

DIRECT **MARKETING** NEWS

ONE TOUGH QUESTION: MARKETING MEASUREMENT

Getting the Most From Marketing Investments

12 experts offer advice on how marketers can gain a better understanding of marketing performance to optimize their spend.

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ONE TOUGH QUESTION: MARKETING MEASUREMENT

BY GINGER CONLON

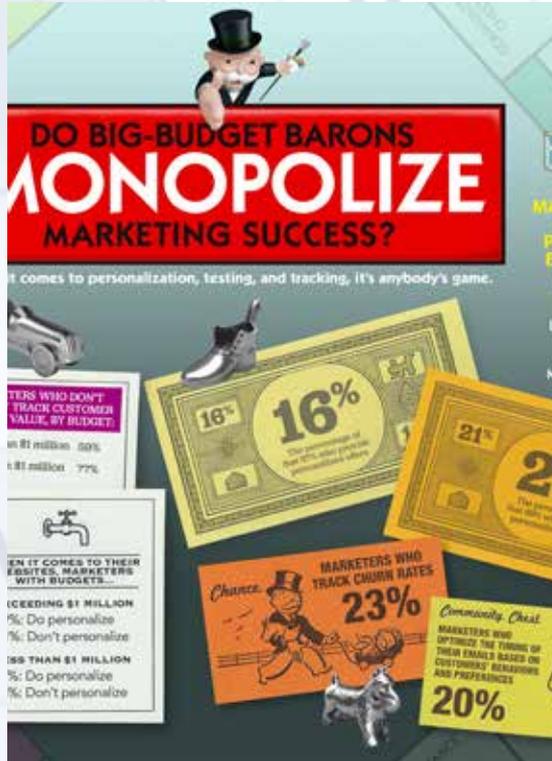
As a marketer, you know firsthand the high expectations senior leadership has for marketing accountability. But measuring marketing performance and results remains a challenge. Consider ad viewability as an example: Whether online, on TV, or on a billboard, who actually saw an ad and for how long is often anybody's guess. Or mobile email: Was a click actually a click or an accidental tap? With that on-going dilemma in mind, we asked a dozen marketing experts: "How can marketers better understand what actually was and wasn't effective to determine how to optimize their spend?" Here, their advice.



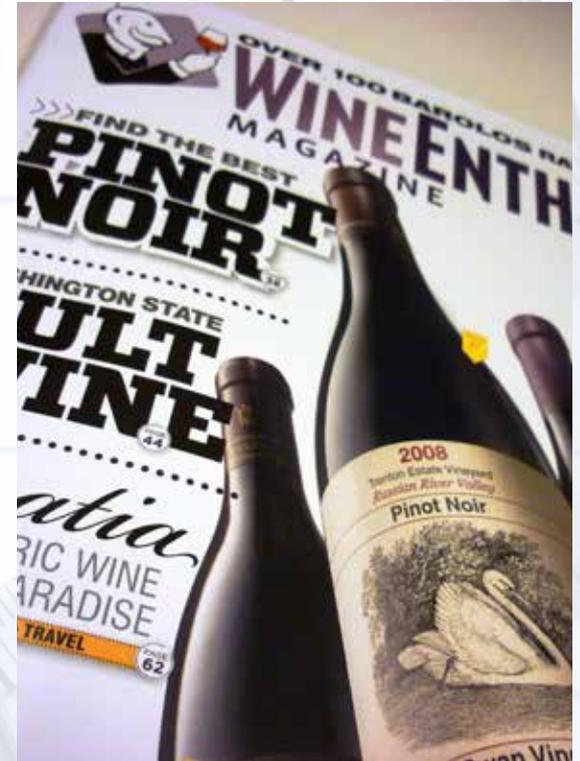
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GERARD J. TELLIS

Professor, Director, and Neely Chair, University of Southern California, Los Angeles, author of *Unrelenting Innovation: How to Create a Culture for Market Dominance*, and VP of External Affairs for the INFORMS Society for Marketing Science

Galileo Galilei revolutionized astronomy with his discovery of rings of Venus, moons of Jupiter, and sunspots, as well as the championing of the sun-centered solar system. All his discoveries and conclusions were due to a new tool he developed—the telescope—which allowed for more precise observation and measurement.

Likewise, today, marketing is at the threshold of a revolution due to new digital media and metrics. The digital media are wireless and fiber optic cables, the Internet, and various gadgets that enable consumers to access information, vent feelings, and purchase instantly. These media, in turn, enable amazing new metrics of ad exposure, consumer word of mouth, and purchasing.

