



Marketing Performance Measurement

**Target Areas Where
Marketers Want to Improve
How They Measure Up**

BuyLine Report
2008

Marketing Performance Measurement Target Areas Where Marketers Want to Improve How They Measure Up

Published: August, 2008 by BuyLine Research LLC, Wellesley, Massachusetts, U.S.A.

The information in this publication is provided for reference only. All information contained in this publication is believed to be correct and complete. BuyLine Research, LLC shall not be liable for errors contained herein nor for incidental or consequential damages in connection with the furnishing, performance, or use of this material. All product specifications, as well as the information contained in this publication, are subject to change without notice.

This publication may contain or reference information and products protected by copyrights or patents. It does not convey any license under our patent rights nor the rights of others. We do not assume any liability arising out of any infringements of patents or other rights of third parties.

We make no warranty of any kind with regard to this material, including but not limited to the implied warranties of merchantability and fitness for a particular purpose. Customers are ultimately responsible for validation of their own data and information.

Copyright © 2008 by BuyLine Research, LLC, Wellesley, Massachusetts 02481, USA. All world rights reserved. No part of this publication may be stored in a retrieval system, transmitted, or reproduced in any way, including but not limited to photocopy, photograph, magnetic or other record, without prior written permission.

BuyLine Research, LLC
25 Earle Road
Wellesley, MA 02481 U.S.A.

Telephone: +1 781-608-8390
Fax: +1 781-239-3216
E-mail: comments@buylineresearch.com
Web: www.buylineresearch.com

BuyLine Research, Marketing Performance Measurement, and It's Time to Measure Up are trademarks of BuyLine Research, LLC. All rights reserved.

BL-RPT-08-351

TABLE OF CONTENTS

Introduction	1
Methodology	2
Why Focus on Performance Measurement?	2
Macro Areas of Marketing Performance Measurement	6
Micro Areas of Marketing Performance Measurement	7
Digital Marketing Performance Measurement.....	9
Action Steps.....	13
Conclusion	14

TABLE OF FIGURES

Figure 1: Increase in Loyalty When Measurement Needs Are Met	3
Figure 2: Distribution of Increased Loyalty to Vendor	3
Figure 3: Increased Likelihood of Additional Investment with Same Vendor	4
Figure 4: Does Insufficient Measurement Reduce Ability to Communicate Value?.....	5
Figure 5: Perceived Reduced Ability to Communicate.....	5
Figure 6: Macro Areas Currently Covered and Desired	7
Figure 7: Micro Areas Currently Covered and Desired	9
Figure 8: Digital Marketing Measurement Areas Covered and Desired	12

INTRODUCTION

When it comes to measuring and reporting go-to-market results, we've reached the point where it's time for marketing to measure up. Too often, the questions which seek information about a program, task, the effectiveness of a campaign, or the value of results are met with stony silence. The absence of clear, concise answers leads to doubts about marketing competence and discipline.

When answers are forthcoming, marketers often retort that they are working on getting the right information from processes and better gauge the value of specific investments. But too often, that insight is gleaned from someone off in a corner using a spreadsheet, some relevant data, and the occasional moist finger raised skyward. Something's got to give unless marketers are content to remain gluttons for doubt, barbs, and career inhibitors.

When answers are forthcoming, marketer's often claim that that better performance measurement and reporting is one of their top 3 priorities. But how many times are these empty words? How many programs are mere band aids covering gaping holes in measurement capabilities?

Individual marketers must step back and assess what is and is not measured now, what needs measurement in the future, and perhaps most importantly, why you are measuring in the first place. Better measurement and the insight gleaned from those results enables innovation based on confidence not guesstimates, and changes conversations from the defense of budgets to real discussions of positive impact.

This report not only delves into the reasons that measurement has risen to the top of so many marketing discussions—it simply improves everything marketing does and can do—but goes further and offers insight into what is being measured and what needs to be better measured. The basis for the research is a survey of marketers who focus on using measurement to provide a framework for game plans, to further assess progress and to improve results.

But this kind of improvement is not going to come from pouring over spreadsheets or mystic readings of fingers waving in the breeze. Rather, it requires the use of existing marketing automation tools and future automation investments. With the right tools, measurement becomes part of the process rather than a process unto itself. So, as you read the insight from peers about measurement, take the time to consider:

- Do you have gaps in coverage?
- Is measurement managed automatically or with brute force?
- Is measurement integrated into your processes or is it an island unto itself?

You can choose to turn the silence into dialogue and the questions into opportunities to provide insight, using automation as a foundation for action and results.

METHODOLOGY

In 2008, BuyLine Research conducted a web survey of over 100 marketers who understand how their organizations track and measure performance. Only individuals who were also involved in the purchase of a marketing automation product or service within the past eighteen months were included among the final set of respondents.

