

by
Nicholas M. Wood

The Rise of Metrics Based Marketing



Table of Contents:

Objective01

Executive Summary.....01

Research Process02

Current Environment02

Trends04

Human Element06

Conclusion07

Acknowledgements08

Biography08

Bibliography08

Dedication:
for my father, and all who have battled cancer



Objective

Initially it was believed that marketers of the future will have a higher rate of success working in an organization which utilizes metrics as a primary tool in their marketing mix. This high rate of success will allow marketers and companies to reach and surpass their goals.

These marketers would be both intrinsically and extrinsically motivated to achieve personal and professional success. On a personal level, feeling valued, empowered, rewarded and being given a chance at upward mobility are motivating factors. Professionally, being able to justify spending, defend their position, job security and being able to replicate success are important.

The goal of this research was to assess marketer's beliefs about current and future trends and probe for insights about the current working environment of marketing professionals.

Executive Summary

One thing is undeniable from the results of this study: Metrics are here to stay! They have many applications across all aspects of communications, from the development of a communications plan to evaluating the return on investment or even evaluating ones value to the company.

The current marketing environment is still learning how to implement and evaluate metrics. Looking forward it is believed that the use of direct response and ROI metrics will be expanded and seamlessly integrated into communication programs. Marketers have taken advantage of the "metrics hysteria" by using these same metrics to evaluate their own worth to their respective companies.

Research discovered many different topics the most intriguing included:

- 1) The fact that using metrics to assess ROI of marketing efforts has become easier, faster and cheaper than ever before.
- 2) Clients are now demanding direct response communications based on the ability to measure the effectiveness of campaigns minute by minute.
- 3) The current concern about leadership's ability to make the right marketing decisions based on their evaluation of metrics.
- 4) The newest marketing tactics being used start with a metric based marketing (MBM) approach. These new tactics tend to reject traditional awareness marketing and communication techniques.
- 5) Marketers who understand metrics and their applications appear to have an edge over other marketing roles.



Research Process

As the internet continues to revolutionize business and communication, social networking has emerged as a means for businesses to engage with their stakeholders. As described by an article from KMEdge.org put it, "Social networking offers the ability to identify and consult with experts in order to solve problems and find answers to questions. Social networking tools are usually the fastest, easiest way to locate individuals with specific skills or expertise."

After evaluating research methods, the decision was made to harness social networking as a research tool. Based on its clear advantages like access to desired audience, cost and engagement of the desired audience, this experiment gleaned unexpected insights from some of the brightest individuals worldwide. Initial secondary research led to the discovery of eight social networks in which to focus this qualitative study. These social networks were chosen based on a set of criteria which included engagement, membership quantity and requirement and nicheness. While maintaining a focus on marketing communication solutions and considering the debate about marketing effectiveness, two other elements were added. A human element based on Maslow's hierarchy of needs (Figure #1 below) and the instability of the current world economy added insight across all levels of the study.



Figure #1

Numerous topics surfaced as respondents read the questions, read the responses from other subjects and added to the discussion or simply agreed with another subject's responses. The feedback from this method of study was very comprehensive and unrestricted. However some discussions were more clearly preferred over others. The most popular discussions focused on, current standards, trends going forward, career advancement and confidence levels.

Based on general knowledge and secondary research of marketing communications a hypothesis and goals for this research were born and tested on eight social network sites over a two week period. Survey questions were posted to these social network sites and responses were strictly voluntary, there were no rewards for answering questions.

Current Environment

As the world economy of the 21st century continues to grow and adapt, the current marketing communications environment continues to deliberate over the viability of measuring its effectiveness. The publication of Paul D. Converse's The Development of the Science of Marketing over 60 years ago enraged a debate that is still alive today. The debate of Art vs. Science in marketing is arguably more intense today. **With the advent of the internet as a major marketing tool, the idea of using metrics to asses ROI of marketing efforts has become easier, faster and cheaper than ever before.** Some might say that this debate is rather elementary and it is a debate for the sake of debate; however research has proven otherwise. Research revealed a very complex argument that is multi-faceted.

Thoughts on strategy

Research indicated that the majority of respondents were in favor of an integrated approach to communications, believing that art based

communication “had a place” in marketing communications. Others believed it was less about the integration of mediums and more about message engagement. One respondent believed that the best type of communication was simple, emotional and unexpected. In contrast, message delivery was more important to others, citing that the message needed be multi-layered, repetitive and consistent.

