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Why Marketers Don't Measure Their Work

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Why Marketers Don't Measure Their Work?

Here is a question I posed at the end of a recent Lodestar blog post entitled **The Ongoing Challenge of Marketing Accountability**:

"If the pain and suffering around marketing accountability is so intense - and has been now for at least a couple of decades - why is it that so little progress in marketing performance measurement and ROI assessment has been made?"

Put another way, if marketers are under so much pressure to demonstrate accountability for the enterprise resources entrusted to them, why don't they measure their work?

This is not a scientific examination – there are no data - but rather my subjective assessment, based on over 25 years of experience in consulting with, and observing the work habits of, CMOs, brand and advertising decision-makers, agency account leaders, and other senior marketing executives.

In the end, I come with ten reasons marketers don't measure their work. Here they are.

Reason # 1. The Abstract and Complex Nature of Marketing Performance Assessment

So, let's start with the obvious. If marketing performance measurement and ROI assessment were easy, everyone would already being to great job with these tasks, accountability wouldn't be an issue, and we wouldn't talking about it in this forum. The reality is that assessing most forms of marketing performance – and doing it a creditable manner, in way that is persuasive to a CEO or CFO - is a complex, abstract, and incredibly difficult business.

Let me parse that last paragraph a bit. "Marketing" is a big space and "performance" can mean a lot of different things to different people. At Lodestar, we think it is useful to actually think of marketing performance assessment as a spectrum of gradually increasing complexity, sophistication, and difficulty.   At the lower one end of spectrum, things can be pretty simple and straightforward. A company can put up a banner ad, measure the resulting click-throughs, and assess the "performance" of that effort. Or, they can run a print ad for lead generation purposes and count the resulting responses. But, these are not the kinds of performance questions that keep marketers up at night or fuel the accountability crisis.

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At the other end of the spectrum, the challenges in measuring (or predicting) performance and ROI are several orders of magnitude more difficult. Take for example, these kinds of questions:

"We spend several million dollars annually building our brand through multiple marketing channels. What is the link between that investment and our ability to migrate prospects through our customer acquisition funnel?"

"How – exactly – do our investments in print and digital advertising impact our ability to retain existing customers and deepen their engagement with us? What would happen if we doubled down on this kind of advertising over the next year?"

"We will attend and exhibit at over 35 industry events this year – and spend a lot of money in the process. How do we link that investment to subsequent sales performance?"

"We spend over $10 million annually in sponsorships of various sporting and cultural events. Other than general good will, how is this investment impacting our business results – brand stature, sales, market share, profitability, even shareholder value?"

Answering these kinds of questions is the marketing equivalent of brain surgery – the tools, methods, and expertise required are at the very cutting edge of marketing science theory and practice.

And, it is here, faced with these kinds of questions, that I've seen many marketers take one look and then walk the other way. One reason many marketers don't measure their work is because the work involved looks too difficult, too abstract, and too challenging.

Reason # 2: Lack of Effective and Readily Available Tools.

At the lower end of the marketing performance measurement spectrum, there are an increasing number of assessment tools available to marketers. These are primarily associated with marketing automation software programs and focused on lead generation and simple campaign effectiveness questions. And, certain Big Data analytics packages are increasingly finding their way into some marketers' toolkits.

But, software or other automated tools to help address more advanced marketing performance questions like those mentioned above? Not really. There are no "plug and play" solutions. For those kinds of questions it is still largely the case that a highly experienced and knowledgeable decision scientist needs to handcraft a customized solution to address the specific marketing performance question – or set of questions - on the table inside a company. Measurement and ROI assessment at this level, even in this technology-driven era, are still very much a cottage industry performed by artisans.

So, a second reason many marketers don't measure their work is that automated tools to help with the heavy analytical lifting are largely unavailable. And, very few marketing organizations have the resources to add to their teams properly skilled decision scientists who can work on assessment issues on a more manual, customized basis.

Reason # 3: Little Or No Internal Capabilities, Experience, Or Exposure To Marketing Effectiveness Theory, Methods, and Practices.

