



How Do You Know if Your Marketing Efforts are Successful?

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It happens frequently, and it always puzzles me. During an initial conversation with a CEO or company owner, I'll ask how well their marketing is working. And they'll reply with something like "I guess okay" or "it seems to be" or "I'm not sure" or even just a shrug.

These are companies that invest significant sums to promote their advantages to their markets. They can tell you the cost of every piece of equipment in their operations and its return on investment down to the penny. They know the profit margin on everything they sell, whether it's a product or a service. They can mentally compute their team's productivity for the week.

But marketing? That's a mystery. They toss all that money into the wind and hope it does some good. Seems to be working. We're selling products. We have a backlog of orders. Guess we must be doing something right.

As the company leader who's responsible for managing the budget, how can you justify making that investment in marketing without at least a basic sense of what it's doing for the company? The answer to "how well is your marketing working?" should be immediate and concrete.

We act as the marketing partner for many companies, and we're never comfortable making an expenditure on their behalf if there isn't a clear rationale, objective, and measurement for it. We've watched companies spend money on advertising and sponsorships and asked them what they expected to gain and how they would know whether they succeeded. No answer.

When a client asks us to help them develop a marketing campaign or some other effort to promote what they do, we start by asking them about their objectives. If they respond by saying something vague like "we want to grow our business," we press them to be more specific. How would you quantify that growth? What measures are you using? What milestones should we be able to hit along the way?

We work with the clients to identify the key performance indicators (KPIs) and analytics we'll use to measure the performance of the effort. That's just as important to us as it is to them, because we want to be able to prove that our expertise is providing bottom-line benefits. The KPIs vary from client to client, because their businesses differ. One company might be satisfied with a measure of brand impressions, while another wants to see how many sales leads result from the campaign, and another might see gross margin as the right statistic. Before we can begin to develop a website, create an ad, or schedule an email campaign, we need a solid understanding of the objectives that matter.

For many companies, social media is a wilderness. They know they need to have a presence, but they aren't sure where that presence should be or how to go about developing it. Once again, they'll throw some money in this direction or that, or they'll launch a full-blown social media campaign that slows to a whisper within a few weeks. Later, they'll say, "Well, we tried social media and it didn't work for us," but they'll almost never be able to explain why or detail their expectations.

What makes that especially frustrating is that most social media platforms have a wealth of free tools available to users. Yes, you have to know how to use them (or engage a marketing partner who can do that for you), but there's no point to using them if you haven't figured out which ones matter most to you.

The popular image of advertising agencies and other marketing partners is that of the bright and slick ad guy standing before your senior staff and presenting a dazzlingly creative set of ads that draw applause. That's great -- and it does happen -- but what's even more important is when that marketing partner also focuses on the numbers and analytics behind your business. A dazzling ad that earns applause is dandy, but if it doesn't move any of your gizmos off the shelf, just how valuable is it to you?

So if you're asked whether your marketing efforts are successful, and you're able to give a clear answer with absolute confidence, you have my admiration. In my experience, you're among a small minority of CEOs and business owners who demand the same accountability for their marketing investments as they do for all their other expenditures.

But if it's a question you can't answer with confidence, let me follow up with another: why are you spending that money? Before you throw another dollar into the wind, take some time to determine what you hope to accomplish. I promise you'll never look at marketing the same way again.

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