The age of annual advertising and marketing data is dead. Even monthly or weekly data are obsolete. Today, advertising and marketing campaigns can be measured in exposures delivered in seconds to individual consumers identified by phone number, email address, or IP address. Likewise, consumer response can be measured not by annual surveys, but by clicks, browsing, commenting, or online purchases by the second.

Marketing researchers frequently spoke of word of mouth as that huge but mysterious force that drove consumer behavior. No longer! Word of mouth can now be tracked live through online customer reviews, tweets and retweets, and sentiment on the blogosphere.

This measurement revolution has enabled exciting and insightful new discoveries in marketing phenomena. True, the revolution in measurement gives marketers a clearer picture of their customers and more efficient targeting of buyers. But the revolution also provides consumers with tremendous power. They can instantly expose inferior products and services and more easily search for the best prices and quality in the market.



AARON GOLDMAN

CMO, Kenshoo

We marketers love our acronyms. While they often get lost in the sea of jargon and buzzwords, they can help us save time and cut to the chase.

So, FWIW, when it comes to marketing measurement, it's all about KPIs...IMHO.

It doesn't matter if you're a brand marketer, direct response marketer, or anything in between; key performance indicators are the key to your success because they define your success. Every organization in every industry in every part of the world can identify some KPI that can be tracked and serve as a key indicator of the performance of your marketing activity.

The difference between a KPI and a DPI (dumb performance indicator) is whether the metric serves as a true proxy for your business goals.

Here are some examples:

	KPI	DPI
Online direct response	conversions	clicks
Online branding	viewable impressions within target audience	impressions
Offline	recall	reach

Ultimately, by choosing a KPI that's highly correlative to the success of your program, you're equipping your team and your partners with the ability to optimize your budgets FTW.



TYLER DOUGLAS

CMO, Vision Critical

More than ever, marketers have the power to determine what mechanisms of generating awareness and leads are effective. In just a few years the CMO is expected to outspend the CIO on technology, according to Gartner. The reason: Marketers are now able to measure the success of their decisions better than before. Even gray areas like ad viewability are seeing amazing strides in terms of knowing what TV ads are impactful. Below are a few tips for marketers to optimize their spend:

Harness content marketing: Spend on what works. White papers, infographics, eBooks, and webinars are all effective marketing vehicles used to generate awareness and leads that are easily measurable. Brands can tell what content is more popular and exactly how it's received.

Be data driven: Rather than tossing dollars at what may or may not pay off, allocate funds to projects that are measurable. And invest in measurement tools to help high-light success.

Know what resonates: Enterprises can know what their customers want and how they feel about anything from a product to an ad. How? By tapping thousands of customers at a time on an ongoing basis via a cloud-based customer intelligence platform, enterprises can gain insight needed to know what ads or products will resonate best with customers so dollars aren't wasted.



JESSICA JOINES

CMO, Rakuten Marketing

In the past a customer would see an advertisement on TV, travel to a store, and choose her jeans from only 20 or so options. Life was simpler then. Given the evolution of online shopping, traditional media now competes with content delivery, smart devices, and social networks—making the consumer decision more fragmented. The good news is that even while marketers are scrambling to follow customers where they are, customers are leaving more data points than ever before about their intent and choices.

Today we're closer than ever to marketing being a true science. Investment in data and attribution can help connect many of these dots, and tie in the marketing and media mix the customer was exposed to during the journey—up to the extent that marketers can see the exact role each channel and creative is playing to deliver the final sale. Investment in building a single source of truth (i.e. data), and layering it with relevant marketing attribution and measurement is core to optimizing media. This will not only deliver both performance measurement and results, but also improve them simultaneously.



SCOTT VAUGHAN

CMO, Integrate

The key to understanding which marketing strategies and tactics are working and which aren't is rooted in data. First, marketers need complete visibility into their data so marketers can "connect the dots" and properly measure and attribute activities and customer touchpoints. To make the connections, data must also be integrated—not exist in siloed systems. Additionally, the data needs to be governed and cleaned, as outdated, incomplete, or inaccurate information skews results, wastes valuable resources, and makes data inactionable. Once the data is validated and organized into an accessible and unified view, marketing analytics can tell the true story of how effective campaigns and activities have been.

The integration and presentation of data in insightful ways guides marketing professionals' actions in areas such as content topics, social media channels, and Web design. This lets them shed the guesswork and, instead, use data to drive decisions, spending less time on low-value activities. However, there is often a massive gap between "reporting" and "analytics" to understand. Marketers can always report on how many clicks or downloads a whitepaper received, for example, but if they don't understand why the content performed the way it did, it doesn't matter. These key steps to achieving true visibility into real-time marketing performance require not just tactical technology changes, but also a change in mind-set and approach for most organizations.



