CMO GUIDE to Marketing ROI

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There is no greater responsibility of the Chief Marketing Officer than managing marketing profitability and delivering the greatest return on investment (ROI) from marketing resources. Strategies and tactical plans must deliver current and future profit streams that keep the business healthy and growing. Capabilities to measure and manage marketing ROI are essential, but do not necessarily come easily.

This white paper is the cornerstone of our series on Marketing Profitability Management. Marketing ROI is the process of using insight from measurement and financial analysis to guide marketing decisions that improve performance and profitability. The process is driven by the capabilities, tools, culture, and marketing leadership of the organization. By successfully establishing ROI capabilities, CMOs can address the demands for accountability while building credibility and respect for marketing.

Our sponsor, Aprimo, supports CMOs in their effort to improve marketing ROI discipline and performance with an integrated marketing solution that delivers both effectiveness and efficiency. Aprimo approaches ROI as a technology provider, a practitioner improving their own ROI, and an advocate. Their own CMO is committed to the process and their content series, "10 Imperatives of the Marketing Revolution," encourages CMOs to be "maniacal" about ROI. We thank the Aprimo team for their contribution to this CMO Guide as we support you on your journey to more profitable marketing.

Best Regards,

Jim Lenskold
President of Lenskold Group, Inc. and author of the award-winning book, "Marketing ROI: The Path to Campaign, Customer and Corporate Profitability"

IN THIS ISSUE

- Where ROI and measurements fit into the marketing decision cycle
- How ROI scenarios are used to guide strategic and tactical planning
- Key opportunities to improve marketing efficiency
- How to align measurements to support critical business decisions
- Where to find big wins in ROI analysis, measurements, and applying insights to strategic decisions
- The role of the CMO in creating the culture and capabilities to successfully measure and manage ROI
- How ROI capabilities improve marketing credibility

EXECUTIVE SUMMARY

Improving the ability to measure and manage marketing ROI has been at the top of the marketing executive agenda for quite some time. While many companies have made progress, most know there is more to be done. It's apparent that ROI tools provide powerful decision support for strategic and tactical planning to drive better performance and profitability. Overall adoption is slowly growing and companies further ahead with their marketing ROI capabilities are reaping the benefits of more effective marketing and high credibility with the CEO and CFO.

CMOs and their marketing organizations are under even more pressure to be more accountable with their marketing spending. Budgets slashed during the downturn remain under scrutiny by finance teams that are loathe to return to the old ways of budget allocation. Budgets are tighter, goals are higher, and the lingering uncertainty of marketing contribution creates a tension that interferes with investing in the right strategies. In a 2010 survey by the Argyle Executive Forum and Aprimo, 28% of CMOs said doing more with less was their biggest hurdle. And 37% said integrating and tracking multiple channels was their biggest challenge, highlighting measurement challenges from organization silos. The time is right to close the gaps and enable the marketing organization to make better informed decisions aligned to business outcomes.

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Consider what you know with certainty about your marketing effectiveness — and what remains a black hole. What portions of your marketing are not delivering enough results? Are you properly accounting for lifetime value? What is the optimal marketing mix? Where do prospects leak from the purchase funnel? Can you assess opportunities from new media channels and manage the added complexity?

The inability to answer any of these questions indicates there is untapped profit potential that can come from new insights into profit drivers such as sales conversions, customer value, and marketing efficiency. And if you can't say with any confidence which parts of your marketing can truly deliver financial returns — either now or in the future — marketing's impact and influence will continue to be limited — are we say underappreciated — across the organization.

Marketers have never had more tools available to integrate data, systems, and processes and better manage marketing performance and profitability. More accessible data and more advanced technologies enable more sophisticated measurements and decision support. CMOs must harness the talents of their organization and drive new strategies to generate profitable organic growth in both the short term and long term.

Today's CMOs know the drill: Close the gap between marketing spend and marketing results to become more accountable. Marketing ROI must be more than a reporting exercise; it must drive action. CMOs need a framework that combines strategic and analytic tools, a commitment to continuous marketing optimization, and a laser focus on results-driven execution.

Access the full Lenskold Group and Aprimo research reports at www.lenskold.com/mROI_Guide.

