



# MEASURE WHAT MATTERS MOST

A marketer's guide to improving outcomes  
by focusing on your best customers and  
the critical moments in their journey

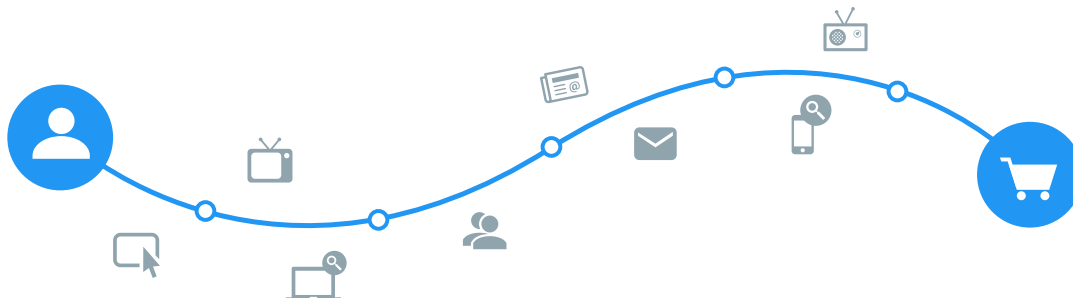
---

think with **Google**

## Introduction

It's no secret that it takes many marketing touchpoints to connect with a customer, find a quality lead or make a sale. But how do you know the right message to deliver at each point in that journey? How do you ensure that your investments are working and that you're not wasting money and resources—or worse, alienating your customers?

Today's customer journey includes many touchpoints—each one is an opportunity



**Better measurement** is the answer. It's the key to understanding and making the most of these interconnected touchpoints, but it's not always top of mind when building marketing campaigns. **Lay your measurement foundation** first—before you dive into the creative work—and you can achieve more with marketing.




In this brief guide we'll look at four crucial tenets of measurement-focused marketing: choosing the right metrics, focusing on your best customers, valuing the whole journey and proving impact. Collectively, these points show how better measurement can improve campaign effectiveness, help you get the credit you deserve for your programs and, most importantly, ensure a better return on investment for all of your marketing.



## Focus on the right metrics

The best marketers set themselves up for success by identifying clear metrics they want to effect before launching a campaign. Yet how do you define the right metrics? Many marketers focus first on high-level campaign objectives such as creating brand awareness, generating leads or driving in-store sales. But when it comes to evaluating the success of their campaigns, they resort to measuring lower-tier, proxy key performance indicators (KPIs). Let's look at the KPIs for a hypothetical auto manufacturer:

### Some Typical KPIs and How They're Measured

<b>Marketing Objective</b>  Create brand awareness	 Generate online leads	 Drive customers to store	
<b>Marketing Channels</b>	TV Video Social Display/Rich media	Paid and organic search Display Online referrals Website content	Mobile web and apps Email Print Radio
<b>KPIs (Key Performance Indicators)</b>	GRPs Brand lift Video/Rich media engagement	Number of leads CPA ROAS	In-store visits Number of purchases Purchase value
<b>Measurement Tools</b>	TV viewership Consumer panels Web analytics Brand surveys	Conversion tracking Web analytics CRM	Mobile app analytics CRM Transaction data

For each of these marketing objectives, familiar metrics exist. Yet many of these familiar metrics were designed at a time when it was hard, if not impossible, to measure all touchpoints. Today, with advances in analytics, it's possible to better align your metrics with your **core business goals**. If your company's biggest goal is to increase profits, then your marketing metrics should show how your campaign contributed to profits.

For example, if your marketing goal is to generate online leads, it may seem natural to focus on lowering the previous quarter's cost per acquisition (CPA). But what if by lowering your CPA, you also lower the quality or volume of leads and thereby

reduce revenues and add other costs? Perhaps in this case you should create a new metric: “Cost per high-quality acquisition.”

