

## Considerations upon “marketing metrics”

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**Abstract:** *Most of the time, management is concerned about how the money are spent, not on how the money are generated. Measuring the final results of marketers become an ambitious goal for management, in order to identify and identify the value that the marketers bring to the firm. The marketers’ results are not always able to be evaluated only from the financial outcomes point of view. That is why it is important to know how to link marketing actions to quantifiable outcomes, but, also, to asses marketing productivity (the so called “return of marketing”). This article wants to highlight the importance of marketing metrics in order to evaluate how marketing returns value to the firm.*

**Key-words:** *marketing metrics, return of marketing, brand development index, market share, market concentration*

### 1. Introduction

For appreciating the final results of an economic activity we use, most of the time, financial indicators. Focusing only on these kind of indicator does not reflect necessarily all the aspects that define the organization’s success. It does not answer to some questions, such as:

- What is the firm’s marketing contribution to those results?
- How the organization’s results reflect the success in comparison with the competition?
- What is the right proportion between financial and non-financial indicators to proof the firm’s success?
- What kind of reports should the marketers provide in order to appreciate the entire organization’s efficiency?

A responsible management should be concerned about using not just financial indicators, but, also non-financial. In this regard, marketing results should become, also, aspects to be measured (Figure no1).

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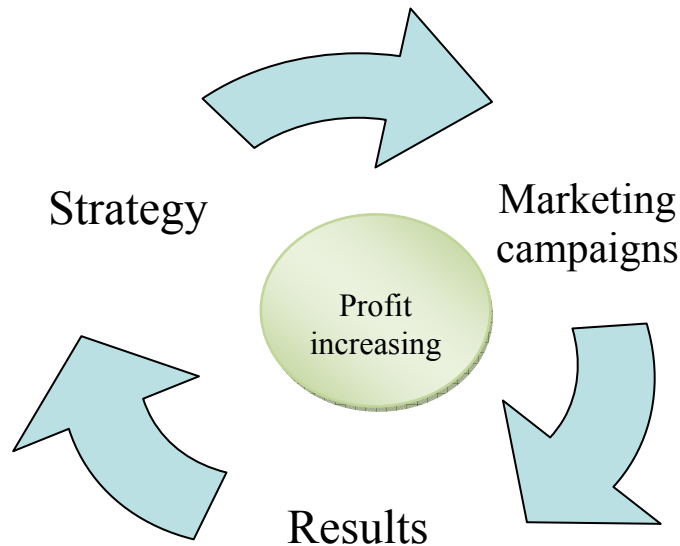


Fig. 1. *Performance measurement – Contribution of non-financial level*

## 2. Objectives

Considering the fact that also the non-financial indicators are important for management, another question should be answered: How management could measure the marketing success? Finally, the organization's success is financial determined, but some issues should be taken into consideration for a better evaluation (Seggie, 2007):

- Most of the time, management is concerned about how the money are spent, not on how the money are generated
- The marketers results can't always be evaluated only from the financial outcomes point of view
- Marketers have problems on their trying to identify and measure the value that they bring to the firm.

These issues bring into discussion other aspects, such as: how to link marketing to quantifiable financial outcomes and how to asses marketing productivity - the so called "return of marketing".

The article tries to establish how "managers must select, calculate, and explain key business metrics. They must understand how each is constructed and how to use it in decision-making". (Farris, 2007)

### 3. Material and Methods

In order to find a way to categorize the possible marketing indicators, some aspects could be useful to establish a so called “measurement philosophy” (Seggie, 2007).

In the first place, it would be useful to see if a short-term or a long-term measurement is needed. The main challenge of measurement is to forecast the future, especially to avoid as much as possible the uncertainty of markets. But, in marketing, both perspectives – short and long-term – involve effects on business. (for example, the firm’s sales are influenced by promotion both on short-term and long-term).

In the second place, the macro-micro levels represent another specific vision for the marketer and for the organization. For marketers the first impression could be that using macro data (provided especially by the specialized institutions and agencies) is the easiest way to know the consumer and the market’s trends. Most of the time, these data should be completed by micro-data that provide punctual information about the organization’s consumer behaviour, about the organization’s market share, considering the fact that the contribution of individuals determine the forecasts and, finally, the decisions.