DELIVERING PERFORMANCE AND PROFITABILITY: A MARKETING ROI FRAMEWORK

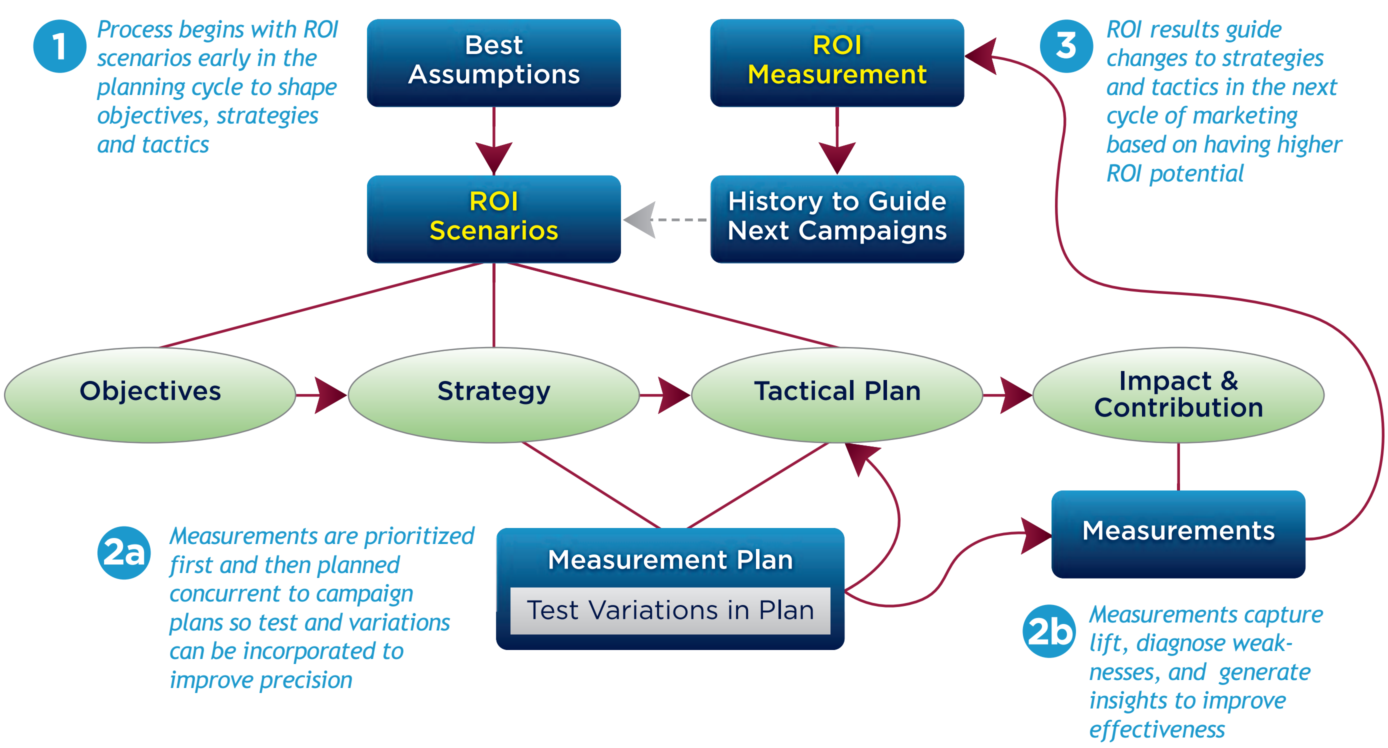
Marketers are being held more accountable for delivering positive, measurable results that align with business performance. In the 2009 Lenskold Group / MarketSphere Marketing ROI and Measurement study, two-thirds of marketers said their CEOs and CFOs are making greater demands to show ROI as a means to secure budget. And 80% of marketers indicated a greater need to measure, analyze, and report marketing effectiveness over the prior year.

In the 2010 Argyle Executive Forum and Aprimo survey, 27% of CMOs indicated that ROI/accountability requirements are driving the highest degree of change to their marketing strategies. And 39% said the ability to correlate marketing activities to revenues is what's "most broken" in marketing.