JOE MORIARTY

VP of Sales and Marketing, Content Raven

Measurement of marketing efforts has often been an elusive and costly task. Knowing where marketing budgets and resources should be spent can sometimes seem like a guessing game. That's where next-generation analytics come in.

Most marketing automation platforms provide data such as number of opens, or times a piece of marketing collateral was downloaded. However, this doesn't offer much insight into whether the piece was successful. How long did users spend engaging with each file? Which components did they find the most interesting? Did they come back to view it again?

Marketing tools that offer deep, robust analytics can provide marketing professionals with important insight into the results of their campaigns and marketing initiatives on different audiences. These analytics not only give marketers the opportunity to fine-tune how they approach prospective and current customers, but they can also save time and money in the long run. Having a deeper understanding of what works and which marketing efforts aren't resonating with an audience is a huge step toward spending resources wisely.

Analytics are essential in successful lead generation and nurturing campaigns. Using tools that offer deeper analytics on customer engagement can make all the difference in what types of promotional pieces a marketing team produces; how to best target and tailor a message to a particular audience; where to spend marketing dollars; and, most important, the conversion of leads into customers and customers into revenue.



KILLIAN SCHAFFER

**Managing Director, CRM,
HWW Discovery Chicago**

Today's marketers have sophisticated technology to target messages across channels, but even the most data-enthusiastic marketers admit that intuition still plays a significant role in how marketing dollars are spent. For firms looking to reduce their guesswork, there are three key areas to explore to assess and optimize the efficiency of spend: people, processes, and expectations.

Having the right people in your organization (or partner agencies) is vital to improving precision. Knowing the social science tenets to evaluate behavior in a complex world goes a long way in this new era of marketing. Ensure the people dedicated to your business understand control groups, significance testing, and fractional factorial design to confidently assess spend. And if you don't have them, train them.

Even the savviest marketers who understand social science need to be supported with processes that can ensure precise activation techniques. Tagging, trafficking, data collection, and analyses each require a systematic approach to ensure operational success. Document each process rigorously.

Finally, beyond the right people and processes, marketers need to manage expectations. While addressable audiences, automation tools, and programmatic buys are expanding, we're still at the beginning of the curve. That's why setting expectations for optimization is so vital. At Havas, we employ the 70/20/10 rule: 70% goes to what's working, 20% to expanding high potential tests, and 10% is where bolder experiments in creative, channel, or technology live. It's a great way to have clarity around what we can impact and to what degree.



GLENN PINGUL

VP of Products and Mobile Strategies, Globys

Like John Wanamaker's famous declaration, every marketer will tell you that some portion of what they spend on advertising is wasted, but they don't know which portion. To get at this percentage and optimize their spend, marketers have to focus on learnings over results. This means they have to understand the why behind their marketing results. Marketers have to be methodical, patient, and rigorous with regard to measurement, as well as hyper-focused on learning what works and what doesn't.

What this means is that marketers have to understand which offers perform best for which customers in what contexts based on what sort of behavior customers exhibit and when. With this sort of systematic learning approach, marketers can move away from generalizing (i.e. assuming what works best for most customers today) and begin personalizing (i.e. determining what works best for each individual at any given time).

With that said, however, marketers have to be able to test to learn. This is where robust experimental design is important, because it allows marketers to test any number of marketing treatments while at the same time exploiting those treatments that have proven to drive the right action or desired behavior. It breaks the mold of the traditional campaign process (target, run, measure, optimize, target, measure) with the insertion of continual feedback from both the monitoring of customer behavior and the analysis of response to marketing activity into every aspect of the customer engagement effort.

This desire to advance beyond a "throw and see what sticks" mind-set to a "test, learn, and automatically optimize" approach has resulted in a unique partnership between marketers and machines. The benefit of automated machine learning for marketers is an unprecedented level of granularity and rate of scale for uncovering unique customer insights and then acting on those insights to engage with customers on a one-to-one, contextually relevant basis. This marketer-machine partnership is also moving marketers away from measuring one-off results to measuring the impact of marketing efforts against longer-term objectives, which provides a better assessment of the effectiveness of their spend.



VIJI DAVIS

VP of Marketing, Resolution Media

Campaign optimization depends on effective cross-channel measurement, but marketers who get too caught up in click-through rates and costs per click often overlook critical foundational questions that should be answered to understand what works and properly optimize spend:

1. Am I actually reaching my target audience?

Marketers who target media buys to reach their most important audience segments often overlook the need to ensure they actually reached these people. Before deciding on campaign spend, marketers must research who their target audience is and quickly adjust if measurement shows the campaign isn't hitting home.