Respondents represented over 20 different industries and worked in organizations ranging from fewer than 10 employees to over 25,000 employees. A majority of respondents were director level or above in title and responsibility. The sample included North American-based respondents only.

WHY FOCUS ON PERFORMANCE MEASUREMENT?

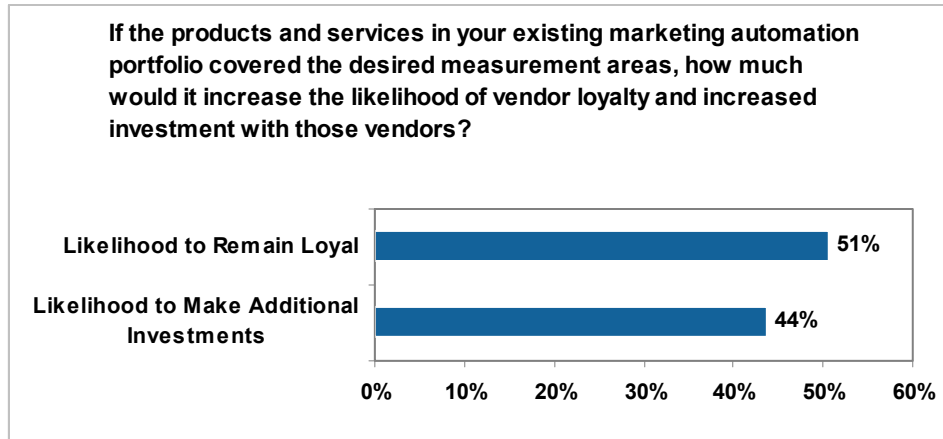
Performance measurement and marketing automation go hand-in-hand. In today's world of complex campaigns and programs, you cannot effectively measure performance unless you automate the process of data capture and organization. There is simply too much to measure, too many competing priorities. In essence, the right automation makes measurement something that happens rather than something people must remember to do.

And just as good performance measurement requires automation to capture and organize data, no campaign or program can be considered to be successfully automated if the automation does not enable measurement. Savvy marketing automation investment decisions include greater scrutiny of the measurement capabilities offered by potential solutions, the capture process, available formats, and *instant* analysis. Too many automation solutions talk a good game about what they measure, but in reality many require great effort before marketers can access data and shape it for relevant insight.

To jump-start a better focus on measurement, BuyLine Research asked marketers about specific marketing performance measurement areas that are part of their total marketing automation portfolios. We then asked for their input on the underserved coverage areas they desired most. BuyLine Research also asked marketers, "If products and services in your existing marketing automation portfolio covered the desired measurement areas, how would that affect your decisions in terms of vendor loyalty, increased investment, and repeat business?"

The results were startling. Measurement matters and automation providers take note: on average, marketers replied that better measurement capabilities would increase their loyalty by 51% and their likelihood of increasing their investment by 44% (see Figure 1). One marketer responded "1000%", and a follow-up dialogue confirmed that is what they meant to say, given the strength of their conviction. But for the sake of averaging, we reduced that response to 100%.

Figure 1: Increase in Loyalty When Measurement Needs Are Met



Of course, “on average” could mean a few 100% responses combined with many more reporting quite low increases. Not so in this survey. Take a look at the distribution of responses, as shown in Figure 2 and Figure 3. Over half of the marketers replied to each question with values of 50% or higher. The sense of value is clearly widespread among marketers. Marketers are looking to automation providers to lend a measurement hand and will repay that focus in loyalty and future investment dollars.