Three key steps that make up our Marketing ROI Framework will help marketing teams make a significant step forward in their application of ROI metrics to demonstrate marketing's value to the business.

1. Manage and Assess ROI Drivers
2. Plan and Execute High-Impact Measurements
3. Use Insights to Develop and Deliver Smarter Marketing

Figure 1: Marketing ROI Management Process



1. MANAGE AND ASSESS ROI DRIVERS

Marketing's primary objective is to generate more profits with its existing resources, which is accomplished by improving both effectiveness and efficiency. The first step to managing marketing profitability is to quantify the expected outcomes from the marketing investment being planned. This means running the numbers for the budget and offer expenses against the expected incremental sales and financial contribution.

Quantifying the stages of the purchase funnel — from initial target audience reached, to changes in customer perceptions and behaviors, and ultimately to customer purchase decisions — can help you provide a better view of how marketing influences financial outcomes. Quantifying the impact also shows where a marketing program may be dependent on other marketing or sales initiatives to drive a conversion (such as leads passed to the sales organization or customers motivated to enter a retail store before purchasing).

Accurate ROI calculations, regardless of how basic or advanced, are a critical starting point. This doesn't mean you'll have hard data for every aspect of your marketing spend; many marketing teams will begin with rough assumptions for a handful of input values while working toward more detailed and reliable values from analytics and measurements.

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The simplest version of a marketing ROI calculation must include the incremental profit, which is driven by the incremental sales generated, the revenue per sale, and the gross margin percent, and the marketing expense. Figure 2 shows the marketing investment on the left and the return generated from that investment on the right. In this basic example, the marketing investment also includes staff expense. The quantity of incremental sales generated is based on the target reached and a sales conversion rate.

Figure 2: Basic ROI Calculation

Marketing Expenses (excluding offer costs)		**Marketing Impact**	**Quantity**
Campaign Development	$25,000	Target Reached	27,000
Mass Media	$100,000	% Convert to Sale	2.2%
Direct Marketing	$40,000	**Incremental Sales**	**594**
Total Marketing Budget	**$165,000**		
		Net Present Value per New Sale	$875
Marketing Staff Expense		**Incremental Revenue**	**$519,750**
Number of Staff Days	6.25		
Average Daily Rate	$450	Average Gross Margin %	38.0%
Total Staff Expense	**$2,813**	**Profit from Incremental Sales**	**$197,505**
TOTAL MARKETING INVESTMENT	**$167,813**	**INCREMENTAL GROSS MARGIN**	**$197,505**
Gross Margin – Marketing Investment =		**RETURN (i.e., NET PROFIT)**	**$29,693**
Return / Marketing Investment =		**ROI**	**17.7%**

Note: Download a free basic ROI calculator at www.lenskold.com/mROI_Guide

ROI scenario planning enables marketers to build better business cases for executives that more clearly define the profit potential of their strategies and tactical plans, helping to keep or earn sufficient budget.

In this example, a marketer working toward a target of 25% ROI when scenario planning might assess alternative versions of their plan to determine if changing targeting, tactics, or strategy could achieve a higher conversion rate, a higher value per sale, or lower costs. Viable scenarios are tested or measured to confirm that modified plans to improve ROI will generate the desired results.

More robust versions of ROI scenario-planning tools support inputs for:

- Detailed stages of the purchase funnel
- Target segment profiles
- Incremental customer value over time
- Repeat purchase inputs
- Retention curves
- Distribution of products/services sold
- Detailed product/service margins

Running ROI scenarios in the planning stage helps marketers improve the profit potential of their campaigns and marketing initiatives. With ROI scenarios, marketers can:

1. Identify key profit drivers critical to improving campaign profit potential
2. Eliminate initiatives with low profit potential or unrealistic objectives
3. Evaluate alternative tactics that justify small-scale testing
4. Understand the interdependencies necessary to deliver bottom-line contribution (i.e., integration that may require CMO-level support)
5. Quantify potential performance of new strategies or incremental budget

ROI scenario planning enables marketers to build better business cases for executives that more clearly define the profit potential of their strategies and tactical plans, helping to keep or earn sufficient budget. The same ROI calculations are also run at the conclusion of the marketing initiative for assessment and reporting. These results form the basis of new scenarios designed to make the next iteration of a campaign more profitable.

