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Marketing Dashboard
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The Marketing Dashboard: Measuring Marketing Effectiveness

Jeff Lowe
Strategic Planning Director
Venture Communications
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Introduction

Introduction

Circa 1920:

"I know that half the money I spend on advertising is wasted. I just don't know which half."

- Department store magnate John Wanamaker

Circa 2000:

"More money is wasted in marketing than in any other human activity."

- Ries & Trout, The 22 Immutable Laws of Marketing

It's 2003. Isn't it time we fixed this? As these quotes demonstrate, tying marketing activities to business results has historically been a difficult undertaking. This paper addresses the reasons for this and reviews the concept of the "marketing dashboard" that is gaining popularity among some of North America's leading marketers. By adopting a strategic view of marketing as a business enabler, rather than a cost, marketing leaders are able to improve their accountability along with the strategic value of the marketing function.

The discussion is broken down into the following sections:

1. Why is measuring marketing return on investment (ROI) so difficult?
2. What is a Marketing Dashboard™?
3. Three steps towards marketing measurement success.
4. Getting started!



Part I

1. Why is measuring marketing ROI so difficult?

There are many impediments to measuring marketing ROI, not the least of which is that many campaigns are launched with soft objectives. Marketing objectives are vaguely stated: increase awareness, build brand recognition, or simply “be out there”. The marketing initiative or campaign may coincide with the business’ success or failure in the marketplace. Either way, it is often impossible for executive management to determine marketing’s true impact.

The language of business is important.

A different language often exists between marketers and other business professionals. While senior management speaks in terms of earnings, revenue, return on investment, customer/employee loyalty and shareholder value, marketing professionals have tended to speak in terms of brand equity, impressions, clicks, GRP’s and CPM’s.

The result of this disconnect is that in tough times, marketing is often one of the first departments to be negatively affected from expense cuts. As long as marketing is viewed as a cost instead of an investment this will continue to be the case. Until marketing professionals arm themselves with the tools and the associated language necessary to demonstrate to senior management that they are generating sustainable, measurable value to shareholders or other stakeholders, this unfortunate practice will continue. A corporate CFO demands a return on investment, in business terms, for dollars spent on capital expenditures - equipment, additional personnel, information technology, and sales resources. Marketing must also demand a quantifiable return on its’ investments.

Alignment is key.

This is not to say that traditional marketing metrics are not important. Tactical results will remain useful to marketing professionals for the foreseeable future; however, the key to success looking forward will be to align marketing activities with business objectives in order to demonstrate business value. Marketing leaders must continuously communicate with senior corporate executives on the actual results versus the projections of an initiative and their contribution to the business strategy if they are to successfully position marketing as a strategic business enabler. The adage “that which gets measured gets managed” certainly applies to the marketing profession, but equally important is to ensure the right things are being measured in the first place.



Part I

Complexity should not be a barrier to success.

Another difficulty facing organizations wishing to measure marketing ROI is the multitude of independent and disparate strategies and tactics that exist across marketing silos. Business units, corporate marketing, and regional marketing often have their own programs with little knowledge transfer or understanding between them. When this is the case, marketers may be able to demonstrate ROI for isolated projects or individual campaigns, but it is next to impossible to demonstrate the aggregate value of the entire marketing function.

Finally, there is a popular belief that there is no clear way to track many aspects of marketing, no way to correlate activities and demonstrate results. This is especially true of the marketing elements that are not directly related to revenue generation, such as advertising, public relations, sales support, analyst relations and internal communications. The fact is, with the proper discipline and planning, virtually all activities can be tracked and measured in terms that are relevant to the business. However, more often than not, these initiatives' effectiveness are determined by opinion and "gut feel" instead of by review and analysis of quantifiable and substantiated data.