Another common pitfall is using metrics without context. Suppose your colleague has just launched a new video, and she sends around a proud email touting 20,000 views. How do you know whether 20,000 is a “good” number of views? One way to answer this question is by looking at benchmarks for similar videos launched by your company or other comparable companies. You can also look back at the creative brief. If you launched the video to create awareness among new potential customers, but the majority of these views came from your existing customers, then the video missed the mark. Your colleague’s metrics should reveal information about how many new customers view (and engage with) the video rather than the number of views alone.

Well-designed metrics often cross departments within an organization. Over time, one customer may see and be influenced by many different marketing programs from the same company. So if your #1 overall objective is profit, then your return on investment should be measured based on the sum of all marketing inputs, not just the direct-response campaign a customer saw right before making a purchase.

### Break down team silos to reflect the true customer journey



Breaking down organizational silos can be a painful and highly political process, but it’s worth the trouble for organizations that stick with it. People’s salaries and bonuses may be tied to legacy metrics, so if you want to switch to new (more strategic!) KPIs, you may need to also consider new incentive structures for your sales and marketing teams.

It’s vital to find a champion, ideally a senior-level manager, who can help make teams

jointly accountable. Simple strategies include making sure that different marketing groups sit near each other at work, or creating monthly cross-team meetings to share goals and metrics. Some companies also create internal “good for the business” reporting tools that don’t impact the official financials but allow separate teams to view shared marketing impact. Even better, restructure the organization so that your brand team, your digital team and your store team all report to the same person—often the CMO. That person should be responsible for providing a unified view of marketing achievements, tying these back to the broader business goals.

And keep in mind that excellent KPIs are useful only if you have reliable data to keep track of your results. Make sure you have the right analytics and measurement tools for both online and offline channels, to collect clean and accurate data that will let your entire team glean insights about your performance. Strive to bring your data and reporting together to deliver one “single source of truth” for your entire organization—the more you’re able to share data and metrics, the better you’ll be able to respond to the needs of today’s customer.

## ESSENTIAL QUESTIONS

### FOCUS ON THE RIGHT METRICS

Have I selected relevant metrics and benchmarks to measure marketing success?

Do my marketing metrics align with business goals such as revenues and profits?

How can we break down silos and make teams jointly accountable?

Do I have the right measurement tools on hand?

*“Key performance indicators (KPIs) that measure the success of a single touchpoint fail to inform eBusiness executives of the impact of consumer engagement across multiple touchpoints. Additionally, department, team and individual goals aligned to a single touchpoint ultimately fail to drive cross-touchpoint thinking and behavior in employees. This siloed approach hinders the shift to a digital business.”*

*Martin Gill, VP, principal analyst in Forrester report<sup>1</sup>*

## Value your best customers

While you consider *what* to measure, you'll also want to think about *who* you should be measuring.

It's understandable to want to increase store and website visits with coupons or promotions, but what if those customers end up costing you more money than they bring in ... and then never return? When the incentives are geared solely around short-term sales and CPA, it's tempting to buy cheap placements and keywords for ads and promotions. However, doing so can lead to short-lived customers and success.

"The shift from conversion to customer-centric marketing means a change in thinking. And it begins with getting to know the customer."

Neil Hoyne, "When It Comes to Attribution, Customers Count" [Read the article >>](#)

Instead of measuring transactions alone, model the lifetime value (LTV) you derive from your customers. For example, you may discover that 20% of your customers are driving 80% of your profits. By focusing on getting to know those best customers (the "whales")—as well as how you acquired them and how you can find and retain more like them—you can cut costs and increase revenues.