Tap into Efficiency

Improving efficiency is usually not as high of a priority for marketers as improving effectiveness. However, in regards to ROI calculations, improvements in efficiency should be viewed as a valuable source to free up funding for other marketing initiatives that have higher impact potential and reach higher value customer segments. Inefficient operations create a strain on marketing resources that can impact effectiveness and result in less-than-optimal campaigns from inconsistent brand and content across all channels of communication.

Key opportunities for improving efficiency include:

- Automate operations for campaign planning and management, analytics, measurements, and reporting
- Manage the balance between “working” and “non-working” media (Non-working media is the portion required to develop ads such as agency, research, and production fees)

- Leverage marketing assets from prior investments (such as creative, photography, and content)
- Eliminate low-performing initiatives identified through measurements

ROI intelligence gathered from scenario-planning tools will guide decisions to improve both effectiveness and efficiency.

The CMO plays a critical role in this stage: Ensuring the organization has standardized ROI tools, access to required data, and a disciplined practice for putting the tools to use. The CMO should also involve the finance organization in the development of the marketing ROI calculations to increase the tool quality while establishing credibility with finance.

Where to Find Big Wins with ROI Scenario Planning:
- Target high-value segments
- Target high-potential segments (more likely to buy)
- Improve conversions late in the funnel
- Improve efficiency with reductions to non-working media
- Evaluate trade-offs between increasing customer value vs. volume
- Integrate diverse forms of marketing including mass media, direct marketing, lead generation, channel marketing, and retail marketing
- Optimize the series of multiple campaigns across customer segments

2. PLAN AND EXECUTE HIGH-IMPACT MEASUREMENTS

Marketing organizations don't lack for measurements and metrics. Where they do fall short are in what they measure and how they measure it. The most important questions, such as "How much ROI will this campaign generate if I give you the budget?" are not easily answered. Too often, "feel-good" measurements such as advertising awareness, customer engagement, or Twitter "followers" are used to justify marketing spend instead of pursuing measurements on business outcomes that improve marketing performance and profitability. In some companies, these feel-good measures have no correlation to sales and can quickly lead to less-profitable decisions.

Measurement success is determined by clear planning on **1)** what to measure, **2)** when to measure and 3) how to measure. Measurement objectives should be prioritized in a strategic measurement plan, where the insight needs are defined independent of specific marketing initiatives, and in campaign measurement plans, where measures are defined to assess specific campaigns.

When determining what to measure, it helps to work back from the desired outcomes (i.e., the profit drivers identified in ROI scenarios) and the marketing actions that can drive those outcomes to the planning for what, when, and how to measure. Figure 3 highlights the proactive steps that can be taken to generate more impact and value from measurements.

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Marketers can proactively make their marketing programs more measurable.

Figure 3: Getting More Impact from Your Measurements

Marketers can proactively make their marketing programs more measurable. A big mistake to avoid: waiting until the campaign is designed and executed before planning the measurement approach. Designing measurements concurrently with the marketing plan allows for slight modifications to campaign plans, such as setting up market tests or incorporating greater variation in the marketing mix to improve modeling precision. Variations in the marketing and media plan are critical for more sophisticated measurements that compare the impact of different strategies and combinations of tactics.

Measurement objectives should be based on the following types of decisions that marketers can make to use the conclusions to improve their marketing performance, as shown in Figure 4.

Figure 4: Aligning Measurements to Potential Decisions

MARKETING DECISION	MEASUREMENT SUPPORT
Go/no-go decision (repeat or replace)	Requires measuring the total campaign relative to the baseline of no campaign
Add a tactic or remove a tactic within a campaign or multi-contact environments	Requires measuring the incremental contribution for one or more tactics within the existing mix
Change the intensity for scalable tactics such as mass media	Requires measuring various levels of frequency and/or reach to determine the best spend level
Change the campaign design (target segments, offers/discounts, funnel influence, and/or message/creative)	Requires measuring and comparing multiple executions to isolate specific components of the campaign design
Change the integration of the campaign with other marketing, sales or channels	Requires measuring and comparing the campaign contribution when integrated with different complimentary initiatives

CASE STUDY

A SNAPSHOT OF KODAK'S ROI PROGRESSION PATH

Marketing ROI capabilities often begin with small initiatives that, if successful, build into comprehensive processes for managing marketing profitability. Over the past three years, Eastman Kodak Company has implemented systems and campaign measurements that have advanced their marketing effectiveness. The marketing team's accomplishments created a culture ready and eager to embrace ROI and are helping Kodak develop a global process that leverages ROI insights and measurements to shape marketing strategies and tactical decisions.

