

Marketing Must Demonstrate ROI – Setting up your Dashboard

During good growth times people are less agonised by the “how well” marketing is performing. It is human nature to simply accept that “superb marketing” was closely correlated with driving sales success. Times have changed and so perhaps business should be more receptive to understanding precisely what components of their marketing are actually working well.

The key to measurement is identifying what prompts a customer to enquire or purchase with the ability to reconcile that data against defined cost and marketing codes.

As competition is intensifying, margins shrink further in globalizing markets and consumers have become much less predictable and more wary, and in view of recent events their trust in brands has been severely eroded.

Add to that an explosion of channels and media, fragmenting customer contact routes, rise of phone, mobile and web touch-points that put more control over the time and place of interactions into customers’ hands and this demands a much more rigorous way of managing and monitoring marketing.

There are lots of hurdles along the way to developing a marketing performance dashboard. Fortunately, these are not insurmountable

Why measure?

There's an old marketing adage that goes "we know half of our advertising works, the only trouble is we don't know which half". That is no longer acceptable and marketing therefore needs to be able to demonstrate its effectiveness and through more precise use of budget, efficiencies on how the budget is allocated.

Practical Steps towards a Marketing Performance Dashboard

How can we know where best to deploy the marketing budget if we don't know which channels and approaches work well and those we need to overhaul or drop?

To measure the success of marketing we have to be able to identify what prompts a customer to contact and subsequently purchase from our business.

We can create source or campaign codes on applications forms or via dedicated phone numbers. Although we have less control over the timing of an enquiry in the e-commerce and internet environment, we can adopt

the same principle by tagging contact through specific web or e-mail forms.

It can make it more difficult to identify what has prompted the contact where there are multiple channels involved (such as a website where the customer may do their research before using the general phone number or an e-mail address). This may sound challenging, but if we stick to finding out what led the enquirer or customer to get in touch and we can then allocate a reference from a prescribed list of marketing activities, we can start to solve the measurement equation.

Marketing Performance Indicators

Assuming we want to build or refine a measurement system, what are we trying to achieve? In short, we want to be able to match the costs of individual marketing activities with:

1. the enquiries and responses they generate
2. the type and amount of income from sales following on from those responses

We can then define a ratio to demonstrate the performance of individual marketing initiatives:

Marketing cost	£1,000	Sales income	£2,000	Marketing return	200%
a)					
Marketing cost	£1,000	Sales income	£950	Marketing return	95%
b)					

From this information, we can start to build up a composite picture of the success or otherwise of our marketing activities and then identify improvement priorities across different parameters. Typically this may lead to redefining customer segments, creative or content improvements, response handling and sales issues.

Pitfalls

On the face of it, this sounds quite simple, we regularly run into issues such as:

- Lack of a coordinated strategy for offline and online marketing
- Marketing budget absorbed within sales expenditure which means marketing is unable to track the best performing activities
- No tele-sales protocols for marketing source on in-bound calls
- No campaign code dictionary or costs allocated against marketing codes



- Restricted access to systems and data to report key marketing performance indicators

None of these are show-stoppers, but they do indicate the level of thought that needs to go into the design and management of a marketing performance measurement system.

Summary

Once a dashboard is up and running, there are other aspects that can be built in to refine management decision-making so the message is start with simple but useful marketing MI and refine it as you increase the capability of the people and systems to create more robust and sophisticated reporting.

While the indicators don't in themselves form the marketing strategy they do help to inform the direction things are taking. So if you want to improve the ROI on your marketing effort you could do worse than begin by developing a marketing performance dashboard. ICD can set you on the right path!

To speak to us more about measuring your marketing performance, call us on 07973329669 or email me on ross@icd-partnership.co.uk