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*We've been there before.*

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# In Measuring Marketing Results, The First Success is the Decision to Try.

**Measurement is both the easiest and hardest part of marketing. It's the easiest to take half-way. But it's often the hardest to fully accomplish—or at least accomplish to a level that will satisfy the “quality police” who now safeguard the accuracy of corporate measures.**

Getting our arms around marketing measurement bears an unfortunate resemblance to grabbing a greased pig. The more we lunge and grab, the less we have to show for it, and the more frustrated we get. The frustration level is especially high in organizations that rely on personal selling, where measuring sales outcomes at the individual transaction level holds extraordinary promise for improving return-on-marketing.

Obviously there's no single, easy method of measuring effectively. Otherwise, we'd have stumbled across it by now. But considering how much effort we've expended trying to “degrease the pig” and make marketing measurement easier to grab onto, perhaps it's time to take a new tack. Instead of looking outward at the “pig,” *perhaps we need to look inward to assess how and how hard we're trying to accomplish marketing measurement.*

In the face of repetitive failure of a process or operation, such as we're experiencing in marketing measurement, there are two principal places to look for solutions: at our level of commitment and at our approach.

## *Commitment*

**Buy-in.** Buy-in to the importance of measuring marketing outcomes does not appear to be at issue. Corporately, we're all steeped in the virtues of process measurement, and we're finally (although often grudgingly) conceding that marketing is at least as much process as inspiration. We've also watched measurement contributing to process improvement in other areas within our own organizations, and we've even picked up some measurement jargon, such as the “Pareto principle” (the 80-20 rule) that we've adapted for marketing purposes.

*Getting our arms around marketing measurement has come to resemble grabbing the proverbial greased pig.*

From a more parochial marketing perspective, most of us can readily recite many of the benefits that marketing measurement can deliver.

MEASUREMENT ACTIVITY	PRINCIPAL BENEFITS
1. Sales activity tracking	<ul style="list-style-type: none"> <li>• Better rep evaluation</li> <li>• Improved rep performance</li> <li>• Setting optimal sales/activity goals</li> <li>• Distributor evaluation</li> <li>• Sales office/distributor placement</li> </ul>
2. Media productivity	<ul style="list-style-type: none"> <li>• Dropping non-performing media</li> <li>• More emphasis on most productive media</li> <li>• Leverage in rate negotiations</li> <li>• Better balance among promotional channels such as print, direct marketing, trade shows</li> </ul>
3. Message testing	<ul style="list-style-type: none"> <li>• Discriminating between “award-winning” creative and “sales winning” creative</li> <li>• Ability to refine/redirect positioning</li> <li>• Giving customers a voice</li> <li>• Product development input</li> </ul>
4. Customer churn (rate/reasons)	<ul style="list-style-type: none"> <li>• Increasing customer lifetime value</li> <li>• Slowing defection rate</li> <li>• Better marketing balance between customer acquisition and retention</li> <li>• Product development input</li> </ul>
5. Competition (win/lose against)	<ul style="list-style-type: none"> <li>• Understanding your competitive strengths and weaknesses</li> <li>• Identifying competitive opportunities</li> <li>• Identifying competitive inroads early enough to react</li> <li>• Product development input</li> </ul>

*The advent of customer marketing has made that “pig” look a little less slippery.*

*False expectations.* If anything, our commitment to marketing measurement appears to be on the upswing. The advent of “customer marketing” (acquiring and maintaining individual customer data, then applying that data for marketing purposes) has made that “pig” look a little less slippery—which has encouraged us to grab harder and faster at marketing measurement. Unfortunately, and only adding to our frustration, customer marketing has yet to deliver on its promise of making effective marketing measurement much easier to achieve. Instead, it’s tempted us with enticing (and easy) half-steps that look like effective measurement, but don’t get the job done.