In the third place, according to the principles of efficiency it is recommended to complete the independent metrics with the casual chain. Of course, the primary analysis use, at the beginning, independent variables. But after that, it is better to extent the models to multi-variable models. In this way the firm become able to build complex and integrated actions.

In addition, the firm may use absolute or relative ways of measurement. Even though it seems more difficult, it may be considered more relevant to use relative indicators, considering the fact that in our days the firms work in such a competitive environment.

And, finally, marketers may give a subjective or an objective perspective to their decisions. It depends on the industry that they work in to establish an edge between the two approaches.

As a conclusion, the measurement philosophy is a complex one and it takes a lot of points of view to consider, as following:

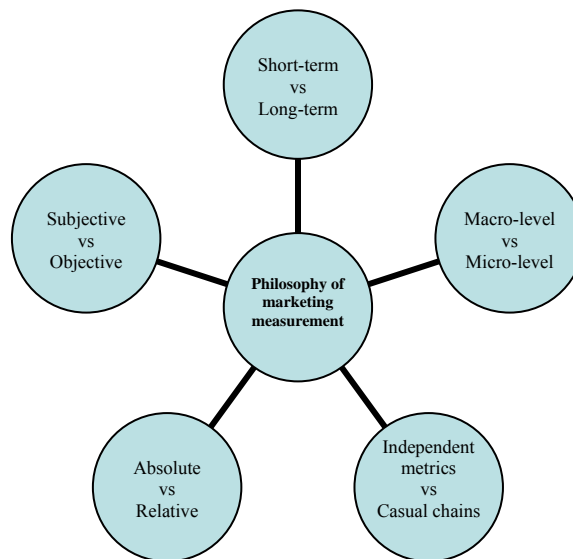


Fig. 2. *Measurement philosophy*

Managers have a lot of metrics to use in their trying to evaluate the marketers contribution to the return of investments. They may evaluate in this way a lot of aspects such as: the consumer's satisfaction regarding brand, the consumer's commitment and loyalty, the firm's strategy and its results, etc. Finally, those metrics should be associated with the financial indicators - profits, marketing spending, discount rate, etc.

From a subjective perspective those metrics may be categorized as following:

1. Market indicators
2. Brand indicators
3. Consumer indicators

For each of these categories a lot of specific marketing index could be used. Here they are a few examples (Table 1) seen by the measurement philosophy's meanings presented before (Farris, 2007):

<b>Topic and indicator</b>	<b>Meaning</b>	<b>A/R</b>	<b>ST/LT</b>	<b>S/O</b>	<b>Ma/Mi</b>	<b>I/C</b>
<b>MARKET</b>						
Market share	The percentage of market that a firm owns	A& R	ST	O	Ma	I& C
Market concentration	The degree to which a small number of firms accounts for a large proportion of the market	R	ST	O	Ma	I&C
<b>BRAND</b>						
Brand development index	How well a brand is performing within a specific group of customers, compared with its average performance among all consumers.	R	ST	O	Ma	I
Brand penetration	The number of people who buy a specific brand or a category of goods at least once in a given period, divided by the size of the relevant market population.	R	ST	O	Ma	I&C
<b>CONSUMER</b>						
Awareness	The percentage of potential customers or consumers who recognize — or name — a given brand	R	ST	O	Ma	I
Customer satisfaction	The number of customers, or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals..	A&R	ST/LT	O	Mi	I
Intention to purchase	Measure or rating of consumers’ stated purchase intentions	R	ST/LT	S	Mi	I

Table 1. *Marketing metrics*

#### 4. Results and conclusions

The main conclusions that could be taken into account are:

- Marketing returns in the business should be evaluated by managers
- The marketing metrics are calculated differently in different sectors
- Marketing metrics influence in the planning and auctioning is increasing constantly
- Metrics should be seen according to firm's strategy and in relation with the financial indicators, for a complete vision

According to these conclusions, it worth to think about finding a way to integrate marketing metrics by the firm's management as an usual practice. In this sense, a system of best practices to establish a specific marketing metrics system for a firm could be a solution for integrating this vision.

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