Figure 2: Distribution of Increased Loyalty to Vendor

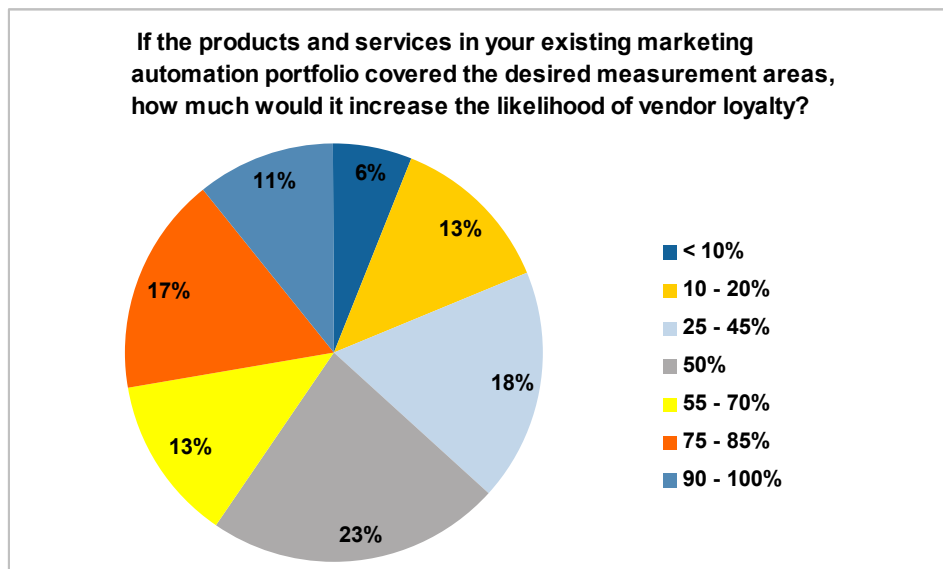
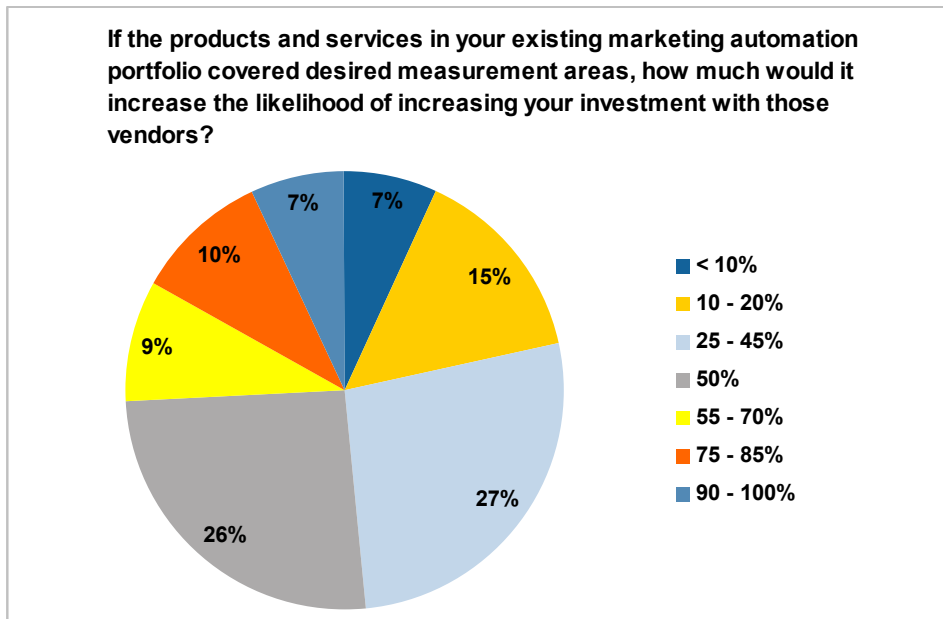


Figure 3: Increased Likelihood of Additional Investment with Same Vendor

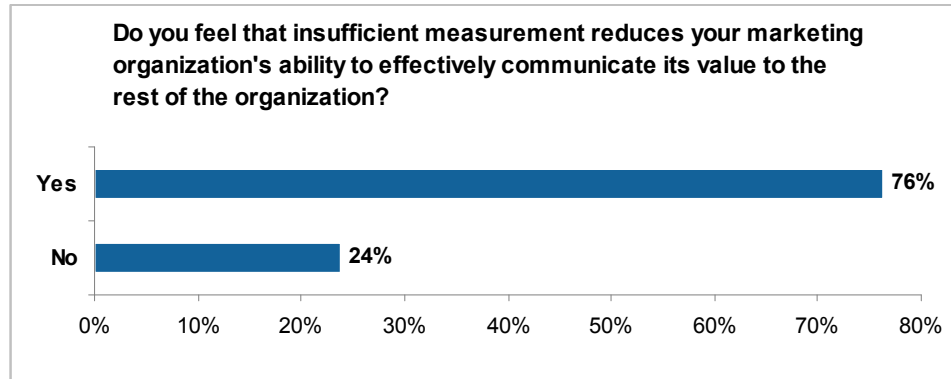


Why would there be such a marked increase in loyalty related to covering marketing performance measurement areas? Simply ask any marketer about the current state of performance measurement and watch the stress lines turn smiles to grimaces. The pressure for better measurement continues to build. The burden has gone without relief for far too long; it simply grows heavier with time.

Marketers are looking for performance measurement solutions and see the rapid advance of marketing automation tools that manage tasks, engagements and processes, all theoretically poised to report on the effectiveness of what they do and how they do it. They know marketing performance measurement plays a critical role in campaign management and resource allocation, and effective communication of the value of marketing. They want to foster internal and external success and believe they can do so with help from automation partners who share their sense of need and behave with a sense of urgency.

