Keen
Model Your Brand Winning

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Marketing Metrics: A High-Tech Solution to an Age-Old Problem

"If I spend more on marketing, what kind of top-line growth can I expect?"

It's a reasonable question from a finance leader's perspective; at least it seems so until you see the deer-in-the-headlights reaction by your marketing counterparts. Their response often sounds like something from psychology class rather than business school, with terms like:

Awareness. Reach. Engagement. Advocacy. Influence. Shares.

It's language like this that relegates marketing to the expense line, a cost to be managed and minimized, rather than an investment to accelerate business growth.

This eBook addresses three critical questions executives on both sides of this equation need to be asking when it comes to marketing metrics:

1. What are the barriers to relevant financial measurement?
2. How do you know if you're making a good marketing decision if you can't tie it to financial contribution?
3. When should you measure for the best results?

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1. What are the barriers to relevant financial measurement?

Thomas Barta summed up this quandry well in an article in Forbes called "Dear CFO: Trust Your Marketer":

> *The marketing job is all about the future. Future revenues, future profit, future products and services, future consumer behavior, and so on. Unfortunately, the future is notoriously hard to predict.*
>
> *When it comes to securing future revenue sources, as a finance professional, you carry a large responsibility on your shoulders. If you demand full proof for all marketing ideas, your company will end up replicating the past. Innovation will dry up, and, in most businesses, you'll become your competitors' most loved leader.*

This article was published in 2016, and since that time big data has become big business, but it hasn't had the big impact hoped for in marketing. Why?

- **Data quality is an ongoing concern.** If you can't trust the data, you can't trust the results.
- **Return on effort.** Getting the data into an actionable format also has presented a challenge. Spending 20 hours to measure the return of a $4,000 campaign is bad business.
- **Channel confusion.** Marketing is more complex than ever. Even good program metrics must be viewed holistically as myriad touch points across digital, traditional media and in-store channels may contribute to sales in a relational, rather than siloed way.

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2. How do you know if it's a good decision if you can't tie it to financial contribution?

Just because it's future-focused doesn't mean it has to be fuzzy. After all sales is predicated on future opportunity as much as on booked revenue. On the sales side technology advances have improved the ability to track and quantify the buyer's journey. So why not marketing?

The good news is that technology advancements are now making it possible and affordable to tie marketing across channels to quantifiable—and just as importantly—predictable financial contribution under an emerging solution set known as:

Unified marketing measurement and optimization platforms

The offerings in this space range from consulting to software-as-a-service, with Keen Decision Systems leading the SaaS end of the continuum with a platform that delivers capabilities financial executives have valued yet considered unattainable for marketing:

- **Unified measurement:** As the name suggests Keen's platform puts all marketing channels on a level playing field based on inferred financial contribution, including digital, traditional media and in-store; and even accounts for their disparate levels of granularity. Advanced algorithms and statistical priors neutralize the impact of variable data quality
- **Future-focused:** Keen's platform draws from its database of statistical priors, in addition to whatever financial, sales and marketing metrics the company has available, to create response curves that pinpoint the optimal marketing investment by channel by week to maximize revenue, maximize long-term value (NPV) or optimize spending under a fixed budget.
- **Agile:** Keen enables marketers to compress planning cycles from annual to as-needed. Its live model can be updated any time so marketers can adapt to changes based on competitive activity, seasonality or distribution shifts. Marketers "war game" based on changing market conditions and adjust their plans in real-time to hedge losses or capitalize on opportunities for increased investment.

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3. When should you measure for best results?

Marketing planning once was an annual exercise, and a poorly timed one at that. For companies on a calendar year, planning cycles began in the fall, with budgets finalized in November using pro-forma data for the last two months of the year. And companies that used marketing mix analysis used data that lagged 18 months up to two years.

In contrast, the new technology-driven marketing decision platforms enable marketers to update their plans quarterly or any time they need to, using data as recent as 30 days.

The national consumer brands successfully growing their marketing investments using Keen's platform tend to follow these planning rhythms:

- **Annually.** Most still adhere to a year-end planning cycle in which they lay out a macro plan for the channels, spends and timing of investments for the coming year.
- **Quarterly.** Keen then recommends a quarterly business review where they update their plan scenarios with actuals and look for opportunities to reallocate across channels and time to produce better results
- **Immediately.** A competitor unexpectedly launches a flashy new campaign. Or you lose a major distribution partner. How do you adapt to keep your plan on track? Keen enables marketers to account for and react to these changes to stay the course.

Measure Twice; Cut Once.

The hidden power of this old adage is that the whole point of measuring is to *do something.*

Keen is referred to as a "decision-support platform" because it was designed to put the right information at marketers' fingertips to help them make better decisions that deliver predictable, measurable financial results.

Data, like marketing itself, is simply an expense line unless it's driving value for the business.