The most common half-step is measuring through initial customer inquiries, but stopping there, rather than following through to capture

*Half-steps like tracking inquiries but not sales or tracking only a limited population of inquiries through to sales are popular—but ineffective.*

*We're repeating the same lines about the difficulty of marketing measurements over and over again.*

final sales outcomes. Experience has already taught us that predicting sales by counting sales *inquiries* is risky business, to put it mildly. A second half-step, and an increasingly popular one, is tracking only a small population of inquiries through to sales outcomes—then calling that “close enough for government work.” It’s not close enough—not for government work, not for your work, and definitely not for the “quality police.”

*Do we have the commitment?* Intellectually, yes. In reality, no. Measurement is not yet part of our marketing paradigm, which leaves us looking for “how to succeed in measurement without really trying.”

### *Approach*

*Power over partnership.* Ask any ten marketers from organizations that rely on personal selling about marketing measurement, and at least nine will quickly refer to the need for a “closed-loop” information system. Bring these marketers together into one conversation, and within minutes (if not seconds) you’ll start hearing some familiar quotes.

- “We *can't get our reps to give up* customer information.”
- “We *don't have any leverage* with distributors to *force them* to share customer information.”
- “*No one has time* to collect information. They’re *too busy selling*.”
- “Our reps *don't want us* contacting their customers directly.”
- “Our distributors *don't want us* meddling in their sales process.”
- “Our distributors are afraid we’re going to *cut them out*.”
- “Our reps *hold on to* customer information like it’s their *job security*.”
- “Sales management *won't let us* work directly with reps.”
- “Sales management doesn’t want us *wasting sales time on* measurement.”

Look at the italics. Listen to how we commonly express our frustrations over the “barriers” we encounter when we try to establish effective information loops. Three attitudes are readily apparent.

1. *We're approaching marketing measurement as a power struggle, not a partnership.*
2. *We're treating information capture and communication as a side job for sales agents (whether they're company, independent or distributor reps).*
3. *We're trying to change ingrained behavior without acknowledging that fact.*

We’ll never accomplish marketing measurement with these attitudes. And it’s fair to say that if we approach marketing measurement as something we have to “enforce,” something that customer contact people should do in their spare time, and a change in behavior that our people are willing to make at the drop of a hat—we’re not really trying hard enough to accomplish marketing measurement.

*When we're not treating marketing measurement as a power struggle, we're relegating it to being a "side job."*

To fully grasp why these attitudes leave us trying to capture this “greased pig” with both arms tied behind our back, let’s look carefully at what fully-implemented, “closed-loop” information management entails.

*“Closed-loop” measurement concept*

*Introductions.* Measuring organizational marketing effectiveness relies heavily on measuring marketing-generated introductions to new customers. Even in cases where customers may respond to marketing by directly contacting the organization’s agent, information about the customer and the contact must flow upstream to the organization in order to “close the loop” and link outcomes to inquiries.

*Qualification.* Following introductions, an important “feeling out” phase occurs in the marketing/sales process. It’s called “inquiry qualification,” and its purpose is identifying which inquiries are worthy of field sale time and which are not—*before* inquiries are distributed to field sales. Inquiry qualification has become a centralized rather than field function for most organizations—both to achieve economies of scale in the process and to keep sales agents selling, rather than sitting in an office calling to qualify inquiries and waiting for call backs.

*Sales Dialog.* Once agents receive information about qualified customers, the sales dialog begins—or should begin. Maintaining an upward flow of information about the progress of the sales dialog measures sales rep effectiveness and level of inquiry qualification (which has everything to do with rep effectiveness). This upward flow also helps identify “sticking points” in negotiations, competitive conditions and other recurring factors that lower the percentage of qualified inquiries converted to sales.

*Sales Outcome.* At the conclusion of the sales dialog (which may take several years in capital goods marketing), the agent must communicate the customer purchase action—and not just the “what” but the “why.” Tying the outcome back to the initial introduction completes the information loop required for “closed-loop” marketing measurement—or at least the initial round.

*Feedback loop.* Measurement information is fed back to all parties involved in the marketing process—including agents who can improve field decisions, using this data.