Marketing automation has helped Kodak improve its ROI in both B2B and B2C business segments. On the B2B side, the Graphic Communications Group (GCG) provides one of the broadest portfolios of technologies, products, and services in the commercial printing and document capture industries. This group uses Aprimo Marketing Studio to help marketing managers across multiple business units and geographic locations create measurable lead-nurturing, event management, dialog management, and e-mail marketing.

ROI improvements from Aprimo's integrated marketing solution include:

- Better targeting, message consistency, and tracking for e-mail marketing campaigns, which has improved performance against key metrics by more than 200% and increased cross-selling performance
- More efficient workflow and access to shared campaign design and creative assets, which has improved efficiency with reduced expense
- Financial tracking of marketing spend by activity, which has resulted in proactive management of marketing
- More consistent communication of marketing initiatives across the organization, which has resulted in better coordination across multiple initiatives and improved effectiveness

Kodak's B2C organization offers all-in-one inkjet printers, digital still and video cameras, image sensors, retail kiosk photo printing, and online photo sharing and printing via KodakGallery.com. Success with Aprimo Marketing Studio in B2B led to adoption in the B2C organization for consumer email marketing campaigns. Separate initiatives were also underway to improve marketing's ability to measure and improve mass media campaigns and retail marketing effectiveness. Valuable lessons from these efforts highlighted the need for more structured planning and processes to align marketing, product management, finance, and business research.

With clearly defined needs, a good infrastructure, and the right culture, the marketing team is now able to accelerate its progression with a CMO-level directive to adopt robust ROI and measurement practices throughout the organization. Chris Payne, CMO of Kodak's B2B organization, indicated "Automating our marketing efforts via Aprimo's integrated marketing solution is enabling us to establish transparency and standard practices for ROI scenarios and strategic measurement across the globe. With our data driven marketing, we can quickly gather and assess campaign results leading to more in-depth insights to improve our marketing decisions."

Kodak is establishing ROI capabilities and standard practices globally. A 12-month roadmap for expanding capabilities, combined with ROI scenario planning tools and a strategic measurement plan, have positioned Kodak to quickly generate new insights and actions that leverage the company's powerful brand and customer-oriented approach for increased marketing performance.

All of these measures are important. If your only measure is to assess the lift of the total campaign, without exploring alternatives or diagnosing weaknesses, then any campaign that falls short of objectives is at risk of being replaced instead of improved, quite possibly with another unproven — and equally unsuccessful — campaign.

Figure 5: Comparison of Primary Measurement Methodologies

BASIC TRACKING	PRE-POST COMPARISONS	MARKET TESTING	MODELING
Captures sales or responses directly associated to a specific tactic	Compares average pre-marketing sales and metrics to the average post marketing	Compares outcomes in treatment vs. control groups to isolate the impact of a specific marketing initiative or component	Applies advanced statistical techniques to attribute sales lift (and declines) to marketing channels and non-marketing factors
Directional — Only attributes the impact to the last contact	Directional — Provides estimate but cannot eliminate the influence of non-marketing factors	Reliable — Requires comparable treatment and control groups	Reliable — Requires extensive data and variance in activity to generate correlations
Low Cost & Effort	Low Cost & Effort	Low Cost & Effort	High Cost & Effort

While it's possible to measure just about any aspect of marketing, it is impossible (and unwise) to measure everything in marketing.

A general rule: While it's possible to measure just about any aspect of marketing, it is impossible (and unwise) to measure *everything* in marketing. This is why marketers must prioritize when to measure, based on what needs to be measured and how the measurement will be used relative to the resources (budget and staff) required. It is more important to periodically capture potentially high-impact insights than to frequently measure less important outcomes simply for reporting purposes.