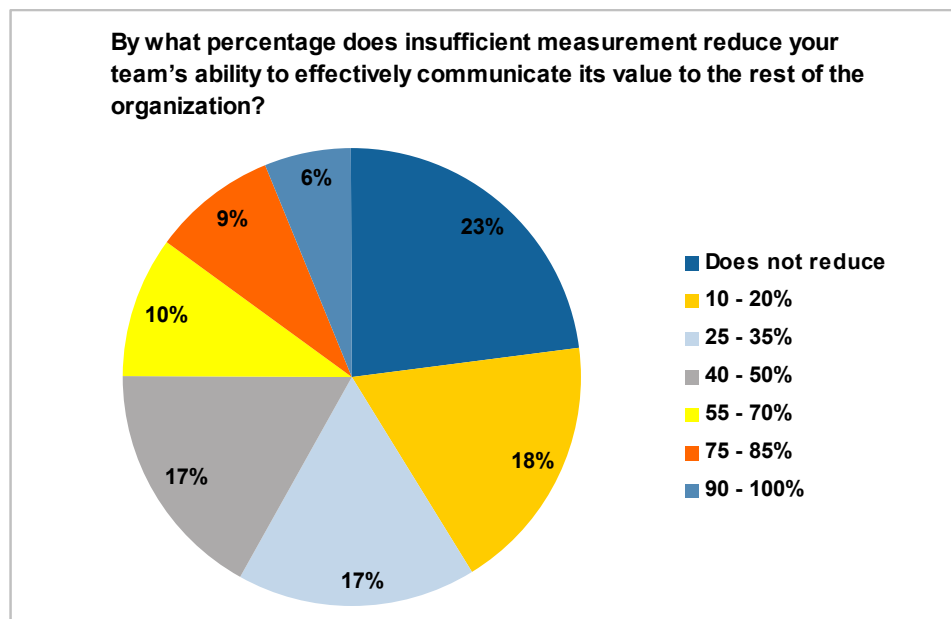
More than three-quarters of respondents reported that insufficient measurement reduces their marketing organization's ability to effectively communicate value to the rest of the organization (see Figure 4). But the real question is what is the size of the negative impact? BuyLine Research asked the marketers to elaborate and rate the impact insufficient measurement had on their team's ability to effectively communicate its value. On average, they reported that their ability to communicate was reduced by 45%. Consider...How successful can anyone be if they are able to relate only half of what they need to, day in and day out?

Figure 4: Does Insufficient Measurement Reduce Ability to Communicate Value?



Once again, we looked to the distribution of responses (see Figure 5) for more information. Twenty-four percent of the respondents did not feel that their ability to communicate their value to the rest of the organization is reduced by insufficient measurement (responses that were excluded from the average given above). Yet, even with these responses included, the median perceived loss of ability to communicate is still 30% (half of the responses are higher than or equal to 30%). That is, half of all of the marketers believe their ability to effectively communicate their value to the rest of their organization is reduced by about a third. A quarter of respondents believe it is reduced by more than 50%!

Figure 5: Perceived Reduced Ability to Communicate



MACRO AREAS OF MARKETING PERFORMANCE MEASUREMENT

What do marketing organizations want to measure? BuyLine Research answers this with a view across nine top-level (or macro) areas of marketing performance measurement.

The nine areas, listed alphabetically, are:

- Campaign effectiveness
- Campaign results
- Cost/benefit analysis
- Customer affinity
- Customer satisfaction
- Market share (versus competitors)
- Mind share (share of awareness)
- Program or campaign trends
- Wallet share (share of spending)