### Quick Tips for Customer-Centric Measurement

Really know your customers	Distinguish the "whales" from the "wasted energy"	Find and retain more "whales"
<p>Deepen your understanding of your customer base:</p> <ul style="list-style-type: none"> <li>• Who are they?</li> <li>• Where did they come from?</li> <li>• How long do they stay with you?</li> <li>• How much have they spent over time?</li> <li>• How much have they cost?</li> </ul> <p>Centralize your analytics to attain this holistic view of customers.</p>	<p>Use your CRM system and website analytics to <i>segment</i> your customer base.</p> <ul style="list-style-type: none"> <li>• Look for segments of customers who completed <i>high-value</i> purchase.</li> <li>• Identify segments of customers who purchased <i>repeatedly</i> (look for multiple and high-value sales).</li> <li>• Find segments that perform desired behaviors on your website.</li> <li>• Determine which segments are <i>not</i> performing well.</li> </ul>	<p>Identify which (combination of) marketing channels and keywords helped you acquire your <i>best</i> customers; then double down on those.</p> <p>Use marketing tools to find more potential customers who <i>closely resemble</i> your best existing customers.</p> <p>Use technologies like personalization and remarketing to strengthen relationships and drive long-term value.</p> <p>Reduce waste by decreasing marketing spend on customer segments that are not performing well.</p>

Read more tips on developing strong customer relationships through tailored experiences in the [Secrets of the Math Minds >>](#)

*“AccuWeather is using better customer data so we can start to market on an individual basis rather than focusing on a traditional market segment like we do now. It’s really exciting to build experiences—really personalized weather solutions—for our users rather than for general segments of users.”*

*Steve Mummey, director browser products, AccuWeather.com*

As you get to know your customers better, remember that the customer journey is continually evolving. People are spending more time online, especially on mobile, but advertising spend hasn’t kept up. Now consider that the 25-year-old consumers of tomorrow are the 15-year-olds of today, and more than 75% of today’s teens already shop online.<sup>2</sup> (And you *know* how much those teens use mobile.) Channel use is changing fast, and measurement is the best way to see where your customers are headed.

## ESSENTIAL QUESTIONS

## VALUE YOUR BEST CUSTOMERS

How much do I really know about my customers? Have I defined “customer” clearly?

How do I acquire more customers who resemble my best existing customers?

Do my advertising investments align with my strategy to reach and win the “whales”?

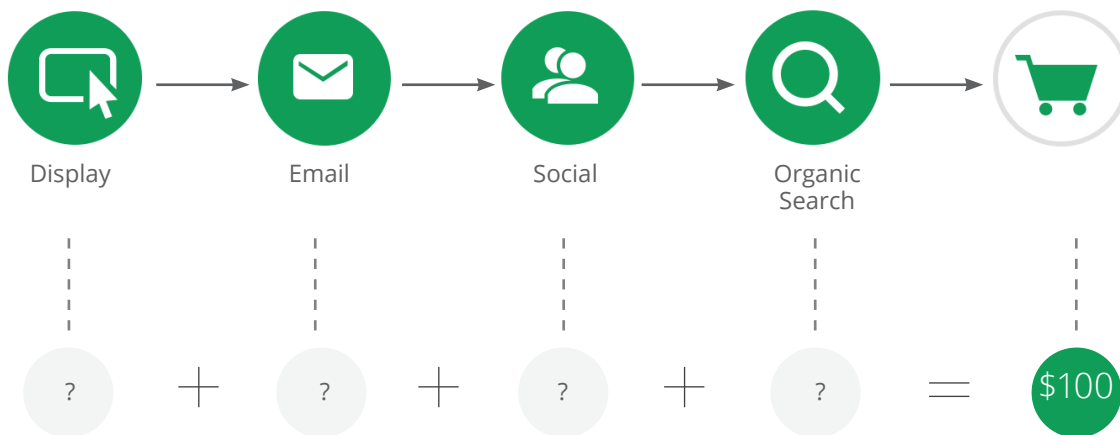
## Attribute value across the journey

How do you know what's working in your marketing and what's not? Start by identifying the role of each touchpoint along the customer's journey. (If you're not sure how different channels influence the purchase decision, our [Customer Journey to Online Purchase](#) tool can show you industry benchmarks.)

Once you have a handle on what the customer journey looks like, marketing attribution can help you to optimize your digital campaigns. Marketing attribution, broadly speaking, means dividing up the value of an online sale (or conversion) and distributing fractions of that value across the different touchpoints that led to the sale, from a display ad seen last month to a search ad clicked this morning.