When determining what, when, and how to measure, CMOs must ensure the measurement discipline is in place, resources are available, and smarter measurements are used to drive more significant improvements to business outcomes. Advanced planning is needed to define the strategic insights that can add significant value and are worthy of measurement resources. Measurement plans that extend over a six-to-12-month period will help prioritize higher impact measurements, leverage diverse methodologies, and allow integration off multiple measurements that work together for deeper insights. The goal is not to just measure the marketing you are running, but determine what should be done differently to increase performance.

Where to Find Big Wins with Measurements:

- Vary marketing levels and marketing mix to improve measurability
- Improve pre-post comparisons with a sales trend analysis
- Put measurements where improvements can generate good returns
- Use market testing to assess the incremental lift of a specific tactic within multi-tactics environments
- Use modeling to assess the interaction effects in multi-tactic environments
- Capture the “spillover” effect of tactics such as online advertising driving retail sales or one tactic driving leads through another tactic’s response channels

3. USE INSIGHTS TO DEVELOP AND DELIVER SMARTER MARKETING

With the right measurements and clarity on profit drivers from your ROI scenarios, marketers are positioned to make better-informed decisions. The process for marketing ROI is to continuously cycle through marketing planning, execution, and measurement (which guides the next round of planning). The stage of strategic and tactical planning is where decisions that lead to actions ultimately boost profitability. It’s important to know where improvements can have the greatest impact on ROI, so here are the top sources (in order) for generating the biggest gains:

1. Targeting high-potential, high-value customer segments
2. Increasing conversion rates late in the purchase funnel
3. Integrating effectiveness tactics across the funnel
4. Accelerating leakage of low potential prospects
5. Reducing the cost of offers or price discounts on base level sales
6. Improving efficiency of effective initiatives

Improving tactical effectiveness is important and should be pursued at every opportunity since many small improvements can also increase profitability. However, marketers tend to overemphasize assessments of media and marketing channels, since these align to the budget allocation process. Media channel tactics should not dominate measurement efforts; marketers also need to assess marketing strategy — including target, offer, and message. Proper targeting to the right segments, for example, is a primary ROI driver because it increases conversion rates and average customer value while decreasing costs.

These strategic measurements will enable marketers to identify weaknesses to address. For example, insights developed around leakage in the purchase funnel can help marketers identify gaps in the flow from marketing contact to changes in behaviors, sales, and revenue generation. Fixing funnel leakage — particularly in the later stages of the purchase cycle — represents a significant profit opportunity, but only if marketers act on these measurements to develop and test alternative marketing executions.

▲ *Small-scale testing limits the risk to delivering results while accelerating effectiveness over time or creating the business cases for additional funding.*

The fastest path to better performance is accomplished through continuous experimentation and testing. CMOs should consider dedicating 5%-10% of their budgets toward experimenting with diverse marketing approaches. Experimentation can be used to test the impact of increased marketing spend, the introduction of new initiatives, modifications of offer amounts or structures, or other marketing that may involve significant risk or require significant budget. This small-scale testing limits the risk to delivering results while accelerating effectiveness over time or creating the business cases for additional funding.

Measurements, analytics, and ROI can help make sense of the complexity of customer behaviors and where profit opportunities exist.

Marketing can only achieve positive ROI if it effectively motivates customer behavior through to a purchase decision, typically backed by a positive customer experience for repeat sales. Taking a long-term view of customer profitability and lifetime value will help marketers align their marketing metrics with sales and financial outcomes. This expanded view into the customer funnel increases the importance of integration across touchpoints. Measurements, analytics, and ROI can help make sense of the complexity of customer behaviors and where profit opportunities exist. From planning to measurement design, the focus must be on creating more robust insights to develop good strategies and determine how to best execute these most effectively.

Here, the CMO must establish expectations for the team to take actions and constantly pursue performance improvements using the marketing ROI capabilities in place. The CMO must demonstrate a commitment by encouraging and rewarding insights-based decisions that help achieve goals. In addition, it is at the CMO level where performance barriers resulting from gaps in cross-functional alignment between marketing and sales, customer service, or product management can best be resolved.