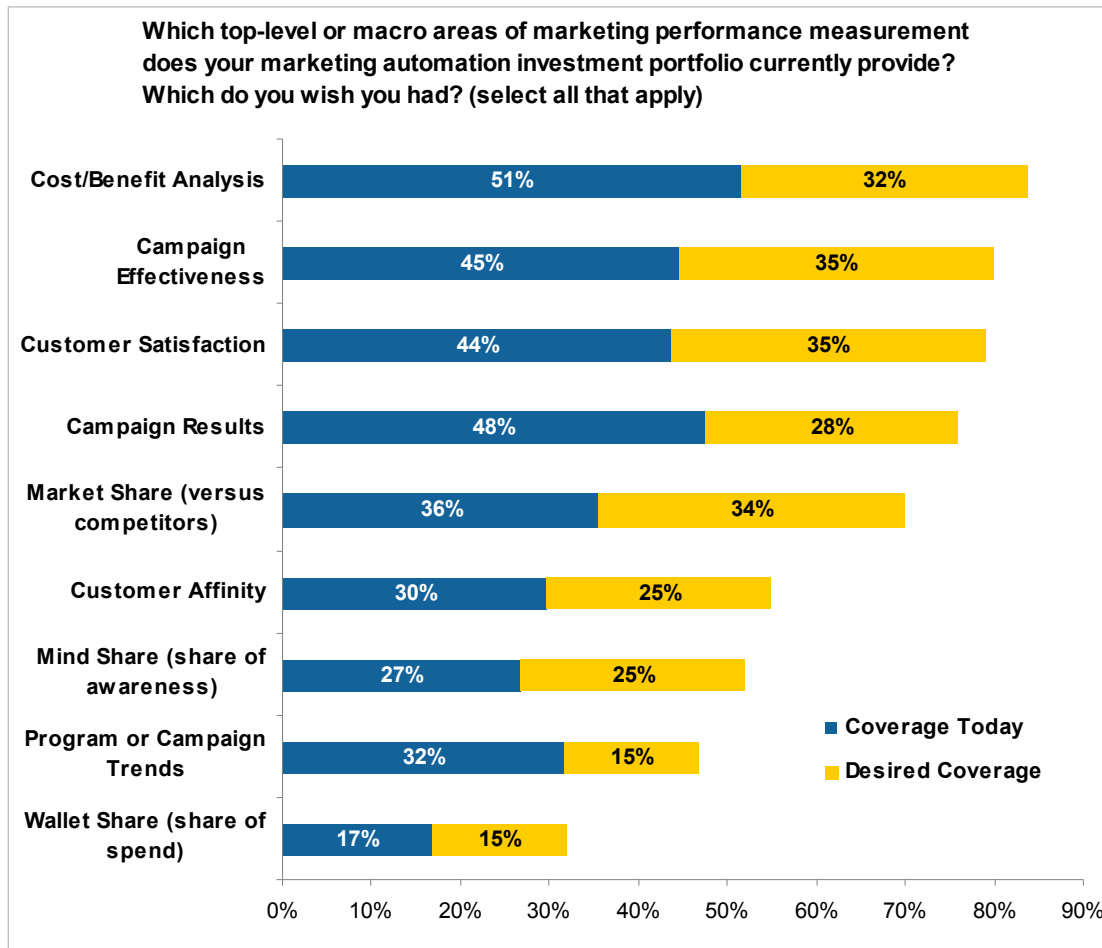
Marketers were given the opportunity to add, through an Other entry, additional macro areas that require performance measurement. No respondent added other areas, confirming that this breakdown offers very complete coverage.

Respondents identified all the areas covered by their current marketing automation portfolio (see Figure 6). More than half of the current portfolios of marketing automation software did not include cost/benefit analysis, campaign results, campaign effectiveness, or customer satisfaction capabilities. This reality is striking. It is no wonder that marketing is measurement-deprived.

Marketers were then asked to identify up to three macro areas they wished their automation investments would cover (also shown in Figure 6). Campaign effectiveness, customer satisfaction, market share, and cost/benefit analysis were each identified by about a third of the respondents. Automation providers who heed this cry, placing higher emphasis on providing measurement capabilities (rather than churning out yet another feature/function checklist) can position themselves to reap the revenue and loyalty rewards.

Notice, too, that the macro areas most often covered in current automation portfolios are also areas at the top of marketers' wish lists. Consider how many organizations do not currently enjoy marketing automation products that cover the processes considered most important for performance measurement. These results bring to light at least part of the impetus for the continued spending increases in marketing automation across all marketing areas. (For more information, see the BuyLine Research report entitled *Marketing Automation Market Trends 2008*.)

Figure 6: Macro Areas Currently Covered and Desired



MICRO AREAS OF MARKETING PERFORMANCE MEASUREMENT

It is easy to highlight top-level measurement areas, but the real challenge comes at the action-level, where campaigns are set, engagement takes place, and results are noted. To provide this insight, BuyLine Research focused on nine micro-level areas of marketing performance measurement. Again, no respondent felt the need to add any additional areas to the list.

The nine areas studied, listed alphabetically, are:

