The Use of Metrics for Measuring Marketing Effectiveness in South African Organisations

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ABSTRACT

Marketing managers are under increasing pressure to justify their marketing spend and show how this expenditure results in organisational growth. The perception that marketers are unaccountable is driving companies to seek reassurance that their marketing investments are being allocated optimally amongst resources and activities, especially when in the midst of a recession.

This research report therefore sought to understand South African organisations' approach to marketing measurement. The report set out to establish whether marketers are formally required by their companies to measure their marketing effectiveness, which metrics they use, and their perceptions regarding the usefulness of these metrics.

The research was qualitative in nature and used semi-structured interviews to explore respondents' perceptions and perspectives. Fourteen marketing managers were interviewed, comprising of seven respondents from FS and seven from FMCG.

Most companies were found to have some form of requirement that their marketing managers measure the effectiveness of their marketing activities. The most commonly used metrics were identified as being financial metrics (e.g. sales), advertising/promotion efficacy metrics (e.g. share of voice) and consumer perception metrics (e.g. perceived value). These same categories comprised the metrics which marketing managers would ideally like to use in the absence of any hindrances to selection.

Lastly, the research ascertained how marketing managers perceived the use of marketing metrics to benefit their companies. The most commonly cited benefits were performance monitoring, strategic planning and the implementation of corrective action.

DECLARATION

I, Andrew Charles Laing, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Signed at …………………………………………………

On the ……………………………. day of ……………………… 2011

DEDICATION

To family and friends, quite certain there was plenty of tongue biting…

ACKNOWLEDGEMENTS

I'd like to thank:

- Professor Geoffrey Bick, my supervisor, for his patience and keen interest in assisting with quality control. His insights and suggestions were hugely valuable to this research.

- The respondents, who gave up their time and provided the data for this research.

- My family, friends and especially digsmates, who patiently put up with me during the studies and lent welcome support; whose weddings and significant birthdays I missed; who've seemed more intent than me to see the back of these studies.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

CHAPTER 1: INTRODUCTION

1.1 Purpose of the study

The purpose of this research is to explore the use of metrics for measuring marketing effectiveness within South African organisations.

The report firstly identifies the extent to which marketing managers in South Africa are required to measure the effectiveness of their marketing activity. It then establishes which metrics are currently being used by organisations to measure marketing effectiveness, and describes the perceptions of marketing managers regarding the usefulness of the outcomes provided by these marketing metrics.

1.2 Context of the study

It is the expectation of most organisations that expenditure on marketing should result in growth. Minimal tolerance exists for investments that appear "… to be made more on faith than on facts" (Wise and Sirohi 2005:10). As a result, marketers are facing increasing pressure to provide comprehensive measurement of marketing performance (Clark 1999; Kokkinaki and Ambler 1999; Ambler 2003; Barwise and Farley 2004; Bolton 2004; Woodburn 2004; Reynolds 2006; McCafferty 2007; O'Sullivan and Abela 2007) and prove marketing's return on investment (ROI) (Levey 2006; Melaia 2006; Mulky 2008).

While marketing costs have increased from 20 percent of total corporate costs, fifty years ago, to 50 percent today (Sheth and Sharma 2001), some feel that organisations do not currently measure marketing activity as well as they can and should (Woodburn 2006; Baidya and Basu 2008). Others, however, believe that measuring marketing productivity is extremely difficult (Sheth and Sisodia 2002; Rust, Lemon and Zeithaml 2004b; Wilson 2006; Howell 2008). Supporting this view, Sanders (2006) finds that less than half of America's top marketers are satisfied with their companies' ability to measure marketing ROI. McCafferty (2007) finds that a mere 23 percent of marketing executives believe they are doing a good job of measuring returns, and only 7 percent of finance executives are satisfied with their organisations' ability to measure marketing ROI. Kotler and Keller (2006) cite two surveys in which 70 percent of marketing executives stated that they were not in control of measuring the return on their marketing investments, and 63 percent of senior management expressed dissatisfaction with their marketing performance measurement systems.

