Measurements

MEETING THE MEASUREMENT IMPERATIVE

Andrew Yates of Aprimo analyses the results of a recent survey which explores the issues and challenges marketers face in trying to provide detailed performance management information to the board.

As with all enterprise departments, marketing is under increasing pressure to demonstrate the value it is delivering to the board. And with many marketers facing a fast expanding portfolio of product and service offerings, a broadening list of marketing channels, and pressure to turn campaigns around faster, collating and making sense of performance data becomes an even greater challenge.

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This may provide some explanation for why research by Aprimo reveals that more than half of marketers who regularly report to their board of directors on marketing performance spend an entire working week on average, gathering and preparing the data for board meetings. The research consisted of a survey of over 200 visitors to Aprimo's stand at the Technology for Marketing show in February 2006 and some 30 senior delegates at industry analyst Gartner's CRM Summit in March 2006.

The results paint a picture of over-worked marketers rushing around in a mild panic desperately trying to piece together data from a wide variety of sources in order to put a report together for the looming board meeting.

Dissecting the MarComms impact

Due to the very nature of marketing, it can be difficult to accurately disentangle and measure the contribution of different elements of the increasingly complex marketing mix. Is a decline in sales leads conversion rates due to the fact that the advertising is generating poor quality leads, or because the sales force is not performing to par? Was it the direct mail programme or the advertising campaign that led to a shift in customer perceptions?

The research indicates that in many cases the greatest barrier to accurate reporting at board level stems from the problem of gathering all the necessary data. Two in five marketers said they failed to report in detail to the board on marketing performance and one fifth find assimilating marketing performance management data so difficult, they don't bother measuring performance at all. Nearly a quarter of

marketers who do not provide reports to the board, indicated that it was because the process simply takes too long in relation to the benefit it provides.

Just under 50% of the survey participants stated that their boards required detailed reporting, but were limited by the lack of IT infrastructure required to capture and manage the necessary raw data. (see Figure 1).

The good news is that the challenge of collecting the data on marketing performance is getting easier. Newer technologies such as email, web, search engine and mobile phone based marketing are far more measurable. However this data is often disparate and trapped within the plethora of isolated systems used by the different marketing channels.

The knowledge gap

It is apparent then, that the real issue is a general lack of awareness of measurement models, best practices and solutions, accentuated by a lack of infrastructure in global marketing groups for creating a credible measurement system.

This point is further underlined by the fact that for a significant number of the people questioned in the survey, the preferred tool for capturing and presenting marketing performance was email, spreadsheets and MS PowerPoint. Alarmingly, just over one in ten respondents actually used a custom or packaged Marketing Performance Management solution. (Figure 2).

Inappropriate tools

Spreadsheets and emails are an ineffective and unwieldy way of monitoring marketing efforts. This is particularly the case if you have a large distributed marketing team. What marketers really need is a dedicated platform, which can be shared across the marketing enterprise and integrated with the enterprise financial and Enterprise Resource Planning systems.

There are a number of benefits which can be immediately realised with this kind of dedicated platform. For example, the system can be used to give the marketing director or manager a single location in which to track the activities, resources and results of all the different marketing activities. It can also provide real-time visibility of how actual spending and commitments made compares with the marketing plan for individual initiatives or against over-arching campaigns.

Budget and resource management and marketing measurement tools such as this are now starting to emerge as part of Enterprise Marketing Management systems. They offer marketing departments the potential to save a lot of time and effort, but they can be utilised to ensure projects remain focused and on track.

EMM alerts the marketing director to potential problems, such as if spending is starting to stray into areas which do not support the yearly objectives or goals - something that can often happen when different teams within a large marketing department get pulled in several tactical directions.

FIGURE 1: LIMITATIONS TO EVALUATING MARKETING AT BOARD LEVEL

a: Lack of IT infrastructure to capture the raw data
b: Not needed
c: Not technically possible
d: Unable to quantify the benefits of the effort required