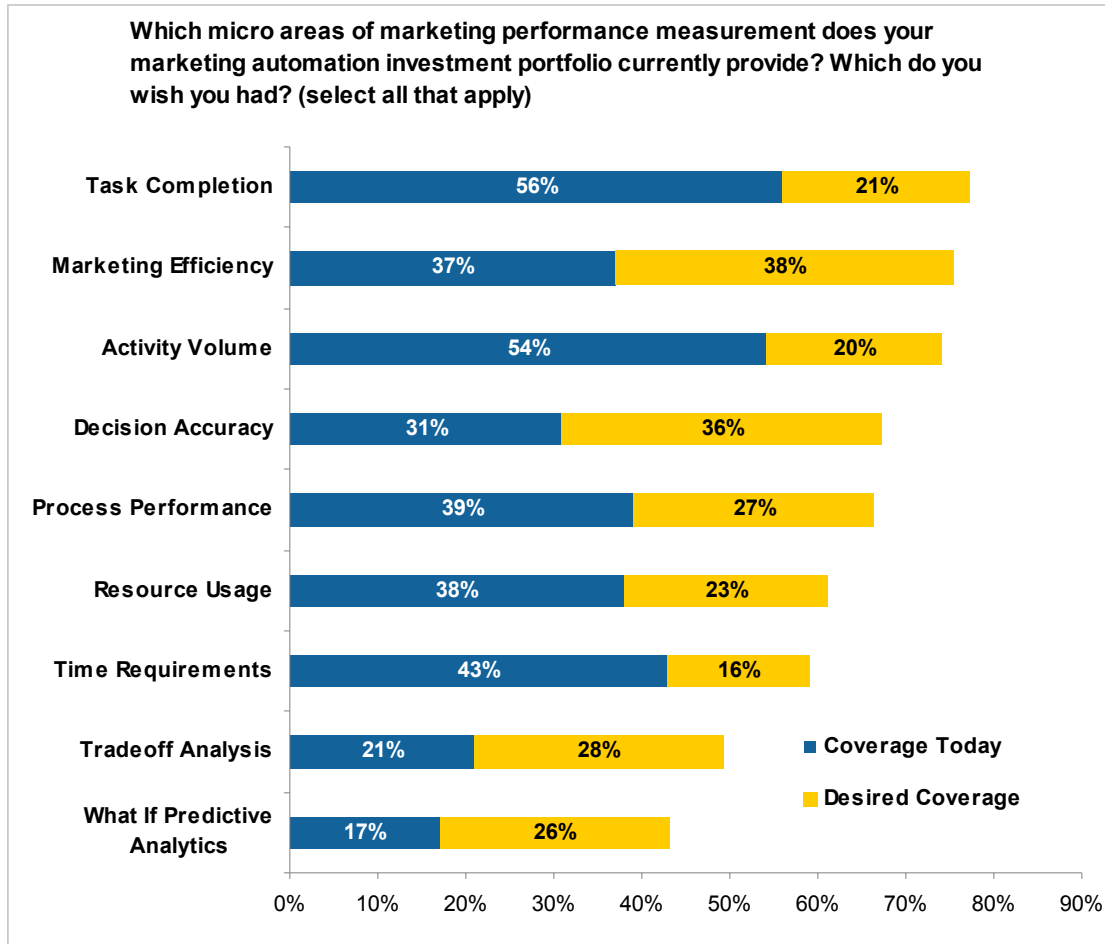
- Activity volume
- Decision accuracy
- Marketing efficiency
- Process performance
- Resource usage
- Task completion
- Time requirements
- Tradeoff analysis
- “What if” predictive analytics

Again, marketers were asked to identify the micro-level areas covered in their current marketing automation portfolios (see Figure 7). The two areas most often covered are task completion (56%) and activity volume (54%). While these seem to be cornerstones of effective measurement and appear to be straightforward to capture, they remain unavailable to more than 40% of the marketers as they use existing marketing automation investments. 43% of marketers have measurement tools that provide insight into planning with time requirements, the third most frequent area of current coverage.

Marketers then identified up to three areas they want covered (also shown in Figure 7). Rising to the top of the list are marketing efficiency (38%) and decision accuracy (36%). These are crucial metrics for effectively communicating value internally. That success often demands a combination of data from different areas of measurement be taken together to generate an accurate assessment. So, while some of these metrics may be more difficult to measure, they are crucial because they present outcomes rather than activity. In reality, marketers know all too well that the number of tasks completed is immaterial if they cannot then speak to their effectiveness.

Earlier, we mentioned that marketing performance measurement is most often used by marketers to report on effectiveness, rather than as a tool to become effective. However, with better performance measurement tools, marketers can go beyond closing the internal communication gap and use the insights garnered through their automation investments to do their jobs more effectively. Thus efficiency and effectiveness can improve, once a baseline of knowledge is established. Beyond that there is considerable planning value as organizations gain decision accuracy, which enables better tradeoff analysis and “what if” predictive analytics when formalizing short and longer-term efforts.

Figure 7: Micro Areas Currently Covered and Desired



DIGITAL MARKETING PERFORMANCE MEASUREMENT

Online or digital marketing continues to turn the marketing world upside down. What a great time to be a marketer, if you can adequately measure and act upon new media, sources, and channels. But how frustrating it must be to float atop this wave with little insight into actions beyond downloads and session times.

As a digital marketing presence is essential to almost every business, BuyLine Research created a list of twenty-three performance measurement areas, some of which could apply to non-digital marketing as well. Worth repeating, for the third time, no respondent added any others to the list, so we feel confident this reflects a good solid starting point for discussion and focus.