Part II

2. What is a Marketing Dashboard?

To combat these challenges, marketers are turning increasingly to marketing measurement tools and digital dashboards. As the name suggests, a Marketing Dashboard provides an overview of marketing goals and objectives, and real-time insight on progress toward each objective. Like the dashboard in your car, a Marketing Dashboard provides all the necessary dials and gauges to tell you where you are, where you're going and at what speed - along with indicator lights that illuminate at the first sign of a problem.

It is important to note that no software tool alone will solve the issue of marketing accountability. Effective dashboards begin with strategic analysis that includes goal setting and alignment of the marketing strategy with business strategy. Organizational discipline and rigor is required for any measurement tool to be effective over the long term.

What are the benefits?

There are two primary benefits to a Marketing Dashboard. The first is the ability of the marketing executive team to make fact-based decisions that will allow them to allocate future resources based on what is working versus what is not. The Marketing Dashboard also facilitates communication of marketing objectives and results - ensuring that the marketing team is in sync across the organization, and that senior executives are provided consistent, relevant data on their progress toward key objectives.

A Marketing Dashboard can provide many views into the marketing function, from the big picture of how it is achieving its goals, to a detailed view of how each individual campaign or activity is performing. Reports can also be generated that compare the effectiveness of cross-organizational activities and display key metrics such as overall campaign ROI, cost per sale, cost per lead, and so forth.

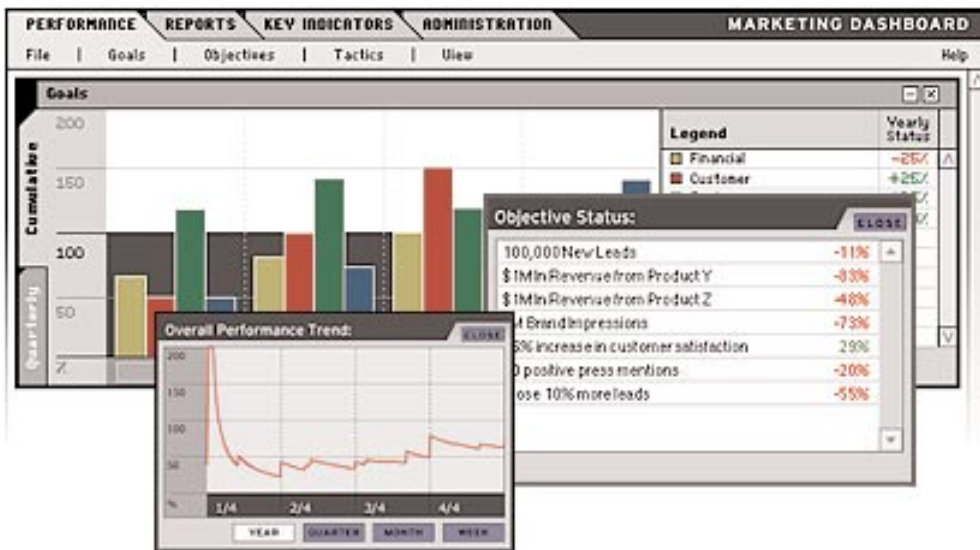


Part II

Examples of high-level dashboard features include the following (see figure 1):

- Aggregate marketing index depicting overall marketing success
- Quantifiable ROI on marketing plans
- Identification of what objectives are doing better than expected
- Identification of what objectives aren't being met

