

Build Results With Data-based Marketing

By Andrea L. Schutz

Marketing is an important source of new and repeat business for many consultants. The question is, “Is that marketing effective?” Most of us have a vague idea of what’s working and what’s not working, but there is a better way to direct our efforts. By devoting some of our resources to tracking our marketing results, we can make better decisions... and be certain that we are spending our marketing resources effectively.

There are seven steps to developing your data-based marketing system:

1. Document and analyze what you’ve done in the past — your initiatives and results — as accurately as you can.
2. Establish clear, realistic objectives. What do you want your marketing program to achieve? What return on your investment do you want to achieve?
3. Identify the resources that you can apply towards achieving those objectives.
4. Select the channels/media that you will use.
5. Identify the measures by which you’ll assess results.
6. Collect and analyze data about your results.
7. Decide what you want to change in your marketing program.

Collecting data. Begin by systematically collecting data about your past efforts and their outcomes. Where possible, establish a benchmark for your business, compared to similar organizations. Firms are reluctant to share proprietary information, which can make this a challenge. Check professional associations and the business press.

You can collect data with a paper-based or a technology-based system (like a spreadsheet or a database), or by purchasing a marketing tracking service or program to perform this part of your effort. The important thing is capturing the data that you want. Examples of some of the elements you will want to track are noted in Figures 1 and 2.

There are many ways that businesses approach marketing. I will mention them only to extent that it is useful for describing ways to measure the results of your marketing efforts.

When developing your measures, it is useful to distinguish between outputs and outcomes.

Outputs are data about the amounts of work accomplished or service provided over a given period — units

produced. “Hits on your web site” is an output. Was that the right thing to measure? Does “hits on the web site, regardless of who they are from, achieve your objectives? Outputs don’t measure those things.

Outcomes refer to the impact or quality of work accomplished or services provided. An outcome refers to the degree to which initiatives are achieving your objectives. Of course, outcomes may be the result of multiple mediums/channels, so you will want to specifically inquire about how the prospect became aware of your product/service, and key code the source of all your direct mail.

Data to Information. Data becomes information when it becomes relevant to your business. What does the data that you have collected tell you? That’s where you begin to focus on what you can learn from the data you collected. What is telling you? For example:

- How many leads were generated as a result of your direct mail initiatives? What was the quality of those leads? Did any of those leads provide referrals to other targets?
- Did you make high quality target contacts through your volunteer activities? Did any of these contacts result in an actual sale?
- Have your customer-specific mailings resulted in more frequent conversations and repeat business than existing clients?
- Do your client surveys indicate that your clients feel that you have a good understanding of their business?

When you begin to analyze the data that you gather, take into account environmental factors (e.g., downturns in your prospects’ businesses, capital that will be available to grow your business in the future, etc.)

Information to action. So far you have designed, collected and analyzed good marketing information. Now it’s time to take action on it — to make data-based decisions. Return to your original objectives for your marketing, and begin to ask yourself what actions you should take based on what you’ve learned.

Based on what you learned about your direct marketing results, which sources will you use again? Which will you drop? Based on the quantity of sales in various

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products and service lines, what product and service areas should you expand? Are there any you should drop?

Based on the leads generated, which conferences will you attend, speak at, or display at? And so on.

Sometimes, it is hard to know “true results.” A marketing initiative may generate new business over time, as a result of multiple initiatives. Track this by keeping historical files/database on your activities, and trace mediums used that resulted in a “first contact” with the target. Even then, it may be a combination of media that lead to the sale. Remember that marketing communications sometimes take time to mature, (i.e. result in a sale). That’s okay. It may take combinations of initiatives to lead you to the results you desire. It’s what’s ultimately effective that matters.

Basically, you’re seeking a return on your marketing dollars. For any aspect of your business, you devote resources to tracking and analyzing results, which you then use to make data-based decisions on where the best payoffs are. Though the information here focuses more on gaining new and repeat business, the effective use of marketing dollars to achieve your mission coupled with the desired financial results is the ultimate goal.

Your analysis of your marketing initiatives is only one component, but a very important component, of your business intelligence. Measuring the return on the

investment in marketing is one of the ways to have a complete portfolio of data-based information on which to make informed business decisions. ☞

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Figure 1: Sample Output Measures

- # Contacts (incl. Internet hits, # direct mailers, # phone calls, etc.)
- # Inquiries re Services)
- # Requests for information
- # Requests for in-person meetings
- # Web home page hits
- # Web site “click-throughs”
- Raw survey response data
- # Telephone inquiries about service/product
- Cookies on web site
- Log files on web site
- Other

Figure 2

Examples of Marketing Objectives	Examples of Marketing Outcomes (One time period Vs another.)
Increase referrals	Referrals increased by ___ # or ___ %
Increase leads generated	Leads generated increased by ___ # or ___ %
Improve average quality of referrals	___ % of referrals resulting in meetings with prospect
Build brand awareness	Brand mentions in survey increased by ___ %
Decrease in sales cycle time	Time from contact to sale decreased by ___ time or ___ % (for each medium)
Improve conversion rate	___ % inquiries resulting in new/additional business
Improve internal pride & motivation	Increased pride scores on employee survey by ___ %
Increase acquisition of new clients	___ # or ___ % of business from new clients
Increase incremental sales to existing clients	\$ ___ new product/service increase in incremental sales to existing clients
Increase the # of bridges generated	People who subsequently identify leads increased by # ___ or ___ %
Introduce new services/products	___ # new products/ services or \$ ___ sales volume from new services/products