Alphabetically, the areas are:

- Brand perception
- Content preference
- Degree of interaction (shown by monologue vs. dialogue)
- Degree of reliance
- Download installations
- Downloads
- Impact of timeliness and timing
- Likelihood of loyalty
- Membership levels
- Offer rating
- Online content paths or routes
- Online duration
- Online group participation
- Online level of engagement
- Online return frequency
- Online surveys
- Participation cadence (pattern of frequency and timing)
- Promotion interest
- Share of conversation
- Strength of relationship
- Tone of discussion
- Vendor performance satisfaction
- Vendor ranking

The list is robust, but so is the online world. Some areas are relatively easy to measure, like the number of downloads, online duration, or online return frequency. Others are only somewhat more complex, like online level of engagement (the activity of the guest) and online return frequency (based on registration). Still others present challenges to measure, like degree of reliance and tone of discussion. But as marketers move from demographic targeting, through psychographic triggers to behavioral patterning, these advanced measures must gain attention and gain coverage within marketing automation solutions.

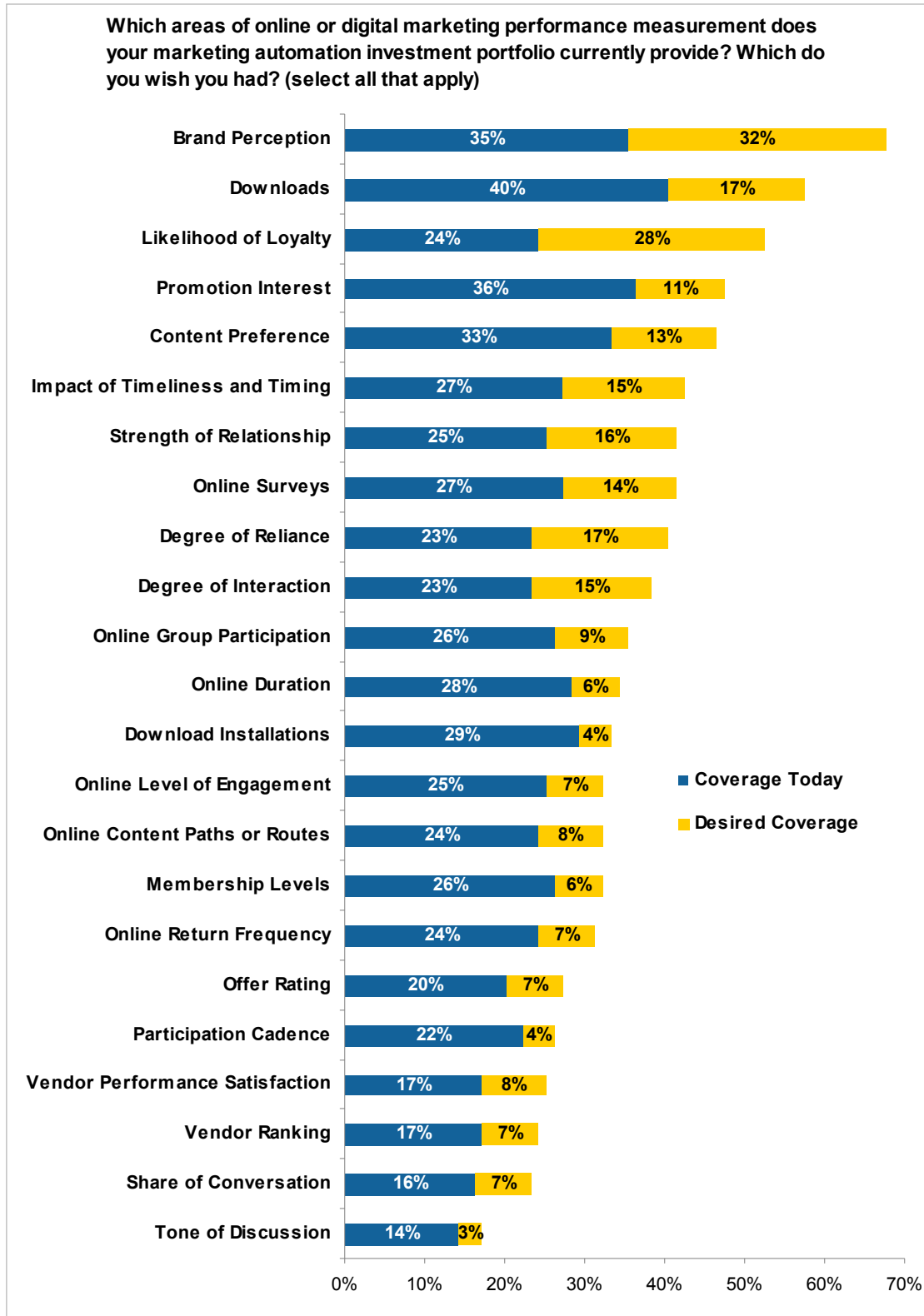
Looking directly at those more advanced measures, the least often covered is tone of discussion (14%). On the basic end, the most often covered is downloads (40%) followed by promotion interest (36%), brand perception (35%), and content preference (33%). Figure 8 shows the top ten covered areas. Although some marketers now have measurement capabilities in each area, each area of digital marketing performance is unavailable to 60% or more of marketers through their current marketing automation investment portfolio. You cannot measure what you cannot see and you cannot manage what you cannot measure. If marketers continue to flow dollars into the online world, without paying attention to measurement, they are setting themselves up for budget justification, performance reporting, and internal communication challenges unlike any they have ever seen. Marketers should consider themselves warned.

