the metrics and measurement tools that can be used to track and report progress in each part of a marketing program.

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