Companies on marketing: Expense vs. Resource

It is the belief of multiple respondents that companies may be losing or have lost focus of marketing as a resource and currently view it as merely an expense. One respondent believed many companies do not know enough about market needs to be profitable, citing an unwillingness of companies to spend money on research or product development and innovation. They are believed to be focusing on the ROI view by “trying to wring out the last drops rather than finding a substantive long-term revenue stream.”

The logistics of measurement

Campaign logistics proved to be a hot bed for discussion as many respondents discussed aspects of direct response vs. awareness communications, costs, lead and tracking times. It is believed that traditional awareness campaigns often have lower priority than direct call to action communications. This belief was echoed by other respondents when discussing awareness communications. Comments tended to surround negatives of awareness campaigns such as them being expensive, having long track and lead times, low measurability and

easily skewed metrics.

Discussion about direct response communications tended to be more favorable. For example respondents believed that direct response communications were cheaper to produce and track, offered faster track and lead times, while offering higher measurability. In fact, the only connection the audience believed existed between these two distinct campaign styles was that they both had the ability to grab attention, raise awareness and be measured.

Shift in Client Demands

While it was not discussed extensively, client desires arose from one respondent. The comment implied that clients are now demanding direct response communications based on the ability to measure the effectiveness of campaigns minute by minute. One perspective found that this evaluation of client needs was focused not minute by minute but per customer. To evaluate this concept, Rob Duncan evaluated the needs of call centers as they looked to outsource parts of their operations, stating that “lately it seems that clients are doing more due diligence, asking harder questions and demanding quantitative proof of performance before selecting an outsourcing partner .”

Comparing Traditional Awareness vs. Direct Response communications

The concept of measuring effectiveness in marketing programs has not solidified into a clear solution over the years. Research revealed that this debate is still alive and well. When asked about current metric issues, respondents were torn in many different directions. There was often large distinction between the measurability of direct response and traditional awareness communications. Others believed that both direct response and traditional awareness were equally measureable. Here is



a sample of what some of the respondents said regarding the different communication styles in relation to metrics:

- **Traditional awareness:**

Traditional awareness communications are considered to be effective, but it is believed to have a broader focus at a higher cost with lower measurability often requiring research to track effectiveness. It is believed by some, that traditional awareness campaigns use “likeability” as a metric for success, which allows advertising firms to be less accountable for actual sales. One respondent believed that firms only needed to “tweak the creative” from one campaign to the next and conduct A/B/A testing* in order to measure the effectiveness of an awareness campaign. Alternatively, one would argue that no direct correlation can be made between the measurements of these two ads because they are simply not the same and other forces may be influencing consumer perception.

***An A/B/A test splits your target audience into three groups. One third receives the “A” creative, one third receives the “B” creative, third receives the same “A” creative.**

- **Direct Response:**

Direct response has been proven through this research study to be a major force in communications today. It is believed to be “driving everything” and some believed it to be the only “source of measurable marketing.” Clients want to measure campaigns more frequently. Good examples of the most measureable marketing tactics included the use of Email campaigns, Google Adwords, blogging, pay per click, search engine optimization and tracking social networking efforts. Many of these tactics can be easily added and monitored as part of your marketing mix with no upfront costs, as companies begin to offer free or

pay for performance software.

- **General thoughts on measurements:**

Many respondents believed it was easy to build in needed metrics into every aspect of the marketing mix. Others believed that there was not an effective measure for most marketing communication tools. In addition, a return on investment metric placed on everything “represented disconnected thinking and a disconnection in general” and did not represent the true needs of the customer. Another respondent agreed with this view citing that placing an ROI metric on public and analyst relations is difficult; however, both programs have the potential to be highly effective.

Is leadership competent enough for metrics?

Multiple respondents agreed that the internet “leveled the playing field” by allowing easier access to metrics tools, but concerns surfaced about the ability of leadership to make the right marketing decisions. Respondents said that Chief Marketing Officers have become overwhelmed by the “metric hysteria” and many have been misled by metric tool salespeople. It was also a concern that many managers lacked the ability to use metrics and that the strategy of what was being measured was often out of focus. Business to business positioning was also considered to be lacking and often conducted poorly.