Figure One: High Level Reporting



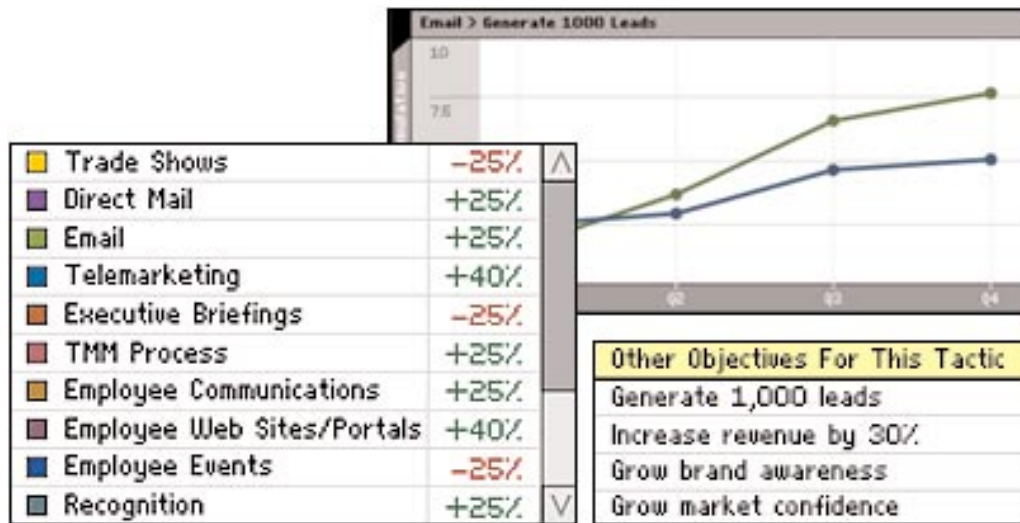


Part II

Examples of detailed features include the following (see figure 2):

- Performance of individual marketing activities like advertisements, direct mail and public relations campaigns
- Demonstration of how each activity contributes to marketing objectives
- Pinpoint problem areas at the tactical level

Figure Two: Detailed Reporting



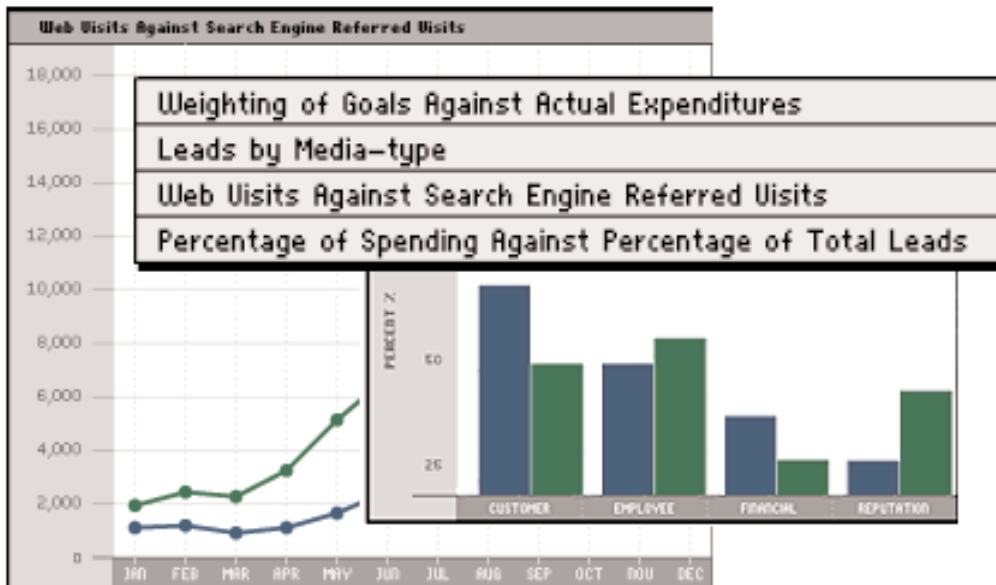


Part II

Examples of custom reporting features include the following (see figure 3):

- Allocation of budget versus projections
- Source of qualified leads by media type
- Comparison of Web downloads versus Web hits
- Cost per positive, neutral or negative press mention

Figure Three: Custom Report Examples





Part III

3. Three steps towards marketing measurement success.

There are three key steps involved in building a Marketing Dashboard:

i. Design

In this critical first stage, key corporate stakeholders are involved to design what will be measured, as well as why and how the measurement will take place. The first area of consideration is the scope:

Ensuring Alignment is Critical to Success



Focus on measuring only what is strategically important to the company.

