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The marketing ruler

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First in a three-part series Are we monitoring and measuring the wrong thing? Should we measure instead the return on investment, or a much more holistic view of our marketing programs?

When you create a campaign, what you're really doing is creating an opportunity to speak to a customer, to attract a new lead, to change an opinion. It is that opportunity that you must track to determine success. The opportunity cost is not just a function of the cost of the campaign, but also a function of the cost of the elements of your team's work. Such as, the return on marketing assets, leverage of previous campaigns, and finally, the amount of revenue or account acquisition.

What is the value of our team's energy to our marketing return? How do we measure the use of our marketing team's assets, and the value of previous campaigns? Where does ROI fit in when marketing campaigns are about long-term brand development, or a product launch that is addressing customers who plan what they buy months in advance? Why do we measure "Return on Investment" when campaigns are about developing long-term commitment and not just revenue. Why are we falling into a financial trap that fails to measure the value of programs over time? It's time to change the rules of campaign measurement.

Measuring success

We have to be able to measure the success, or lack of success of programs to justify the securing of the funds we need to promote them. We have to prove that the things we've said as marketers are true. We have to prove statistically, financially, and with metrics that what we believe has created passion for our products, created campaigns that bring emotional responses. In turn, building brands with years and years of advertisement over time produces real value. If you believe that the layering of one program on another and the integrating of those programs is more valuable than having them separate and non-connected then prove it. The corporate environment needs measurements, but the right measurement for marketing campaigns is not just Return on Investment since it is such a short-term, fiscal period form of measurement.

Now, you may not want to say to your CFO, "I'm never going to give you a return on investment again." He's going to throw you out of the office, right? Well, that's exactly what we did at Maxtor. It's a $4 billion company, spending about $6 million a quarter just in co-op programs. We had a very large advertising budget. We ran outdoors and put print advertising all over the world. One of the first things we did after I arrived was walking away from return on investment and went to measuring Return on Opportunity.

Return on Opportunity

The first step is to start a culture change at your company. You've got to convince your staffs that measuring this stuff is part of our responsibility. We can no longer get away as marketers with the old excuse "you can't measure it." But measuring the magic of marketing is very hard. Campaigns don't necessarily work within nice neat quarters like financial periods. How do you take all the diverse aspects of a campaign that might have 20 different elements of outdoor, print, and online and bring them together to give them one ROI?

We use the term conjoin to describe the effective balance between the price of the product, the awareness of the product, the position of the product, and the promotion of the product. If you can understand the relationship of those four, you can begin to do a media map. In other words, if I raise my price this much, I need to raise my promotions this much.

What we need to do when we start a campaign is determine what it is we're going to measure, because it's not just return on investment, it's also how well we achieve whatever the real goal is. Secondly, we have to convince our sponsors, such as the CFO, that what we're going to measure ourselves on are these statistics. Success for this program is delivering X amount of leads. Success for this direct mail campaign is changing my database mix to 5% more Macintosh than it was before.

Stephen DiFranco served as Vice President, Corporate Marketing for Maxtor Corporation from 2002 to 2004 and was responsible for Maxtor's global marketing strategy including all marketing activities, channel development, corporate branding initiatives, and marketing communications. Prior to joining Maxtor, Stephen served as the executive vice president of marketing for WebGain, Inc., a software provider for enterprise companies. From 1998 to 2000, Mr. DiFranco was director of marketing for Iomega Corporation, and held the general manager role for its professional products and business division. Before Iomega, Mr. DiFranco was with Sony Electronics, Inc. from 1989 to 1998. During his decade with the company, he held a variety of senior marketing positions. Mr. DiFranco also acted as Sony's spokesperson on the economic impact and professional application for DTV, and served as liaison to network TV executives on issues relating to implementing DTV for sports production. Stephen is currently Vice President of Consumer Sales and Marketing at Advanced Micro Devices (AMD.)

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