

It's Time to Embrace New Measurement Priorities

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Leading marketers are evolving their approach to measurement and prioritizing the long-term value of customers. Matt Lawson, director of performance ads marketing at Google, explains how three simple mindset shifts can help marketers drive sustainable growth.

The beauty of digital has always been the ability to measure outcomes. For a long time, digital measurement was relatively straightforward. But mobile changed all that. Measurement today is more complicated, more nuanced, and more important than ever. Because of mobile, digital is now a part of our daily routines. It informs the businesses we frequent and the purchases we make—online and offline. Mobile fractured the customer journey, and our ability to measure its impact at every step of that journey hasn't kept up.

To drive growth in this mobile-first world, it is important to evolve measurement strategies and KPIs. Here are three mindset shifts that marketers are applying to unlock new areas of growth:



Customers
vs.
Clicks



Business Out-
comes vs.
Media Metrics



Experiments
vs.
Optimizations

Think customers, not clicks

Individual sales are great, but the real value lies in understanding what an individual customer, or group of customers, is worth.

In a previous era, when the consumer journey was linear—or limited to a single channel—it was possible for marketers to take a more narrow view of measurement. But in today's cross-channel world, these metrics fall short. They fail to communicate the real results that marketing dollars drive for businesses.

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“Brands must approach measurement from a test-and-learn perspective and shift their focus from individual channel per-click or per-acquisition to overall business KPIs,” said John Grudnowski, CEO of the Minneapolis-based digital agency FRWD. “Only then will they be able to understand real-time performance in the macro terms of business results, as well as adjust those strategies in real time for maximum impact.”

Marketers are now beginning to put their dollars behind long-term, customer-centric metrics, like Customer Lifetime Value (CLV). By recognizing and embracing those metrics, marketers can shift their measurement philosophies and allocate their investments wisely.

Connect media metrics to outcomes

It's a fact of life that media metrics can't precisely report how investments are performing immediately, in terms of business impact on figures like profit.

So, instead of taking a wait-and-see approach, we've seen leading marketers begin to fill in the gaps in their measurement plans by creating proxies and determining which real-time levers are most influential.

By building, testing, and using proxies that connect real-time media metrics (store visits, cost per acquisition) to business outcomes (CLV, profits, revenue), marketers can make smarter and faster decisions.

For example, when Red Lobster wanted to understand the effect mobile could have on driving customers to nearby stores, it used [Google's store visits metric](#) as a proxy to gauge the impact of one of its mobile campaigns. It found that mobile users who saw a Red Lobster ad on their devices were 31% more likely than those who didn't see an ad to visit a restaurant the same day, and 17% more likely to visit the next day—a clear signal of sales.

Embrace experiments rather than optimizations

Digital marketers excel at optimization, but it can be challenging to prioritize and invest resources in strategies that are untested or unproven. Still, it will be strategic testing—not incremental adjustments—that will take measurement strategies forward by leaps and bounds rather than mere steps.

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Through research with [Econsultancy](#), we found that 56% of leading marketers are dedicating their budgets, time, and resources to building a process and pipeline for strategic experimentation.¹ Fresh experiences and original solutions can deliver incredible value, and simply optimizing as a form of testing won't accomplish that. Marketers should be [prepared to fail](#) in the short term in order to succeed in the long term.

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Evolving measurement approaches

It's an exciting time to be a marketer. Customer value is becoming a priority, measurement gaps are being eliminated, and marketers are fostering a culture of experimentation. As these mindset shifts take place, measurement approaches are evolving in exciting ways. By focusing on overall business KPIs and establishing relevant proxies, marketers can identify and focus on their best customers. And that's a big win for everyone.

Matt Lawson

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Sources

¹ Econsultancy and Google, Marketing and Measurement Survey, n=514 marketing and measurement executives at North American companies with over \$250M in revenue; n=133 leading marketers who reported marketing significantly exceeded top business goals in 2016; n=381 mainstream marketers (remainder of the sample), March 2017.