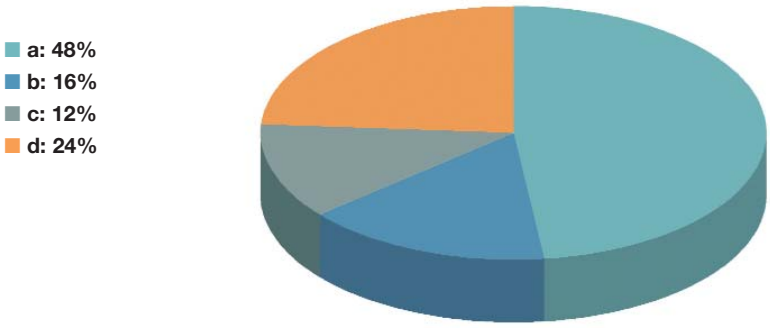
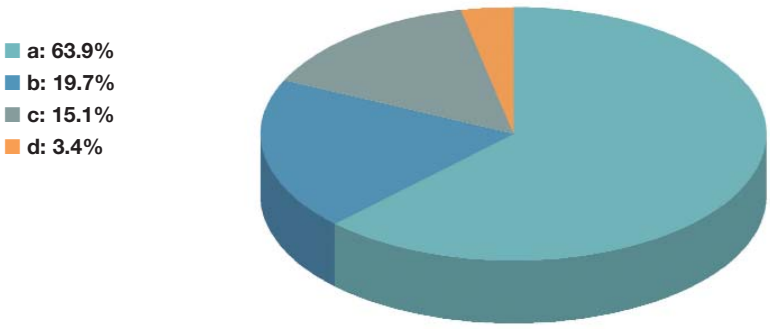


FIGURE 2: HOW DO YOU REPORT MARKETING PERFOMANCE TO THE BOARD?

a: Manually assembled board pack/report(s)
b: We don't report performance in detail
c: Automated/custom MI system
d: My agency does it for me



Data at your fingertips

By accurately marrying up marketing spend with the results from different marketing initiatives and providing one source of reference, EMM begins to give marketers the necessary data at their fingertips to start to be taken seriously at board level.

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CASE STUDY: BANK OF AMERICA

With the US' largest financial services network, Bank of America delivers high standards in products, services and functional areas to more than 30 million customers. At Bank of America, measuring process improvement was an imperative. The company adopted Six Sigma methodology to approach its company-wide goals consistently.

As part of an initiative to improve process efficiency and track marketing effectiveness, Bank of America's Corporate Marketing and Communications team recently re-evaluated the way it plans, executes and measures its marketing efforts.

"Previously, each communications manager handled projects differently," said Lynn Archiopoli, Communications Manager, Bank of America Brand and Advertising. "For example, two campaigns would be managed using different methods, while performance measurement tracking for each project was inconsistent. As a result, nearly 10% of marketing projects required some level of rework."

"We therefore needed a standard project management approach for marketing the company, its products and services and to decrease cost and cycle time. This would also allow us to track results across projects so we could measure process improvements. We needed visibility across all marketing projects to ensure each one was aligned with corporate objectives," Archiopoli said.

"We also needed visibility across all marketing projects to ensure each one was aligned with corporate objectives, and more comprehensive tracking of our marketing spending amounts. We could compare budgets against actual expenditures to date, but we could not easily track unspent funds that had been committed. As a result, when budgets were revisited during the year, committed dollars were in danger of being reallocated," Archiopoli explained.

To meet its requirements, Corporate Marketing and Communications deployed two applications in the Aprimo Marketing suite for Planning and Financial Management and Marketing Production Management. As part of a phased rollout, Bank of America's Marketing Finance team implemented Financial Manager first.

"We expanded visibility of financials, moving from a personal computer-based standalone Access database to a web-based system that created real time visibility for all users," said Steve Sugar, Strategic Market Manager, Bank of America Strategic Planning and Quality.

Bank of America connected Aprimo Marketing with the bank's enterprise accounts payable system – changing from one-way to two-way integration, so users could actually see payment information on invoices. Bank of America marketing teams now have access to the latest budget status in real-time. Rather than checking several spreadsheets to calculate budget status, team members access custom views of their budgets to compare funds budgeted, committed and spent. Now committed dollars can be tracked more closely to ensure they are not spent elsewhere.

To make marketing performance easier to measure and more accessible to the board, Bank of America is using Aprimo software to create executive dashboard reports that are sent to senior management. The reports provide custom snapshots of key information, including project performance and Six Sigma ratings. Regardless of the success of these report documents, Bank of America will continue to look for improvements.

"Establishing a consistent process throughout our marketing organisation has helped us closely align projects to corporate objectives. We now have visibility across the organisation," Archiopoli said. "We will build on this to identify and implement marketing best practices at Bank of America for ongoing results."

In fact, early adopters of the planning and financial management components of EMM technology within the financial services industry, have proven that by simply ensuring that the financial investments in marketing were aligned to the corporate objectives, many millions could be saved.

Doing this has enabled these FS companies to cut out the non-core activities and ensure activities are appropriately planned, funded and resourced. These companies are able to easily demonstrate that they can track marketing from planning through to results in a complete and closed loop. Something that would impress any board!

About the research

Aprimo questioned over 200 visitors at its stand at the Technology for Marketing (TFM) show in February 2006 and some 30 senior delegates at the Gartner CRM Summit in March 2006. The research consisted of a questionnaire comprising nine questions to marketing directors and managers, and cross-section of other job titles, working within the UK. □

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