A related reason is that it is common, even the general rule, for marketing executives to go through their undergraduate academic careers, even acquire a marketing-oriented MBAs – and yet never be exposed to marketing performance theory, methods, tools such as there are, and best practices. I have yet to hear or see of a course entitled ***Principles of Marketing Accountability*** or something similar inside a MBA program. The reality is you don't learn about this stuff in school, because it isn't taught, at least in the general curriculum.

Then, once most marketers are engaged in their careers, they are too busy figuring out marketing and brand strategy, launching new products and services, and getting new campaigns out the door to take the "hard left" of time, effort, and resources, that would be required to get smarter about marketing performance measurement and ROI.

So, by mid- and late-career, when the marketing ROI alarms start to sound for many senior marketing executives, they simply do not have the background, orientation, or exposure to marketing effectiveness theory, methods and practices, much less actual experience in creating effective solutions, to respond appropriately.

And, we've just seen that few organizations have experienced marketing scientists on board to handle the work. All of which means that another reason marketers don't measure their work is that there is no one in-house with the orientation, knowledge, perspective, and skills to do the work.

Some marketers bring in outside academics or consultants to help. But, for many others, hitting this "brick wall" of limited or no internal capabilities becomes an excuse for postponing marketing performance initiatives or forgetting them altogether.

Reason # 4: Lack of Time, Other Priorities.

Let's face it: senior marketing executives are busy people in complex and challenging leadership positions. And, no doubt about it, it takes time and effort to stop and think seriously about marketing investment outcomes. It takes additional time and effort to design, build, and maintain systems to measure marketing effects and still more to calculate ROI and fully assess the results. Because of the many other demands on their time and attention, these are corners that are all too easy for many marketers cut.

Yet, at another level, one has to ask: what else is so pressing, so important, on a marketer's agenda that there is no time to find ways to measure marketing performance? I'd argue that, at the end of the day, marketers have no higher duty or obligation. I'd also argue that it is in the enlightened self-interest of every marketing executive to find the time.

Reason # 5: A Focus on Quick Fixes, Lack of Discipline and Staying Power, Loss of Interest in Campaign Effectiveness Post-Implementation

Ok, here's where I start getting into serious trouble with some of our marketing and brand clients and friends! And, I don't want to paint them all with the same brush – there are many exceptions. But in my consulting experience over the years, too many marketing executives are too focused on fast solutions - quick fixes – and on then quickly moving on to the next "burning marketing platform".

Many marketers we work with also seem largely or completely focused on the design of a marketing intervention – what are we going to do and how – while paying scant attention to questions like: what, exactly, do we plan to achieve and how will we measure to see if those anticipated outcomes have in fact been achieved? Many seem to lose interest in a campaign once it is launched and move all too quickly on to whatever is coming next. They get the first half of the marketing management equation – and relish in it – but either miss or elect to ignore the equally critical second half.

Reason # 6: Marketing Lag Effects Require A Prolonged Measurement Effort

Another contributing factor is the problem marketing lag effect. Launch a major marketing campaign today and some outcomes can begin to be measured in minutes or hours. But other results, and many times the most strategically critical ones, may take weeks, months, or even years to be fully observed. Success in driving a spike in brand preference or customer loyalty and engagement, for example, is not something that can be measured overnight.

This means that to fully address the performance and ROI of a marketing investment, marketers not only need to put up measurement, management, and reporting systems, but ones designed to operate for long periods of time, if not perpetually. More time, attention, and effort – and on an ongoing basis. And, for many time-constrained marketing executives, this proves to be to be too great an obstacle or undertaking.

Reason # 7 Lack of Internal Agreement on What and How to Measure

Several times each year we see studies reporting that marketers can't get their organizations on the same page in terms of what to measure and exactly how to go about measuring it. I used to think this was absurd – that the CMO could simply mandate the framework and everyone would fall in line behind it. I've concluded, however, that this is far from the case inside many companies. Building consensus around a marketing performance measurement process – both inside the marketing organization as well as elsewhere across the organization - can prove to be a daunting task. Here's why.

