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Digital Marketing:

Measure what matters!

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There's never been more data, tools and service providers available to evaluate the business return from marketing investments, yet it's never been more challenging to be an effective marketer. Every channel has its own unique set of metrics, making it very difficult for marketers to compare effectiveness across channels. When it comes to digital marketing, positioned as the most trackable of all media, the challenge is even greater. Digital media suffers from an endless supply of choices and data, which creates confusion for marketers and overwhelms them.

Accountability vs effectiveness

There's a lot of talk in the industry about 'accountability' and 'effectiveness', but some clients and agencies behave in ways that make accountability difficult and effectiveness harder. There's a clear lack of rigour when it comes to evaluation. Performance metrics, such as cost per click or cost per sale, are chosen because they're easy to measure basis, not on their importance for long-term brand health. It's worth checking out what some senior brand executives had to say in a series of recent videos on Marketing Week. They eloquently set out the currency of marketing effectiveness and why it appears to elude so many brand owners.

Marketing accountability is a top priority for marketers across all media. Its importance is being driven by many factors: the proliferation of digital channels, the increasing microsegmentation of consumers, an endless array of marketing data available, and, most importantly, an increased focus on marketing returns.

Performance fixation

This ROI obsession applies to all media. The performance fixation has drawn disproportionate attention to more strategic measurement of digital channels. This kind of scrutiny scares many marketers, as online measurement and intense data analytics are often considered as pleasant an experience as root canal treatment!

The business truism "what gets measured get done" might have been accurate once, but in today's data-driven, digital world it seems that everything is quantified, tracked, and recorded. And to what end? In today's world, it seems you can't be too thin, too rich, or have too much information. Wasn't having all this data at our fingertips supposed to make us better informed? Instead, it seems that everything is measured, and nothing gets done! In our information-driven economy, the real challenge lies in keeping our heads above the deluge of data, and in learning how to distil meaningful insights from information. While aiming to deliver actionable outputs it's important not loose perspective. Let's not forget the immortal words of John Maynard Keynes; "It is better to be roughly right than precisely wrong."

Currency of effectiveness

An industry fault is that we tend to see the world in discrete camps: buyer/non-buyer; heavy user/light user. Not surprising, then, some view online and offline worlds separately. We continue to assess advertising in terms of awareness because it's easy to measure – even though the link with sales and profit is often tenuous. Direct response rates are popular barometers of effectiveness, even though they're short-term effects, don't necessarily represent incremental business, and are driven by factors besides marketing. We assess online activity by online responses, but evidence shows the real payback takes place offline for most brands. Binet and Field's excellent new paper, 'Effectiveness in Context', eloquently highlights this point.

Reality, as usual, is more complicated than we care to admit. For example, renewing a Netflix subscription is very different to a more complex purchase such as car insurance. One takes place entirely online; the other mixes online research and offline purchase, as the customer thinks they will get a better deal by haggling over the phone with the sales agent! Now do you see why this is so complicated? Unfortunately, there's no magic formula to measuring marketing effectiveness. But marketers must ensure they are not just measuring what is easy, but instead measuring what matters.

The great brutish bake-off

Measuring is easy; evaluating is hard. Think of data as the ingredients: anyone can measure flour, milk and eggs, but without the right information – that is, a recipe that gives you the correct ratio of those ingredients – the mixture will never become bread. Sales data, for example, measures recorded behaviour, whereas survey data informs planners on likely behaviour.

Data that measures gives us dimensions, quantities, and proportions. Data that informs will depend on perspective and context. It reveals substance rather than structure. Data that measures tracks performance by assessing impact. Data that informs, on the other hand, builds understanding, tests concepts and strategies, and helps shape decisions.

Setting KPIs (Key Performance Indicators) or OKR's (Objectives and Key results) are seen by many as a necessary evil, or some perfunctory exercise. They need to be built gradually; doing too much too soon will lead to a lot of unnecessary pain. It sounds obvious, but the starting point should be to understand what you can and can't control. All too often, I come across client reviews where they had set KPIs they couldn't track. Contrary to popular belief, if everything's at green in your performance review, you've failed. Setting the bar too low gives brand owners a false sense of accomplishment. Setting ambitious targets puts skin in the game and challenges everyone to deliver as best they can.

In the end, effectiveness boils down to doing the right thing and staying focused on the business outcomes you are looking to achieve. Many years ago, a client partner of mine always advocated doing exactly this. Their mantra to me then was to 'ask for forgiveness and not permission'! Sadly, with trust eroding in many client-agency relationships, the mantra now seems to be W. Edwards Deming's classic line: – 'In God We Trust; All Others Bring Data'.

Lets Connect!

John Dunne

Managing Director
Ignite Media Consulting

61 Merrion Square South, Dublin 2

+353 1 537 0925
john.dunne@ignitemediaconsulting.ie