To get the most out of attribution, be sure to pair it with flexible marketing tools (and incorporate offline channels via marketing mix modeling). That way, you can adjust your investments and messaging to better connect with your customers.

### Distribute credit to multiple touchpoints along the path to purchase



Don't forget that you also need to appropriately value each touchpoint within a single channel. For example, if you're using online display ads, interest-based targeting is more of an "upper-funnel" activity than remarketing; and for paid search ads, generic keywords help you engage with more new customers than do brand keywords (which tend to convert more existing customers).



Attribution can be done with spreadsheets, rules-based modeling software or even sophisticated data-driven algorithms. Whatever attribution method you choose for your business, make sure you continue to adapt and measure results so you can see what really works for your business. That's the way to get the most out of your measurements *and* your marketing.

### Six Tips for Better Attribution

- ✓ Get to know the conversion path for your business. Ask yourself the following questions:
  - What's the time frame for a typical conversion? Hours? Days? Weeks?
  - Which channels influence your customers? Are you measuring them all?
  - Do you understand the role that each channel plays in moving your customers to make purchase decisions?
- ✓ Qualify the seriousness of your attribution problem: Start by contrasting your standard model (often a last-click model) with other models (such as data-driven attribution). Note the deviation. If there is little deviation, the problem is probably not serious. If there's a lot of deviation, you may have a larger attribution challenge (and opportunity).
- ✓ Don't let organizational silos stand in your way: Make sure your attribution work spans all of the marketing channels your customers are likely to encounter.
- ✓ Consider offline channels and pathways and their interactions with your online media. Don't think of attribution as digital only.
- ✓ Take advantage of cross-channel efficiencies. For example, use display creatives to drive customers to low-cost keywords.
- ✓ Cross-device attribution can be a technological challenge, but don't let that stop you. Use a "mobile multiplier" or other estimation techniques to account for the role that mobile plays. (You can use our [Full Value of Mobile Calculator](#) for this.)

Find more tips in the [Definitive Guide to Data-Driven Attribution >>](#)

Keep in mind that attribution by its very nature is backward-looking. If you haven't historically used a certain channel (say, a new social network), then attribution can't tell you how well that channel is going to work in your new campaign. It can, however, provide directional guidance (by examining the past performance of other social networks you've used, for example). And it can help you optimize as you go. At its best, attribution helps you to understand how different marketing channels are influencing your customers so that you can adapt not just your investments but also your messaging strategy.

*"Attribution modeling changes everything. We're spending our money more efficiently than we were before. We know what we're getting for it."*

*Joe Meier, vice president business development, Baby Supermall*

## ESSENTIAL QUESTIONS

## ATTRIBUTE VALUE ACROSS CHANNELS

Am I measuring and valuing all of my customer touchpoints, both within channels and across channels?

What does the full customer journey to conversion look like for my business?

Am I applying attribution results to improve my investment decisions as well as my customer messaging?

## Prove marketing impact

The right metrics, the best customers, the full purchase journey—each of these is crucial to smart measurement. Yet perhaps more important than any of these is **proving marketing impact**. What you really want to understand is what happened only because of a given marketing spend change (and would not have happened without it). Beyond helping you invest more wisely, proof of incremental effectiveness can also help change perceptions among senior executives, taking marketing from a “cost center” to a “revenue driver.”

To show incremental impact, you’ll need to switch from correlative measurement to causal measurement. Correlation can be useful, but it won’t convince your CFO that the marketing department is fattening the bottom line. Take Joe, a hypothetical SEM manager. After applying attribution tools, Joe sees that his remarketing campaign is a key driver of conversions. But is it really remarketing at work, or is Joe simply showing ads to a subset of customers who would have converted anyway?