2. Am I best leveraging each channel in the mix?

Marketers need to understand what each channel does best and what KPIs each should be measured against. For example, is it more important to reach your target audience or to generate the optimum number of exposures? Marketers must effectively use cross-channel measurement, and understand the strengths of each channel as a whole to effectively measure campaign success.

3. Am I crunching the right numbers at the right times?

Marketers must establish the core desired outcomes in the planning phase with a solid set of prioritized KPIs to measure against; this provides a clear and measurable process to gauge campaign effectiveness. Measuring throughout the campaign enables marketers to take action, making on-the-fly spend adjustments to optimize the most successful channels mid-campaign. Digital media's flexibility gives marketers unending opportunity to tweak campaign elements based on recent performance to opportunities to improve.



MARK GAMBILL

**EVP of Global Marketing Operations,
MicroStrategy**

It's a common refrain that the business of the future will be data-driven. Marketers can rise to the occasion by leveraging this new data-centric environment to overcome one of their greatest obstacles: insightful campaign measurement.

With the emergence of governed self-service analytics, marketers no longer have to rely on an elite team of data scientists to extract actionable insights from their data. Democratizing marketing analytics is the key to truly data-driven, real-time marketing campaigns, making a holistic view of what worked and what didn't accessible to the average marketer. Businesses can empower individual marketers with governed self-service analytics to model their data themselves—removing the middleman of a data reporting division, while ensuring that every marketer is still tapping into one centralized view of the business's data.

Once every marketer is empowered to act as a data analyst, granular, multidimensional insights on a campaign's effectiveness sit at their fingertips—not behind a wall of data scientists. These insights shed light on what worked, what didn't, and what may work in the future. They drive better decision-making and help marketers optimize spend. Intuitive visualizations that tap into a single view of the organization's data and that any business user can understand are basic requirements for an effective data analytics solution.

These days genuinely data-driven marketing campaigns have the greatest impact. Governed self-service analytics from start to finish is the savvy marketer's secret weapon.



DAN ROY
CEO and Co-founder, MessageGears

To optimize future marketing spend, email marketers must measure campaign effectiveness through customers' and prospects' reactions to emails. According to the Direct Marketing Association, 66% of consumers have made an online purchase as a result of receiving a marketing email. Therefore, analysis must go beyond the quantitative metrics of messages sent, messages delivered, open rates, CTRs, bounce rates, and unsubscribes to fully understand customer behaviors and what drives those behaviors. Actions resulting from specific customers or segments should be taken into account to optimize future campaigns, drive down acquisition costs, boost conversion rates, and, ultimately, create customer lifetime value. Ready to get started?

Here are the four required elements to truly measure email marketing effectiveness and optimize your marketing dollars:

1. The ability to capture results of an email campaign and sync it with your existing CRM system in real time.
2. A framework for multi-attribution modeling.
3. Personalized messaging for both individuals and customer segments, based on their past behaviors.
4. Testing capabilities that measure your base and automatically optimize email marketing programs to make ongoing improvements.

Timeliness and data integration are essential to understanding your email marketing performance. Showing up to the table without a true understanding of your customers is like playing Russian Roulette with your marketing dollars.



STEVE YI
CEO, MediaAlpha

We're living in a programmatic future where spend on real-time bidding (RTB) advertising is exploding year on year. An automated method for advertisers of bidding on impressions, RTB is now a foundational element of many digital marketing campaigns. At the same time, it's often viewed by advertisers as the publisher's throwaway destination for remnant inventory, where the audience is shadowy and leads difficult to track. Today's marketers need both quality and quantity from publishers, and every audience member (and ad dollar) counts. It's time to reinvent this digital marketing staple.

To harness the full power of RTB, marketers must be in the driver's seat. Even in the most programmatic campaign, every move on the chess board must be strategic. This degree of control only comes with data-driven transparency both before and after an ad is served, targeting a hyper-specific demographic and sharing detailed insights on who clicked, when they clicked, and whether they converted.

These days it's possible for advertisers to harness first- and third-party, as well as proprietary, data to evaluate lead quality. This level of granularity is reshaping RTB, allowing advertisers to not only create hyper-targeted custom bidding strategies but also to hold publishers accountable for the quality of their inventory.

We have the granular insight to usher in a new era for RTB so that it becomes a trusted ally in building insightful campaigns and optimizing spend. Advertisers can now see end-to-end performance, allowing for a true representation of the value of RTB.



DO BIG-BUDGET BARONS MONOPOLIZE MARKETING SUCCESS?