But with firms spending billions of dollars every year on marketing in increasingly competitive environments, seeking to achieve ever-higher profits, the need to justify marketing expenditure is growing (Rust, Ambler, Carpenter, Kumar and Srivastava 2004a; Kotler and Keller 2006). Furthermore, reporting on marketing to top management should be a norm in the way a firm does business (Ambler 2003).

Economies around the world find themselves in the throes of an economic downturn, during which marketing budgets will be cut (Lovell 2008). However, Roberts (2003) proposes that during a recession firms should invest aggressively in marketing, innovation and customer quality rather than decrease marketing budgets. Keller (1993) similarly cites studies conducted by the American Association of Advertising Agencies, which showed how firms that maintained advertised frequency during a recessionary period were better off than those which cut advertising. Either way, marketers need to determine suitable marketing metrics which can assist in establishing how best to spend their budgets (Liodice 2008) and for use when motivating against budget cuts. This is especially true considering that few firms have methodologies in place to guide the allocation of resources among marketing and communication alternatives (Schultz 2008), and given that managers constantly face the problem of how to trade off competing strategic marketing initiatives (Rust *et al* 2004b; Wise and Sirohi 2005).

The importance of recognising the most effective use of marketing budgets can be highlighted with examples from Piper (2008:62), who states that advertising has "stopped working" and gives "poor returns on investment", and Briggs and Stuart's (2006) prediction that 47 percent of advertising campaigns are destined to fail (cited in Liodice 2008). Marketers need to understand the returns they achieve on such advertising expenditure compared to other forms of marketing communication in order to allocate resources most efficiently and effectively.

Marketing is said to be positioned at the periphery of many companies largely due to its failure to justify its deployment of resources and quantify its effectiveness (Woodburn 2006). Further to this, Woodburn (2004) cites Baker (2000) who finds that senior non-marketers perceive marketers as being “unaccountable”, “untouchable” and “expensive”. Doyle (2000) similarly suggests that marketing practitioners lack accountability, undermining marketing’s credibility in the firm (cited in Rust *et al* 2004a). And O’Sullivan and Abela (2007) volunteer marketing practitioners as having a long-standing reputation of loving to spend money and hating to assess the results of that spending. O’Sullivan and Abela (2007) also find that the inability of marketers to account for their contribution to firm performance is a key factor in marketing’s loss of stature within organisations.

It is therefore worth noting that O’Sullivan and Abela (2007) prove empirically that marketing’s ability to measure marketing performance has a positive impact on chief executive officer (CEO) satisfaction; an important finding in light of their view that marketing’s stature at board level is a focus of attention for both academic and practitioner communities. Woodburn (2004) similarly offers the perspective that measurable and accountable business functions are favoured by the board.

1.3 Problem statement

1.3.1 *Main problem*

The purpose of this research is to explore South African organisations’ use of metrics for measuring marketing effectiveness.

1.3.2 *Sub-problems*

The first sub-problem is to establish the extent to which South African organisations require their marketing managers to measure the effectiveness of marketing activity.

The second sub-problem is to establish which metrics are currently being used by South African organisations to measure the effectiveness of marketing activity.

The third sub-problem is to identify the perceptions of marketing managers in South Africa regarding the usefulness of the outputs provided by marketing metrics.

1.4 Significance of the study

This study fills a gap as it appears that no research has explored the attitudes and practices of South African firms regarding the measurement of their marketing effectiveness.

Melaia (2006) finds that South African firms are facing similar pressures to those reported in many countries, where marketers are under increasing pressure to justify marketing spend. As such, this study intends to establish whether local companies are indeed looking to meet the demands of the executive and other functional areas for increased accountability, and the justification of marketing budgets and decisions through the identification of their marketing ROI (Melaia 2006).

Many instances of encouragement for greater marketing accountability are found in marketing literature spanning the last two decades, as previously referenced in this report. However, the current economic downturn makes tracking marketing effectiveness an even more pertinent issue: marketers are under increasing pressure to demonstrate return on marketing spend (Lovell 2008) if they are to avoid or reduce budget cuts, and invest aggressively in marketing during this time. As such, this research has relevance in that it identifies current trends relating to the measurement of marketing spend in South Africa.