- Will it be corporate-wide or unit specific?
- Who will be responsible for inputting data and keeping the Marketing Dashboard current?
- Where will this data be housed? How will it be accessed?
- Which key stakeholders in the organization need to be involved?
- Will the Marketing Dashboard be introduced in selected geographies or rolled-out globally?
- Will it involve internal metrics, external metrics, or both?



Part III

Once the scope is determined, the exercise becomes one of alignment. No other word is more important in describing what is crucial to the design of a measurement instrument that is meaningful and sustainable.

Alignment starts with the corporate strategy. Marketing executives must focus on mirroring their marketing strategy as closely as possible with the corporate strategy, and measure only what is strategically important to the company. It is crucial, therefore, to have the senior marketing executive and the chief executive officer agree on the high-level goals of marketing and how marketing is contributing to the attainment of the business strategy.

Once the marketing goals are aligned with corporate goals, the next step is to set measurable and quantifiable objectives. Benchmark measurements are necessary in order to compare actual marketing data with pre-set projections that are either based on industry standards or historical averages.

Another important consideration in the design phase is the weighting of goals and objectives. It may be more important, for example, to generate revenue than it is to increase brand awareness - so these two hypothetical goals would need to be weighted differently in order to accurately reflect their relative contribution to an overall marketing index.

The final stage of the alignment process is to align marketing tactics or activities with the pre-set goals and objectives. Activities are defined as the areas in which the marketing department expends time or resources. This might include product development, pricing strategy, channel development, and communications expenditures such as advertising, direct marketing, public relations, Web initiatives and internal communications. Each activity is then assigned to one or more of the pre-set objectives so that all of the tactical elements "roll-up" into the higher level goals and marketing indices.

The design phase is typically the most thought-provoking and time-consuming phase of the Marketing Dashboard development. Upon completion of this phase, the software development stage can begin.



Part III

ii. Development

With the Marketing Dashboard designed on paper, attention can be turned towards the development or purchase of measurement software, which uses a variety of reporting tools. Fundamentally, these tools should be able to display and manipulate the required data as well as generate the appropriate reports.

Build versus buy.

Among the first decisions to be made in the development stage are whether to build or buy and whether the tool should be Web-based or stand-alone. There are not many pre-packaged software tools available on the market today, but this is expected to change in the near future as software companies and marketing firms look to capitalize on the growing interest in marketing accountability.

For some, basic spreadsheet software such as Microsoft Excel may be all that is required to display and report on marketing metrics. This is especially the case in smaller or less complex organizations that have a centralized marketing function with a relatively small number of metrics and activities.

The drawback of desktop-based spreadsheet or presentation programs is that they have difficulties scaling to multiple users and initiatives. Crucial tasks like maintaining version control become arduous, even impossible. Desktop programs are typically more difficult to link to other corporate data systems such as Web sites, ERP systems and CRM data, which is often a reporting requirement. Also, Excels' ability to process large data sets is limited to the processing power of your computer. For these reasons, larger, more complex organizations in which marketing functions are distributed across numerous geographies will be better served with a more robust Web-based tool.

Once the tool is decided upon, the development stage becomes a data-entry exercise. All of the pre-identified goals, objectives and activities are loaded into the software tool, linking each activity or tactic up the chain to the goals and objectives that support the business strategy.



Part III

As mentioned, Marketing Dashboards can be linked to existing automated systems (such as Web sites, ERP and CRM systems) to eliminate manual intervention. Marketing management should also determine where it makes sense to include external vendors and partners in the process - these could include advertising agencies, public relations firms and research vendors. Instead of (or along with) providing marketing data in spreadsheets or presentations, these vendors should be encouraged to update the areas of the Marketing Dashboard for which they are responsible.