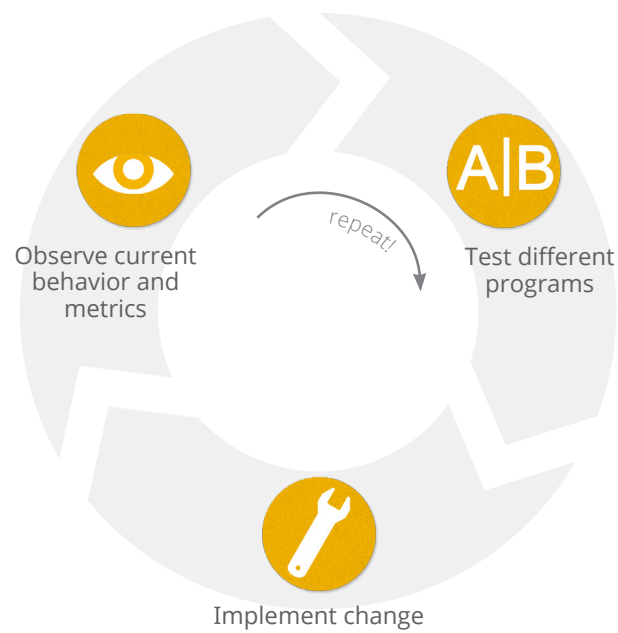
To show causation, you have to experiment. Well-designed experiments are controlled and statistically robust, with a clear test group that sees the content you’re investigating and a control group that doesn’t. One way of achieving this is through randomized geographic testing: for instance, turning display ads on in some regions and off in others. (See [Measuring Ad Effectiveness Using Geo Experiments](#) for more details.)

A big advantage of this type of experimentation is that it can evaluate marketing impact across all devices. It also can solve one of the attribution challenges we described above: estimating the potential performance of a new and untried marketing channel.

CarPhone Warehouse uses geo-experimentation to prove how mobile influences in-store sales. [See how >>](#)

Geographic testing, of course, isn't the only available experimentation tool. Experimentation can also be used to optimize ad campaigns or website content. Whatever type of testing you're doing, it should be ongoing and iterative. Test one thing at a time, based on a very specific question and hypothesis, and add the findings into your strategy. Then move on to the next test.

### Positive Testing Cycle



To get a feel for the types of hypotheses you should be testing, keep up to date on industry trends and consumer studies, such as new [holiday shopping behavior](#), the impact of [digital on in-store sales](#) or how brand marketing is changing thanks to [mobile video](#) and [search ads](#). Use what you learn to validate your own investment plans.

*“Using controlled incrementality measurement provides a competitive edge for HomeAway. Not only do we know what works and what doesn’t, but we can also apply the measurement knowledge over and over, comfortably extending our business footprint using more and more channels.”*

*Will Lin, vice president global online marketing, HomeAway*

#### ESSENTIAL QUESTIONS PROVE MARKETING IMPACT

Am I relying on correlations, or can I base my decisions on measured causal impact?

Do I know the incremental value of each of my media investments?

How can I incorporate experimentation to prove the value of my marketing, including new channels?

## Checklist: Measure what matters most

Don't wait until after you've run your campaign to think about measurement. Establish your measurement-focused marketing strategy before you spend that first dollar. Here's a recap of how to do it:

- ✓ **Focus on your true business objectives**  
Make sure your KPIs are in line with the real problems that you're trying to solve. Don't let organizational silos stop you from measuring what matters most.
- ✓ **Measure customers, not just transactions**  
Measure long-term customer value instead of pure revenue, and look at which channels bring you your best customers. You'll develop stronger, more profitable relationships and avoid wasting money and effort on customers who cost more than they're worth.
- ✓ **Attribute value across the whole customer journey**  
Understand what your customer journey looks like, and think holistically about your marketing. Attribute credit to various marketing touchpoints to uncover insights and opportunities that will help you invest more wisely.
- ✓ **Prove the incremental impact of your marketing spend**  
Identify vital channels and new opportunities—then experiment to prove the value of your efforts (and stop what's not working). Make experimentation a regular part of marketing cycles: keep testing and keep improving.