Where to Find Big Wins When Applying ROI to Strategic Decisions:

- Pursue insights for high impact big wins as well as for smaller incremental improvements
- Dedicate a portion of the budget for experimentation and testing
- Be sure to repeat or improve the success of measured initiatives
- Have stakeholders agree on conclusions and next steps from measurements
- Act on the insights from measurements to improve performance and build executive confidence in marketing's ROI practices

IMPLEMENTING THE MARKETING ROI FRAMEWORK

The CMO has an opportunity to evolve the strategic role of marketing and align marketing to corporate objectives in order to drive organic growth and profits. Insights developed through better measurement will help CMOs prepare more effectively for competitive threats and other market changes.

Moving to the next level of marketing ROI and measurement capabilities requires a plan, of course. Implementation roadmaps should be designed with five primary elements in mind:

- **Process Guidelines.** As the marketing ROI process broadens from a small team to the organization, it is important to establish standards that will ensure ROI scenarios and measurements are used with accuracy and consistency. Some marketers will quickly adopt the processes while others will have to be dragged, kicking and screaming, into compliance.

- **Automation and Tools.** Automated processes and the right tools can simplify campaign management, ROI scenarios, measurements, and analytics. Solutions can range from standardized ROI calculators in Excel and templates for measurement planning to robust campaign management, business intelligence, and database systems. The goal is to equip the marketer with new capabilities without detracting from their strengths in developing strategies and executing marketing initiatives.

- **Marketing Database.** Modeling and other measurements are highly dependent on access to detailed marketing data. Research has shown that most companies lack a central database with historical data on marketing contacts. A centralized data mart should contain current and historical marketing campaign data — everything from contacts, impressions, and GRPs by tactic to budgets and responses.

- **Resources and Skills.** Many marketing ROI capabilities can be adopted without requiring additional staff or budget resources. But the pace of implementation and success can certainly increase when backed with additional resources. Some effort will have to be put into providing the marketing team with skills to apply financial and analytic insights in their planning.

- **Culture and Conditions.** Establishing the right culture to accept and embrace marketing ROI processes is the biggest barrier to overcome. Implementation often requires shifting from a mindset that is used to operating in the relative haze of "soft" metrics to one that values fact-based decisions and accountability. Leadership will need to set expectations and motivate their teams to participate. One of the best techniques to drive adoption is to introduce new capabilities with pilot teams, consisting of small groups that show a high interest and a willingness to change. Successful pilots will demonstrate the initial success that will convince others to follow.

The goal (of automation and tools) is to equip the marketer with new capabilities without detracting from their strengths in developing strategies and executing marketing initiatives.

The CMO, not surprisingly, plays a lead role here as a change agent in this transformation. The CMO must create an environment where building insights and knowledge are priorities. He or she must break down operational and cultural barriers that inhibit marketing's ability to tie investments to business outcomes. The CMO must set expectations for the increased use of marketing ROI measurements — and reward those who take actions to use measurement insights to improve the effectiveness of marketing programs. In other words, the CMO should act and lead like any other member of the C-suite.

Don't accept that the version of the campaign launched will automatically deliver the best results, and instead explore alternative approaches that can outperform your current marketing initiatives.

CMO VISION AND COMMITMENT

CMOs have long had an imperative for accountability. It's critical that they improve their ability to deliver on their promises, not only to earn budget, but to command a leadership role in delivering results in highly competitive markets.

Running a high-performance, highly profitable marketing organization requires a commitment to constantly improving the effectiveness of strategies and tactical plans. This means not accepting that the version of the campaign launched will automatically deliver the best results, and instead exploring alternative approaches that can outperform your current marketing initiatives. It means a constant search to understand what drives current performance and which areas need improvement.

While champions for basic marketing ROI and measurement capabilities can emerge from within the marketing organization, only the CMO is positioned to drive the establishment of consistent processes and best practices. Only the CMO can align the organization toward more profitable customer strategies that come from integrating marketing initiatives throughout the purchase cycle and across product and service silos. Only the CMO can instill an insight-driven culture set on proving and improving ROI.

