

Measurement Is Now the Top Technology Project for Marketers

Using technology to help measure their work is the top priority of marketers, according to a report conducted by Forrester Research and the Association of National Advertisers (ANA).

The report, "Mastering Marketing Measurement," found that No.1 on the marketers' technology wish list are applications to aid them in measuring the effectiveness and sales impact of cross-media campaigns. For the first time, measurement technologies are seen as being a higher priority than solutions intended to help identify the right customers and managing the volume and content of personalized communications.

According to Forrester, this is an indication that marketers are getting their priorities right — focusing on three questions they need better answers to:

1. What return am I getting from my marketing budget?
2. Am I spending too much or too little?
3. What mix of tactics and channels delivers the best return?

The analysis suggests that marketing needs to move beyond "closed-loop tracking," where efforts are made to trace sales back to specific marketing stimuli, and towards "correlative" measurement to reveal the hidden effects of multiple stimuli on consumer purchase behaviors. However, the challenges of discerning these many partial-causal inputs can be daunting. And many are turning to the new generation of technology to help.

Unfortunately, nearly two-thirds of the 113 ANA member companies interviewed expressed uncertainty about how to estimate the payback from such technology, thereby stalling the purchase decision. In addition, roughly 40% of respondents reported being unfamiliar with appropriate marketing technologies, and most were hard-pressed to identify some of the leading vendors who provide marketing technologies and solutions, falling back on familiar brands like IBM, Siebel, and Microsoft.

Forrester analyst Jim Nail commented that measuring ROI requires marketers to shift from their historic attitudinal measures to more concrete business results and consumer behaviors. Selecting which results and behaviors link most directly to the business objectives is the first step toward correlative measurement. He makes the point that traditional measures like awareness and purchase intent have no ties to actual revenues or profit and thus are insufficient to satisfy the CFO. Marketing needs to get agreement from the CEO and CFO to align metrics with business goals. The guiding factor, he says, should be whether the CFO has promised Wall Street to grow top-line revenue X%, increase customer count, or fatten profit margins.

The report also suggests that marketers must devote energy and resources to creating the right data practices capturing marketing, financial, and environmental data and preparing it so that it can become the basis for insightful modeling, not just reporting.

While the report helps to identify some of the significant gaps between marketers wants and needs, it doesn't sufficiently acknowledge the primary source of those gaps — the organizational and cultural walls that separate the marketing planners from the data and technology management experts.

If you believe that a more "correlative" measurement approach would better reflect the multi-channel/multi-stimuli nature of your competitive marketplace, we recommend the following steps to improvement:

1. Assign some marketing resources to the task of identifying the possible outcomes of gaining better insight into complex marketing mix assessment.
2. Volunteer to lead a task force of marketing, finance, and IT representatives to develop a list of preliminary requirements (wants/needs).
3. Meet with several of the leading marketing technology vendors from small to large to get a view of what their solutions can do and what successes other companies have had with them.
4. Assess the organizational and business process changes that would need to occur to make such a solution viable in your company, and what resources would need to be dedicated to the task in both short- and long-term.
5. Refine the business case for purchasing a solution and, if it's attractive, send an RFP to get the best price/value in your area of need.

While the Forrester study confirms the trend towards the importance of marketing measurement, let's not forget that effective business process has to precede the search for technological solutions. As the complexity of the challenge increases, so too does the potential for the wrong solution to create adverse consequences.



Thanks to the folks at Forrester for sharing the survey results. For more information or to get a copy of the study, see www.forrester.com.