

## The Seven Surmountable Hurdles to Marketing Effectiveness

Marketing effectiveness. Achieving it requires an organization with the resources and know-how to achieve the fine balance between art and science that it takes to create marketing programs that meet measurable business objectives. And these days, making sure this occurs is a mandate—not an option.

In a just-completed study on marketing effectiveness by Prophet, 60% of respondents reported their marketing budgets as flat or down for 2007. It forces the issue: Spending must be more effective and more efficient—go farther and work harder. And to that point, over 75% of the survey participants ranked improved marketing effectiveness as one of the top three priorities of their companies.

Getting there is challenging, but achievable. The seven surmountable hurdles to be overcome follow:

### **Understanding what “marketing effectiveness” is.**

Once marketers get that it’s deeper and broader than just getting the media mix right or running the right ad to generate awareness, they’re well on their way. Marketing effectiveness is really about making an ongoing, concerted effort to understand the tradeoffs—both short term (return on investment or market share) and long term (brand equity or shareholder value) between investing in all elements of the marketing mix. From there, it’s about putting that learning into action by investing in ways that drive both short- and long-term business impact.

### **Aligning investments with business objectives and customer priorities.**

For marketing to be truly effective, marketers need to do a better job of understanding the linkage between business, brand, and marketing strategies. They need to ensure their investments are in sync with key company objectives as well as what matters most to customers. For example, if the business objective is to broaden the base of new customers versus deepening share of wallet with current ones, investment might be more directed toward tactics like advertising and promotions instead of enhanced customer service measures, loyalty programs, and the like. Growing this understanding for better alignment—and outcomes—requires a broader perspective than marketers have typically adopted in the past.

### **Closing the measurement “loop.”**

To really understand the critical tradeoffs that contribute to marketing effectiveness, marketers must adopt a more consistent and disciplined approach to measurement. A clear sense of objectives, systematic use of tracking mechanisms, and consistent scorecards enable marketers to gauge whether investments are truly creating the desired outcomes. This discipline not only enables meaningful assessments of a single campaign, but also enables marketers to make comparisons across initiatives. With such a fact base to work with, marketers are better able to build their case and adjust their playbook moving forward. Moreover, it allows for better alignment with senior management’s expectations—offsetting the possibility of mandated mid-course changes.

### **Differentiating between “reporting” and analysis.**

For many companies, measurement programs consist entirely of collecting data and reporting it back. The drawback is that this approach contributes little to marketing effectiveness. Knowing that awareness and sales are up, for example, may be exciting, but this becomes far more powerful information when combined with a better understanding of what’s behind these changes. Marketers committed to driving marketing effectiveness must shift their focus from data to insight, from the “what” to the “why.” This requires them to bring analytic skills, experience, and instinct to the party. Those who can piece together the puzzle by looking at different pieces of data—say sales trends plus brand perceptions plus competitor activities—will gain a more holistic understanding of what’s working and what’s not. And that equips them to chart a more effective path forward.

### **Adjusting the focus.**

Given the performance pressure most marketers are under, it’s not surprising that their spending is largely put against initiatives—product pricing, coupons, promotions and the like—geared to drive immediate results. That’s not all bad, but the challenge marketers face is ensuring that short-term activities (price-cutting, for example) aren’t compromising long-term concerns (like image building). Both short- and long-term objectives must be kept in the marketer’s sights, and to a significant extent, that requires an integration of various marketing levers to maintain the balance. A more flexible lens makes for more effective

marketing and marketers.

#### **Looking ahead versus over-the-shoulder.**

With today's abundance of new media, new channels, and greater customer control, metrics based on past performance may be a misleading indicator of future results. Yet, many marketers still rely on historical modeling that addresses returns on past investments, based on lagging versus leading indicators. A more forward-thinking approach like "test and learn"—where elements of the marketing mix are trialed on a smaller and more controlled scale—can be a more effective option, particularly when funds are scarce and there's little tolerance for marketing missteps. This approach, particularly when applied on an ongoing basis, enables marketers to generate quick wins that build credibility, increase senior management's appetite for new initiatives, and ultimately expand purview for the marketer.

#### **Building the capabilities.**

To ensure the drive toward marketing effectiveness meets with success requires a combination of the right people, processes, and technology. In terms of people, this means cultivating champions of the concept and buy-in at

the highest levels of the organization. But it also requires enlistment of others with a stake in success—team members willing to look and act across functional silos. And, at a more basic level, it means having the marketing capabilities themselves in terms of people who are skilled at balancing the art with the science. The right process means avoiding the temptation to mandate wholesale change, but using the successes of pilots to foster cultural change. This approach demonstrates the value of marketing effectiveness through its link to solid business results and encourages the involvement of ever-increasing numbers of people as pilots expand. Finally, technological tools are essential if information is to be successfully aggregated and analyzed, and initiatives measured in a meaningful way.

Achieving marketing effectiveness is no longer an option, at least for marketing organizations and their leaders that are committed to contributing to the short- and long-term success of the overall business. While the barriers are many, they are not insurmountable. Marketers that work to overcome them may well find that their personal success tracks with their company's. And that makes it a win/win proposition for everyone involved. ©

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