Ultimately, a successful marketing ROI transformation comes down to proving that your organization can increase the value of its investments. Measurements to simply "prove" ROI can be risky, since some marketing may be effective while other marketing may not. The effort to "improve" ROI is likely to be much more fruitful. Every step forward with new capabilities will generate success stories. The marketing ROI discipline can generate significant credibility and the results can instill confidence in marketing's ability to contribute to the financial well being of the company.

QUICK TIPS

IMPROVE PERFORMANCE, PROFITABILITY, AND CREDIBILITY WITH MARKETING ROI

Improve Profit Potential in the Planning Stage

- ✔ Run ROI scenarios for all marketing initiatives prior to committing budget
- ✔ Map the stages between marketing contact and customer purchasing behaviors to show a quantified view of the expected outcomes
- ✔ Set standard calculations, data sources, and processes for consistent and accurate use of ROI assessments
- ✔ Apply the insights from prior measurements in the current cycle of planning

Maintain Financial Integrity

- ✔ Make sure ROI tools use accurate calculations that are aligned to the standards of the finance organization
- ✔ Be comprehensive in accounting for marketing-generated costs
- ✔ Take credit only for incremental profits generated from the marketing, to the degree that your measurements or estimates will allow

Use Measurements Strategically

- ✔ Identify measurement priorities in advance of campaigns and plan campaign-specific measurements concurrent with campaign planning
- ✔ Modify campaigns to improve measurability and enrich the value or results
- ✔ Integrate diverse measurements to leverage the unique strengths of each methodology and to allow multiple measurements to have a cumulative effect
- ✔ Experiment with different strategies and tactical plans to accelerate improvements to marketing effectiveness

Create an Environment to Succeed

- ✔ Enable easy access to critical marketing, sales and finance data
- ✔ Implement marketing technology to use staff and marketing assets more efficiently
- ✔ Enhance data mining capabilities to advance precision of ROI analyses

Keep the Process Strategic and Customer-Focused

- ✔ Understand purchase funnel leakage points and reasons
- ✔ Analyze purchase patterns to understand customer value over time
- ✔ Test and measure strategies that change behaviors and not just tactic contribution
- ✔ Leverage the understanding of purchase patterns to give marketing greater influence over customer experience, product development, service, and other areas where competitive gaps are driving funnel leakage

Create a Culture of Continuous Improvement

- ✔ Establish a roadmap for increasing marketing ROI and measurement capabilities over time
- ✔ Develop a process that aligns marketing and measurements to business objectives
- ✔ Run pilot initiatives to introduce new capabilities
- ✔ Build momentum by acting on insights for initial wins
- ✔ Continuously evolve the marketing ROI process — it is a journey, not a destination

ABOUT THE AUTHOR

Lenskold Group
Innovating the path to marketing profitability.

Lenskold Group offers one of the most comprehensive and innovative approaches to applying marketing ROI techniques and tools to plan, measure, and optimize marketing strategies toward maximum profitability. Since 1997 the firm has delivered high-quality consulting and marketing services to generate profitable growth for a broad range of Fortune 500 and emerging mid-market clients.

With a world-renowned reputation for championing best practices, Lenskold Group puts advanced ROI measurement techniques, tools, and processes into action, including CFO-quality financial analysis of marketing contribution. Engagements are designed to deliver immediate short-term benefits, organizational adoption, and processes that provide lasting capabilities. Our team brings extensive experience in measuring sales lift, customer acquisition, customer retention, lead generation, and advertising, offering 360-degree customized solutions to improve marketing ROI.

To learn more about Lenskold Group's marketing ROI services, tools, and strategic consulting:

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Integrated Marketing Software

Aprimo's integrated marketing software enables B2C and B2B marketers to successfully navigate the changing role of marketing by taking control of budget and spend, eliminating internal silos with streamlined workflows and executing innovative multi-channel campaigns to drive measurable ROI.

Only through the use of Aprimo's modular and on demand software, Aprimo Marketing Studio™ for B2C and Aprimo Marketing Studio™ for B2B, can marketers truly integrate marketing organizations, manage, deliver and track the right message targeted to the right audience over the right channel and translate marketing efforts into measurable business impact and revenue.

Hundreds of thousands of marketers trust Aprimo to revolutionize their marketing. Aprimo customers include over one third of Fortune 100 companies, and nearly one quarter of Global 100 companies.

For additional information:

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