Trends 📈

Looking into the future of marketing communications one thing is believed to be true: metrics and the art of measuring effectiveness are here to stay. What exactly the market is trending toward is unclear. What is clear is that advances in cost-effective analytic technologies have made evaluating and obtaining metrics easier.

Marketers believe there is room for improvement among the current systems. Respondents believed the use of metrics would improve, and be better understood. Even those who felt that metrics are a fad of the times believed they would continue and could find value in their application.

Need for change

Among the trends is a call for change across various aspects of the marketing community. One of the most glaring is a need for better metrics and recording systems for branding campaigns and advertising in general. There is also cries for artists to embrace analytics as a tactic to aide in reaching the customer’s “emotional sweet spot.”

New metric trends

The trend going forward appears to be building every aspect of a marketing program around return on marketing investment (ROMI) metrics and linking those metrics to the overall business strategy. A good example of integrating analytics can be seen in figure #2 (to the right). In addition, qualitative and quantitative benchmarks are then made to be modifiable, actionable and are monitored more closely than in the past. “It’s all about the data.” “If data is the fuel, analytics is the engine.” One respondent felt that ROI metrics were not enough in unpredictable markets. While others saw the uprising trend toward metrics as an instantaneous trend of the times and argued that during hard-times metrics matter even less. They argued that metrics were “distracting” and caused companies to lose sight of their customers as they focused on the past and had little relevance for the future. They also believed that metrics were essentially killing innovation in big companies and as a result they have begun focusing on short-term gains rather than making long-term investments. It was believed that during hard times, businesses needed to rely on core competencies and focus on creating value

and developing market driven innovation.

Investment vs. Cutback

During economic downturns it is believed that all areas of marketing communications are subject to cutbacks, but was one style more apt to cutbacks? Absolutely, respondents believed that those marketing activities that could not justify funding with measurable results were the first programs on the chopping block. On the opposite end of the spectrum those programs that could justify spending with metrics were more likely to see budget increases. As one person stated, “metrics provide you with your marketing budget ATM card.”

Newest Tactics: The rise of Metrics Based Marketing (MBM)

Responses about the newest tactics being used in marketing revolved around the new trend toward using a metric based marketing (MBM) approach

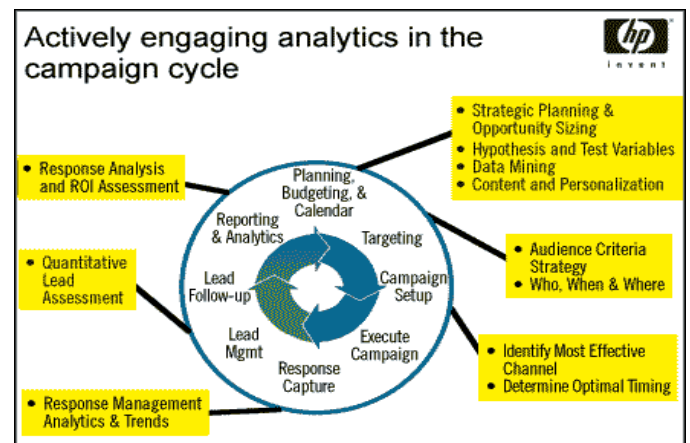


Figure #2

to communications. The new tactics tend to reject traditional awareness communications stating that the trend is going away from allowing creative freedom, building a brand and shaping consumer perceptions and was even stated as becoming obsolete. One respondent spoke of a client who was looking for a new model of communication as they transitioned their product away from a branding

internet strategy.

This new trend toward MBM starts with metrics and ends with a call to action. It tells a story by leveraging successes and minimizing poor performance. MBM truly allows knowledge and understanding of an audience via creating a dialog with consumers, learning their intentions and tracking shifts in customer navigation and behavior. Even traditional advertising is awakening to the concept of advertising that starts and ends with metrics by harnessing the power of direct call to action, for example, a television commercial that includes a mobile call to action.

Adapt to the times

Technology seems to be the main catalyst behind the new trend toward MBM. Since the introduction of Google, Yahoo and other free analytics, smaller companies have been able to gain ground on large corporations. These tools offer free access to resources that would have cost thousands of dollars just a couple of years ago.

Those who gravitated away from an MBM approach felt that companies have become too profit-oriented and were in need of a new mindset. They believed corporate marketing and positioning were getting better and believed that companies would benefit from hiring a Chief Growth Officer to help balance the strategic portfolio of investments as they focused on core competencies and market driven innovation.