The chosen tool should be easy to use and update, and should archive all of the entered data for future trend analysis. Once the baseline data is entered, the third and final stage begins.

iii. Implementation

With careful planning, companies can move quickly from development to implementation. It is usually prudent to launch as a pilot project before going "live" across a large and complex marketing organization. The pilot may be held in a particular business unit or geography, with an eye towards fine-tuning any bugs or unforeseen process issues before involving the larger audience.

Once the pilot is complete, training should be held for additional employees, partners or vendors who will be required to use the tool. This training may be straightforward or more involved, depending on the complexity of the output from the design phase. The education should cover the process of marketing measurement - key definitions, clarification of goals, and so on - as well as training on the features and functions of the software itself.

An internal communications plan is a critical aspect of implementation. The plan could include executive updates and testimonials, Web demonstrations, employee briefings and email campaigns. The success of this or any other mission critical initiative affecting employees is often tightly linked to the commitment (both real and perceived) of the CEO. For this reason, launch messages should originate from the highest possible senior executive.

The final stage in the implementation plan is to ensure that the necessary policies and associated schedules are established to ensure consistent and regular updates. Doing so will ensure that updates to the Marketing Dashboard take place in time for regular marketing committee or senior executive meetings. While this process does not need to be complex or arduous, discipline in keeping the Marketing Dashboard current will positively impact your success.



Part IV

4. Getting Started!

When done right, marketing can deliver value in many different ways. Today's leading corporations are looking to build reputation, generate sales, improve employee morale and make their sales force more efficient.

There are many potential activities for achieving each of these benefits, all uniquely relevant to each individual case. Often, marketers struggle with the multitude of choices they have for investing their marketing dollars. Should they invest in advertising or public relations? Internal communications or collateral for the sales force? What about direct mail? Is it still effective? E-mail is hot at the moment, and there is growing support for search engine marketing and "viral marketing".

How can marketers be expected to choose?

The fact is that each marketing tool has its strengths and weaknesses: there is no silver bullet or magical campaign that suits every organization. Before addressing the tactical areas in which to invest, marketers must first ensure they are strategically aligned with the corporate business strategy. Seek first to design a strategy that enables the business imperatives, then implement the strategy and report on the results frequently using a Marketing Dashboard.

Aligning marketing with business strategy and implementing a measurement system has become a key imperative of all high-performance marketing organizations. Let's revisit the quotes that were introduced at the beginning of this paper:

"I know that half the money I spend on advertising is wasted. I just don't know which half."

"More money is wasted in marketing than in any other human activity."



Part IV

It's time that marketers stand and deliver, and dispel the common belief that marketing is more art than science. Leading marketing organizations are doing just that, through the implementation of the Marketing Dashboard, making them more accountable and elevating the strategic role of marketing within their organizations.

Perhaps the following is a more appropriate quote for these leading companies in 2003:

"Every one of my marketing dollars delivers a return. And I can prove it."



Part V

About the author

Jeff Lowe specializes in the areas of Marketing Measurement/ROI, Brand Communications, Research-Based Marketing and Internet Marketing for Venture Communications.

With over 13 years of experience in marketing and branding, Jeff maintains a strict adherence to planning and fact-based decision-making. He helps clients build accountable marketing strategies and measurement systems and exploits the power of research in enabling clients to demonstrate thought leadership and provide value to their customers. Jeff has extensive experience with all aspects of marketing and brand communications, with an emphasis on advanced Internet marketing as a key component of the integrated marketing mix.

Jeff held various senior marketing positions over a 10-year period at IBM Corporation, including direct marketing strategist, Internet marketing manager and global marketing manager for the Petroleum Industry Solutions Unit.

In his role of brand manager at BMC Software, Jeff built global strategies and designed campaigns that increased brand awareness and sales revenue through cost effective integrated brand communications techniques.

At Venture Communications, Jeff takes a strategic and measurable approach to brand building. He has extensive experience in segmentation, message planning, research-based branding, customer acquisition and retention programs, and brand measurements/dashboards.

Jeff holds an honors degree in marketing from the University of Calgary's Faculty of Management.