Measurability is key for marketers in tough economic times

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Marketers and accountants are usually on opposite sides of the boardroom table, but in tough economic times, marketers need to begin speaking the language of finance to account for their role and impact or they risk becoming irrelevant.

Technological and strategic developments are offering unprecedented opportunities for organisations to reach their customers, but marketing professionals are also facing bigger obstacles when it comes to delivering financial accountability in the boardroom.

According to Professor Geoff Bick, convenor of the Strategic Marketing for Executives course at the UCT Graduate School of Business (GSB), a major challenge to marketers remains measurability – and it's becoming increasingly difficult as customer-driven strategies gain traction globally.

“There are certainly ways of monitoring activity, but it is difficult to develop an effective ROI model for all marketing channels. That's because the conversation is in the hands of the customers, not the organisation. But how then can marketers look their executive in the eye and say that what they are doing is adding value to the business, especially in belt-tightening times? Marketers have got to be accountable or they risk irrelevance.”

A recent McKinsey report quantified the problem as follows: “In an ideal world, the financial returns and the ability of all forms of communication to influence consumers would be precisely calculated, and deciding the marketing mix would be simple. In reality, there are multiple, and usually imperfect, ways to measure most established forms of marketing. Nothing approaches a definitive metric for social media and other emerging communication channels, and no single metric can evaluate the effectiveness of all spending. Yet you *must* have a way to track progress.”

Bick explains that marketing executives need to “wear a corporate hat as well as a marketing hat” in this rapidly changing environment, realising they are key players in organisational growth – or stagnation. They can provide accountability through numerous channels: building the business; driving shareholder value; improving the competitive advantage; increasing profitability; or growing the brand and customer base – although there must be recognition that some assets are intangible.

“Brand equity is a very important asset. Building the brand drives shareholder value, and part of this is employee branding. But all these factors are intangible.” The same applies to measuring the value of the customer base or building customer equity, which similarly increases shareholder value.

Looking at marketing through an accountability lens has been instrumental in the success of major marketing campaigns, says Bick. A good local example is YuppieChef, which applied holistic thinking to its branding. “They are online but it's about the people,” says Bick. YuppieChef first tests the integration of applicants with existing employees before hiring. Furthermore, new recruits spend the first few weeks writing handwritten thank-you notes to customers.

Most notably, when the company was approached with an offer to print flyers for a given budget, they considered alternative strategic uses of that budget. It opted instead to give the budget to the customer service department, so that in the event of a complaint, customers could be compensated. “All of those ‘wow’ moments got them far more business than a flyer insert,” says Bick. “That's innovative marketing.” Innovative branding, he argues, must be customer driven – based on what makes the customer experience positive.

Harley Davidson, which was previously focused on above-the-line marketing, has made the switch to customer-centricity with great success, says Bick. “Now their biggest marketing activity is within customer groups. Social media really lends itself to that type of organisation. Harley Davidson even uses crowdsourcing to come up with marketing ideas. It’s becoming much more of a customer experience,” says Bick.

On the opposite end of the spectrum, Ryanair suffered major reputational damage as a result of not interacting successfully with customers. Eventually, in a move Tnooz.com referred to as “hell freez[ing] over”, they hired Kenny Jacobs – or, as *The Guardian* dubbed him, their “digital evangelist” to institute damage control in 2014.

With any luck, there will soon be a way to translate existing metrics into reliable financial data. “Hopefully someone will soon undertake a Masters or PhD study on the subject and make a name for themselves as something of a specialist in that field,” Bick says. “But as yet that has not happened. There is a strong expectation that marketers must be able to speak the language of finance at boardroom level,” he says.

Tough economic times mean there will be pressure on South African organisations to make resources go further too. “Whether it’s because tax has gone up or it’s going to be harder to depend on government sector spending, it’s going to require more innovation to achieve the same goals,” Bick explains. “At the end of the day it’s going to be about how to do more with less.

“It will be about working on methods that will show the results and the returns of marketing investments. If it’s not possible to show returns, companies are going to look for other ways to invest their resources, and competitors will come into the space that is not being addressed.”

Ultimately, it will be critical in the months and years ahead for marketers to develop the skills to be accountable, regardless of their strategies. “Marketing needs to show how it contributes to the organisation, rather than operating on its own with its own agenda,” Bick says.

**To find out more about the Strategic Marketing for Executives course, please visit the website.*