Furthermore, as systematically measuring marketing effectiveness can enhance marketing performance ("we can manage what we can measure and … it is difficult to manage what we cannot measure") (Mulky 2008:419), there appears to be good reason to ensure that suitable structures are in place regardless of the prevailing economic circumstances.

There is little evidence of research into which forms of marketing measurement are useful to, preferred, and carried out by South African marketing departments. This research therefore clarifies which metrics are used by, preferred by, and useful to marketing managers.

This study provides guidance to CEOs, marketing managers and finance managers in South Africa as it presents a benchmark showing current perceptions regarding marketing measurement, and the extent to which South African firms employ suitable methods to measure their marketing effectiveness. In doing so, a better understanding is gained in terms of which methods appear to work, and the differing measurement needs that appear to exist. Firms are thus able to address their own perspectives and practices with a view to implementing more robust and relevant measures.

1.5 Delimitations of the study

The delimitations of this research are as follows:

- Only companies in the South African fast moving consumer goods and financial services sectors were drawn upon for participation.

- The study was limited to identifying the perceptions of senior marketing decision makers, such as senior brand managers, marketing managers and marketing directors.

- Interviews were conducted in English. Assuming that some respondents spoke English as a second language, some of the interview questions may have been misunderstood. Conducting the interviews in person should have minimised this limitation.

- Respondents may have introduced social desirability bias into the research by answering questions in a manner to present themselves in a particular way, despite reasonable steps being taken to elicit honest responses from them.

1.6 Definition of terms

Table 1: Definition of terms

TERM	MEANING
Marketing metrics	Internal and external measurements related to marketing and market position which are believed to be linked to short- and long-term financial performance (Ambler 2003, cited in O'Sullivan and Abela 2007).
	"[T]he set of measures that helps firms to quantify, compare and interpret their marketing performance" (Kotler and Keller 2006:118).
	Analytical tools for gauging the efficiencies of marketing activities (Reynolds 2006) and marketing performance (Mulky 2008).
Marketing assets	Customer-focused measures of the value of the firm (and its offerings) that may enhance the firm's long-term value (Rust *et al* 2004a).
FMCG	Fast moving consumer goods
FS	Financial services
Marketing manager	Includes senior marketing decision makers, such as senior brand managers, marketing managers and marketing directors.
CLV	Customer lifetime value
ROI	Return on investment
CEO	Chief executive officer
CMO	Chief marketing officer
IT	Information technology
CFO	Chief financial officer
PR	Public relations
KPI	Key Performance Indicator

1.7 Assumptions

It is assumed that respondents were sufficiently knowledgeable in the techniques of measuring marketing effectiveness to provide suitably plausible, honest and informed answers to the research questions.

Furthermore, it is assumed that while respondents could have been subject to conscious or unconscious personal bias and varied experience, they answered the research questions as accurately and objectively as possible.

CHAPTER 2: LITERATURE REVIEW

2.1. Introduction

The literature review initially discusses the concept of measuring marketing activity, commenting on existing knowledge pertaining to metrics as covered in prior research studies. Thereafter, the suitability and application of metrics in organisations is discussed. The literature review is concluded with a commentary on the most current research into the extent to which metrics are effectively used to measure marketing effectiveness in organisations.

2.2. Background to Marketing Metrics

This research seeks to identify whether marketing managers in South Africa are tasked with measuring the effectiveness of marketing activity. It also intends to establish which metrics are currently being used by South African organisations, and to describe the perceptions of marketing managers regarding the usefulness of the outputs of marketing metrics employed.

Rust *et al* (2004b) provide a conceptual model for evaluating return on marketing (Figure 1). The model is based on the premise that marketing is an investment, an assertion shared by Slywotzky and Shapiro (1993), Sheth and Sisodia (2002) and Rust *et al* (2004a). Perkins (1993) points out two flaws in the treatment of marketing expenditure as an investment. However, Sheth and Sisodia (2002) find reason to disregard Perkins' (1993) findings.

In the model, marketing investment produces an improvement in one or more of the drivers of customer equity (such as value equity, brand equity or relationship equity (Kotler and Keller 2006)). This results in improved customer perceptions, leading to increased customer attraction and retention, and therefore increased customer lifetime value (CLV) and customer equity (Rust *et al* 2004b). The increased customer equity must be considered in relation to the cost of marketing investment in order to establish the return on marketing investment.