MARKETERS WHO USE SOME FORM OF PERSONALIZATION

81%

In their email content

68%

On their website

When it comes to personalization, testing, and tracking, it's anybody's game.

MARKETERS WHO DON'T SEND PERSONALIZED EMAIL OFFERS, BY BUDGET:

76%

Less than \$1 million

63%

More than \$1 million



MARKETERS WHO TRACK SHOPPING CART ABANDONMENT, BY BUDGET:

Exceeding \$1 million	59%
Less than \$1 million	50%

MARKETERS WHO DON'T ACTIVELY TRACK CUSTOMER LIFETIME VALUE, BY BUDGET:

More than \$1 million	59%
Less than \$1 million	77%

16%

The percentage of that 67% who provide personalized offers

21%

The percentage of that 69% who provide personalized offers

MARKETERS WHO TEST THE FOLLOWING:

Email subject line effectiveness	58%
Email content and offers	48%
Website landing page design	33%
Website landing page offers	27%

If a player owns ALL the lots of any Color Group, the rest is Disabled on Unimproved Lots in that group.

WHEN IT COMES TO THEIR WEBSITES, MARKETERS WITH BUDGETS...

EXCEEDING \$1 MILLION

69%: Do personalize
31%: Don't personalize

LESS THAN \$1 MILLION

67%: Do personalize
33%: Don't personalize

MARKETERS WHO TRACK CHURN RATES

23%

Chance

MARKETERS WHO OPTIMIZE THE TIMING OF THEIR EMAILS BASED ON CUSTOMERS' BEHAVIORS AND PREFERENCES

20%

Community Chest



A TOAST TO MARKETING ATTRIBUTION

Vino accessories and storage company Wine Enthusiast identifies top and underperforming affiliates using algorithmic marketing attribution. By Perry Simpson

The Challenge

As marketers pursue target customers across more touchpoints it becomes exponentially harder, or in some cases outright impossible, to track the effectiveness of campaigns across channels. Which affiliates or touchpoints are generating the most revenue and conversions? Which boasts the highest ROI? Which is underperforming and is it worth it to continue to spend on these affiliates?

Wine Enthusiast, a wine accessories and storage company, sought answers to these questions—questions many marketers have asked for the past few years. “Until a couple of years ago marketers were flying blind,” says Jeffrey Zwelling, CEO and cofounder of marketing attribution services provider Convertro, who emphasizes the importance of optimizing mixed media spend to drive more conversions and tracking marketing ROI. “For the most part, they didn’t know what was going on a granular level.”

The Strategy

Like most companies, Wine Enthusiast lacked the means to objectively gauge how much or how little a specific channel or affiliate source contributed to conversions or sales. The company had few options but to maintain manual logs and spreadsheets. “At the end of the month I would tell [affiliates] to send me an order audit with all the order IDs they were taking credit for,” says Glenn Edelman, VP of digital marketing at Wine En-

thusiast. “You could just see the tremendous overlap. I didn’t have a clear vision of who was starting the order, helping it along, or closing the order. According to them, they were all closing.”

Wine Enthusiast’s objective was simple: isolate and identify underperforming affiliates and take action. Edelman’s quest for effective attribution led him and Wine Enthusiast to Convertro in 2011.



“We had a lot of our customers getting to checkout and going to coupon sites that were affiliates of ours,” Edelman says. “They weren’t doing much to close the order for us. They weren’t introducing anything. How important was that coupon site? Did they earn that commission?”

Edelman found that the company’s top three performing coupon affiliates were also the top three organic search results for the string “Wine Enthusiast Coupons.”

The Results

The coupon affiliates claimed, and appeared, to drive new customers. However, their contribution amounted to little more than another step in the sales process, and, Edelman says, an unnecessary one at that. “We decided to just cut ties for 30 days and see if there were cost-savings.”

During this 30-day span Wine Enthusiast purged coupon sites from its affiliate program, cutting affiliate costs by 33%. The company also purchased the domain name WineEnthusiastCoupons.com and developed a respective website, effectively insourcing the functionality of its former affiliates.

These measures netted Wine Enthusiast a 16% increase in holiday revenue between Black Friday and Christmas over the previous year. All told, the culling of coupon affiliates increased the company’s overall ROI by 49%.

Next Steps

With an effective, algorithmic attribution strategy firmly in place, Edelman plans to finally test the viability of mobile for Wine Enthusiast.

“We’re a little bit behind the curve, but we also have an older demographic. We’re seeing that they’re increasingly opening up on mobile devices and willing to buy,” Edelman says. “I want to see the interaction between mobile and desktop as best I can. It’s almost like a clean slate because this is a whole different format and paradigm.”