

# 101 Selecting the Right Marketing Metrics



### 1. The Lowdown

Marketing metrics can serve as an important means of assessing and communicating marketing performance, yet many marketers struggle to determine which metrics are the "right" ones to deploy. One factor that makes metrics selection particularly challenging is that, unlike other business functions, there is no generally accepted set of metrics for marketing. Adding to the metrics selection challenge is the vast number of possible marketing metrics that have been identified over the past few years—it's really no wonder that marketing metrics selection can appear so daunting. Despite these obstacles, many marketing organizations have successfully developed and implemented effective marketing metrics programs, by following the focused, incremental, and iterative process outlined below.

# 2. Why do I need to know about it?

More than ever senior management is holding marketing accountable for setting and achieving specific financial objectives. A key component to marketing success has become the ability to credibly demonstrate the impact of marketing initiatives on key financial outcomes, such as incremental sales, customers, and margin. Metrics that are perceived as objective, organizationally relevant, and numerically credible can be a powerful "story telling" tool for marketers, particularly in their communications with financially oriented senior management.

## 3. Where to start?

1. Begin by defining the role of marketing in your organization.

What is marketing supposed to deliver for your company? More customers? Better brand equity? More qualified leads? Customer satisfaction? Once you have confirmed the specific objectives of your marketing function, you can productively focus on the metrics that will best assess progress towards these objectives.

2. Develop a specific list of key questions to guide metrics selection.

Along with a clear definition of marketing objectives, key questions can be an effective focal point for metrics selection. It's helpful to take a "divide and conquer" approach—categorize key questions and define supersets of possible metrics for each category. This ensures you will develop a list of metrics candidates that is well-balanced and comprehensive.

3. Assess potential value AND cost.

As you prioritize the list of potential metrics, make sure to think about each metric along the dimensions of both potential value as well as acquisition cost. This enables you to quickly identify the obvious "winners" (high value, low cost) and "losers" (low value, high cost), allowing you to focus maximum attention on those metrics that require deeper evaluation.

4. Engage key stakeholders in an iterative process to refine the metrics list and definitions.

In order to be effective, metrics must be perceived as providing a valid, credible representation of performance. Obtaining meaningful participation from senior management, sales, operations, finance, and any other important stakeholders is an excellent way to build the organizational acceptance that is required for any successful marketing metrics initiative. Whenever possible, look for opportunities to engage and build alignment across the organization.

# 4. The thing to remember is...



- 1. There is no one, universal set of "right" metrics—the right metrics for your organization will depend upon the specifics of what your marketing function is accountable for and the most-critical questions for which marketing needs answers.
- 2. Credibility is essential—metrics serve no purpose if the larger organization does not understand or believe them. By engaging as broad a cross section of stakeholders as possible throughout the entire process, you dramatically improve the likelihood of success.
- 3. Focus on measuring what you should, not just what you can.

### **Related Resources**

Interested in learning more about selecting the right marketing metrics? The following resources may be of interest:

- 1. 5 Keys to an Effective Marketing Dashboard
- 2. 10 Immutable Laws of Marketing Measurement
- 3. 5 Questions that Frame the Path of Measurement Insight

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