We have discussed earlier in this series that an overarching challenge in marketing performance measurement is that of determining what to measure and why? Even in the best of circumstances, "performance" can mean different things to different people. So, it's not entirely surprising that managers in the various branches of the marketing organization (brand, advertising, public relations, sponsorships, marcom, creative, social media, etc.), all about to have a bright assessment spotlight put on their part of the overall marketing effort, may very well view marketing "performance" quite differently and insist on different things being measured and in different ways. Getting everyone in agreement can be like trying to herd cats.

And, if a CMO reaches outside the marketing organization for input on a marketing measurement process from, say, the CEO, the CFO, the sales organization, or customer service – something that you would think would be a good idea for a number of reasons - there is a chance he or she will end up with a muddle of conflicting and irreconcilable suggestions, requirements, and expectations.

Trying to reach basic consensus on how to proceed with marketing measurement, much less building buy-in and ownership around the process, can become such an obstacle that in the end nothing gets decided and nothing gets measured. Everybody just goes back to spending money and hoping for good things to happen.

Reason # 8: Pound Wise (Maybe), But Penny Stupid – Marketers (or Their Organizations) Won't Spend Money on Measurement.

We see this one all the time and it has become my personal marketing performance pet peeve. A senior marketing executive will prepare to spend five, six, seven, even eight figures launching a new marketing initiative, but then balk at the idea of adding a comparative pittance to the budget to measure the initiative's subsequent performance and assess ROI.

Really? At those levels of spending, it's not worth the modest additional investment – say even 1%-5% of total budget - to find out whether the campaign achieved its intended objectives and what resulting business outcomes were? In all too many organizations we've observed, that is indeed the case.

In some instances, this wrongheaded decision is made by senior marketing executives themselves, who, ironically, would stand to benefit the most from demonstrated marketing accountability associated with a large and expensive campaign. But other times, it's the CFO or CEO who, equally ironically, complain the loudest about the lack of marketing accountability, but then stonewall the modest investment that would produce the evidence of such accountability.

In either case it is indeed penny stupid.

Reason # 9: Adverse Corporate Culture, Tradition, or Orientation When It Comes To Performance Measurement

Sometimes it is not the senior marketing executive's fault nothing gets measured; rather, it rests in the company's larger culture. Some companies simply do not have a history or orientation toward performance measurement in general – marketing, sales, operations, innovation – you name it. There are no performance benchmarks, scorecards, dashboards or the like. These companies work hard, but not necessarily very smartly.

Other companies do not seem to know how to go about the task of measuring any kind of business performance. As I've said previously, this is not something most business professionals learn much about in college or in a MBA program. And, as Tim Ambler has written in ***Marketing And The Bottom Line: The Marketing Metrics To Pump Up Cash Flow***:

> *"Stepping back from the business, assembling a clear business model, and putting numbers on the key drivers of success defeats many top executive teams."*

In still other organizations, marketing – and hence marketing performance - is simply not seen a something requiring the attention of senior management.

So, net-net, corporate culture, tradition, and orientation can have a large influence on whether marketing performance gets measured or not.

Reason # 10: A Combination of Several Factors.

Finally, it is usually not just one obstacle or barrier that prevents marketers from measuring their work, but rather several.

As we have seen throughout this article, any of a number of obstacles can hinder a marketing measurement process or stop it in its tracks all by itself. But, when two or more factors are at work in combination inside a company, serious work on improving marketing accountability has almost no realistic chance for success.

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In a future article, we'll take a look at what marketers can do to overcome these barriers to performance measurement and ROI assessment.

About Lodestar

Lodestar is an advisory services firm that helps clients create, manage, and utilize information and intelligence of all kinds to solve complex business problems. Our work has two goals: improve business performance and drive growth.

The firm is built around six major practice areas - marketing research and decision sciences, information management, innovation, marketing effectiveness, organizational performance, and customer experience management. We also offer specialized services in areas such as competitive intelligence, technology scouting, intellectual property assessment, future forecasting, performance measurement, marketing effectiveness, ROI assessment, strategic planning, sales force effectiveness, and go-to-market strategy.

Lodestar works with Fortune 1000 and SMB clients across a variety of industries, including financial services, healthcare and life sciences, media, publishing, technology, professional services, manufacturing, and the public sector.

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