Human Element 

Marketing does not matter without competent people behind the programs. This study sought to find answers about marketing strategies and the professionals

developing and executing those strategies. Due to the economy many marketing/advertising professionals have suffered. An effort was made to distinguish between marketers that work in more traditional branding/awareness firms and compare those to employees who work for agencies or companies that are focused on MBM.

Job security

Research showed that marketers believed that they have little or no job security especially during a bad economy. The only evidence to the contrary came from marketers who believed that those who could quantify their contribution to the company’s bottom line using metrics had more job security. They also believed that those who could justify their value and felt as if they had a larger likelihood of being promoted. Those unable to justify their value through metrics, such as artists, were believed to have very little job security.

Valuable skills

Based on one argument the value of an employee was judged based on their perceived value to the team and tenure with the company. The majority of respondents believed that an employee was judged less on perception and more on metrics. As one respondent stated, “ROI is power.” If one can track their projects back to captured revenue they will be more secure than those without measureable results.

Marketers with a strong grip on metrics and analytics appear to have an edge over other positions. It is perceived that artists are easy to come by, where as data driven marketers are a rare breed.



These marketers often can prevent worst case scenarios and defend the company from forsaking revenue for trends which art driven marketers often cannot predict.

The New Marketer

The general conception about moving up in a company stands that one must be multi-faceted; one respondent believed that most vice presidents in marketing came from the creative side but also had a firm grasp on metrics. It is believed that metrics are creating a gap between true marketers and marketing hobbyists. One doesn't necessarily need to know how to produce metrics, but they do need to know what they are saying and how to make decisions based on metrics.

Marketer Confidence Levels

While respondents are torn over whether confidence can develop by evaluating marketing programs with ROI metrics, they did all agree that it is important for marketers to have confidence in their programs. Without confidence in their marketing programs it is often difficult to achieve any level of job security especially in a tough economic environment. One respondent believed that marketers had a higher level of confidence in their programs using intangible measures.

Conclusion 👉

Based on the research gathered one cannot definitively say whether or not marketers have a higher rate of success working for a metrics based marketing company. What can be determined is that marketers who know how to use metrics put themselves in a better position than those who do not. Research showed that marketers believe they have no job security, especially in a rough economy. However, if you are strong with analytic tools and are able to evaluate metrics you are not only more valuable to companies you are more highly regarded by managers and peers. Even though the most valuable marketers appear to be those who are versatile and have the ability to fill many roles, a premium is put on managers that can analyze, interpret and make accurate business decisions based on metrics.

The current environment surrounding the use of ROI metrics believe they belong, and they will expand going forward. Looking at the future, many marketers believe that traditional awareness communications are on their way out. They believe the market will shift to easily measured mediums and the use of the newest ROI measurement tools.

SW

Marketing
 010101010 010101010
 Basis of Metrics
 Metrics Based Rise
 Metrics

Acknowledgement:

To my father who never quit, even when faced with tremendous odds he battled to the very end. You are my inspiration.

Biography:

Nicholas M. Wood received his Bachelors Degrees in Adverting Administration and Marketing from Portland State University in June 2008. During his time at University he was proud to serve on the board of Portland State’s chapter of The American Marketing Association and to be a member of Portland States National Student Advertising Competition put on by The American Advertising Federation.

Bibliography:

i.) “The Growing Popularity of Social Networking and Expertise Location.” KMEDGE. Ed. APQC. APQC. Web. 10 Aug. 2009. <http://kmedge.org/homepage.html>.

ii.) Crosby, Brett. “A/B and A/B/A Ads and Creatives Testing.” Conversion University. Google. Web. 10 Aug. 2009. http://74.125.155.132/search?q=cache:wWXX5m_gLLcJ:www.google.com/support/conversionuniversity/bin/answer.py%3Fhl%3Den%26answer%3D77158+can+you+compare+two+ads+with+different+creative%3F&cd=1&hl=en&ct=clnk&gl=us&client=firefox-a.

iii.) Duncan, Rob. “From Per-Minute to Per-Customer.” TMCnet.com. Interactive Intelligence, 09 Mar. 2009. Web. 15 Aug. 2009. <http://callcenterinfo.tmcnet.com/analysis/articles/51943-from-per-minute-per-customer.htm>.

SW





Sponsored by Response Capture Inc.