What measurement areas are most wished for? Again, marketers were asked to select up to three so the results can help automation providers focus on the broadest perceived value. While each area was selected by at least 3 of the respondents, the most often selected area is brand perception (32%) followed by likelihood of loyalty (28%) Figure 8 also shows the top ten areas on our respondents' wish lists. Note that likelihood of loyalty wasn't even in the top ten currently covered, yet it is one of the most basic of all measurements, one that helped kick off this report.

Most marketing organizations have just begun to measure the online world and are working to build more sophisticated methods. The lack of sophistication becomes clear, as many of the digital measurement areas topping the most wished list simply measure the results of marketing rather than steps in the process of marketing. Marketers can seize the online opportunity and leapfrog the historical shortcomings around marketing performance measurement by putting in place automation systems that provide meaningful data on the elements of a campaign or project. If one does not adequately measure the elements that go into the results, what decision making reliance can be placed upon it?

Beyond better measurement of online cause and effect, perception and loyalty, marketers can also strive to use online measurement to understand both content preference and online engagement levels. Each of the latter measures can be used by marketing to improve the experience of the online customer and offer them a learning path. The best organizations will see online engagement as extremely important and powerful and insist that their marketing automation investments use measurement to help craft and adjust online experiences for prospects and customers.

Figure 8: Digital Marketing Measurement Areas Covered and Desired



ACTION STEPS

The time is ripe for marketing to reassess its measurement goals and the current shortcomings that stand in the way of meaningful data collection, organization, and analysis. Marketers should not only list their automation portfolios, but also detail the measurement capabilities delivered, identify gaps, and prioritize those gaps. With good marketing performance measurements (both digital and non-digital), marketers will not only be able to report on effectiveness but will also gain agility, focus, leverage, and higher returns on campaign investments. In short, marketers will be able to do their jobs more effectively and build a strong foundation of fact-based knowledge from which to share results with internal constituents.

Marketing automation providers also stand to gain from this effort. Many marketers state without hesitation that those vendors that help them along this path will gain a competitive edge and become resources of reliance. Remember, once a measurement system is in place, it is often quite difficult to unseat, given the need to build on historical data, the desirability of continuity in reporting, and the costs associated with switching solutions.

Marketing organizations should focus on the following areas to improve automation and measurement.

- Map the automation portfolio in terms of measurement.
- Identify the gaps in measurement and list the impediments to filling those gaps.
- Prioritize areas of measurement; take note of areas where different metrics connect and intersect.
- Associate each area of measurement with the ultimate use for the information: How do you intend to convert what you learn into a course of action?
- Engage automation providers in a measurement discussion about your existing investments and their development priorities.
- Sensitize internal parties to the rigors, challenges, and value of new measurement efforts to gain commitment and support for changing existing rules of measurement.
- Assess online measurement, not based in historical measurement schemes, but in light of the new opportunities the digital world presents for converting what is measured into real-time actions that engage, build relevance, and build a sense of commitment.
- Insist that upcoming investment evaluations place a greater focus on the mechanisms that enable measurement, achieve it, and put the findings in the right context for your organization—the context required for decision making, action, and planning with greater understanding and insight.

CONCLUSION

There is no doubt that marketing automation providers are pivotal to advancing the ways marketing uses measurement to build legitimacy, effectiveness, and measurable business impact. It is up to marketing organizations to first form a coherent strategy that shows unmet needs and value gained, then to engage automation providers in a clear, concise dialogue about how information gathered can and will be used to gain competitive advantage. Once the efforts are joined, we will see automation innovation that expands available methods of measurement. Then, the impact of marketing performance measurement will be positively felt by both parties as the return on automation investments becomes clearer.

Marketers and automation providers share similar needs for legitimacy, increased loyalty, and visibility into tasks, processes, and customer journey management. Measurement is a key to a win-win situation for all. Best-practice leaders on both sides must take a position of leadership, generate insight that refines campaign blueprints, better engage traditional and digi-centric audiences, and drive revenue results.

A large, stylized blue waveform graphic that starts on the left side of the page and extends horizontally across the bottom. It has a 3D effect with a lighter blue top edge and a darker blue bottom edge.

Marketing Performance Measurement®

Email comments@buylineresearch.com

Phone 781-608-8390

www.buylineresearch.com