*Ongoing measurement.* Most customers demonstrate their economic value over time. Continuing to add transaction data to customer records over time augments customer acquisition cost measurements made initially—especially in terms of determining lifetime customer value.

*Marketing measurement requires changes in behavior at the sales, staff and management level—yet we're trying to implement measurement as a "program" rather than trying to effect change.*

*How's our approach?* Not so hot. Given what "closed-loop" measurement entails, is it possible to "order" agents, even company rather than independent agents, to put this process into play? Does it make sense to ask agents an organization marketing staff to execute this process in their spare time? Can we expect people to change ingrained behavior, without making a concerted effort to lead and help them through change?

The answer to all three questions is a resounding "no"—which leads us back to the previous description of "trying to succeed in measurement without really trying." All too often, *we're still attempting to "grab the greased pig," rather than working out a strategy to capture it.*

#### *Is measurement do-able?*

After reading the preceding description of a fully-implemented, "closed-loop" measurement system, you might be asking if it's even do-able. The answer to this question is a definite "yes." Many organizations are making significant progress in marketing measurement—and most of them are getting there by following these five steps.

#### *Five steps to effective measurement*

1. *Put in charge a senior manager with strong team-building skills.* Preferably, also, select someone already respected by direct sales and/or independent distribution agents as a straight shooter whom they can trust.
2. *Develop a measurement program that rewards sales and distribution for their participation.* In today's competitive environment, very few of us believe that we're better off going it alone. But we're also smart enough to reject one-sided deals. Here's just a partial a list of what the organization can offer agents in exchange for acquiring and sharing critical measurement data.
  - A steady stream of *qualified* sales leads.
  - Immediate fulfillment of inquiries with appropriate sales literature.
  - Customer correspondence support.
  - Competitive research and activity measurement.
  - Customer profiling to identify good customer/poor prospect attributes.
  - Activity reporting (for managers and distributors).
3. *Sell your program (don't present it as a fait accompli).* The worst way to start a customer information program is with a manifesto describing how it will benefit the organization, accompanied by an edict ordering everyone to participate. Amen. You have to sell your program every step of the way, even to your own people.

4. *Staff properly.* Whether you staff up internally or outsource, you'll need:

- Project managers.
- Telecommunicators.
- Database architects, analysts and engineers.
- Support personnel.

5. *Implement your program patiently, but persistently.* Change is hard, which makes measurement hard. Change takes time, which means measurement takes time. And above all, *we have to try very hard to change behavior—whether it's our own behavior or someone else's.*

*Is measurement worth the effort?* Effective marketing measurement is difficult to accomplish, but its positive contributions are overwhelming. Marketing is a *process*. Managing that process properly is a prerequisite to realizing a full return on increasingly scarce marketing resources. And managing that process requires marketing measurements for benchmarking and for understanding which elements of our marketing programs “move the needle” more than others.

Organizations that tackle marketing measurement first and see it through to a successful conclusion are going to realize a much greater return on their investment in marketing. And these organizations will tend to win out in the end over competitors that settle for measurement half-steps or “no steps” at all.

### *About Performark*

As we say in our poster, at Performark, *measurement is our middle name.* We've been at the business of marketing measurement for a number of years, and we've learned a lot about what works and what doesn't.

Several of the key tools we rely on include:

*Database management* including design, merging, applications, enrichment and maintenance for business marketing databases.

*Sales inquiry management* including mail and telephone inquiry capture, tele-qualification, customized fulfillment, sales lead tracking and telephone prospecting.

*Sales automation data management* with digital linkage capabilities for centralizing, updating and analyzing field marketing data.

*Sales and marketing measurement* ranging from individual sales rep performance to sales outcomes of whole marketing campaigns to customer churn rate.

But our most important contribution is often less tangible than these or other tools. We've been lifting the operations load off of our clients since 1984. We've worked with the many pioneers of “customer marketing” and broken lots of new ground ourselves. And we know the territory as well as anyone. That's a benefit to you.

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