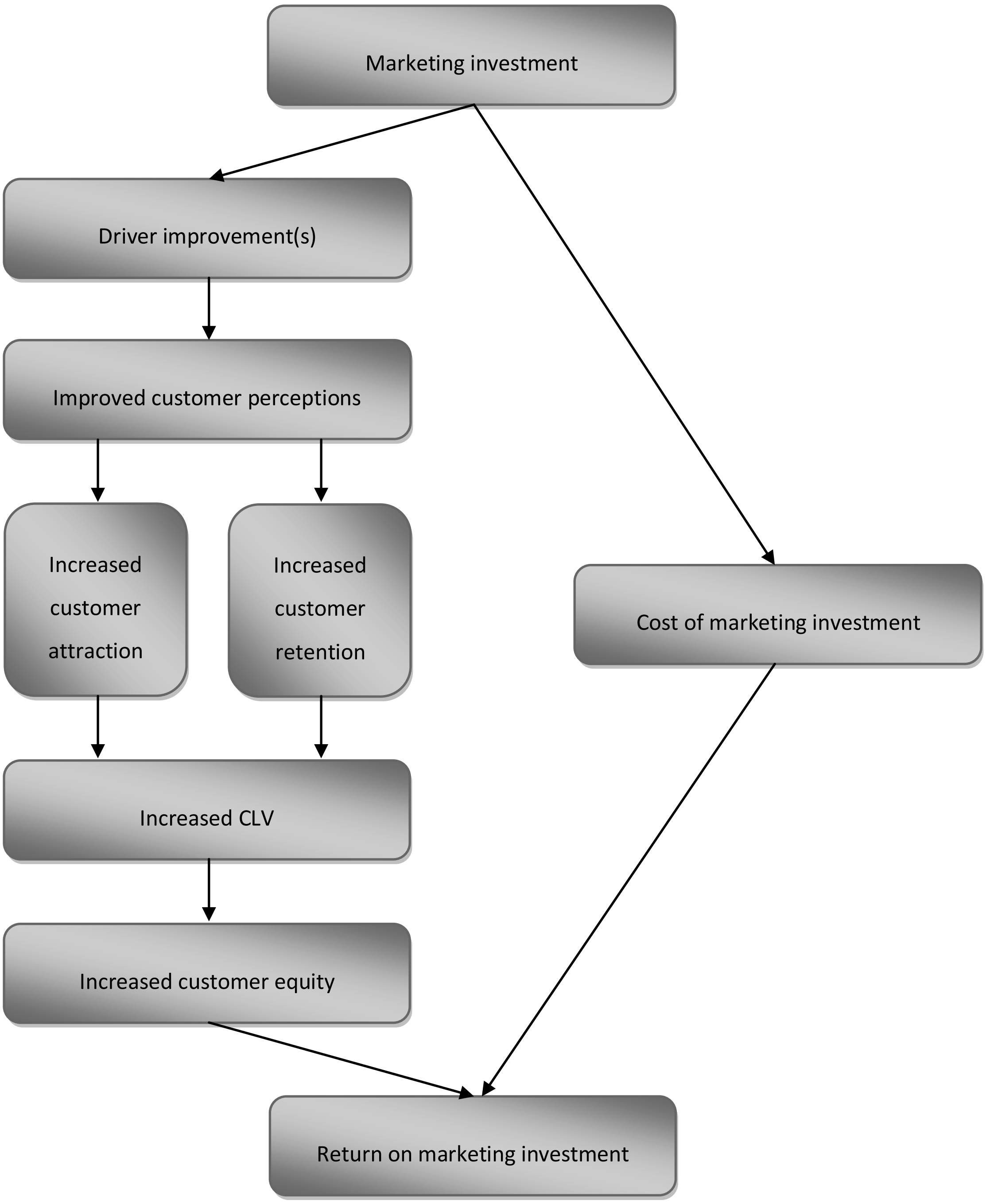

Figure 1: Return on marketing (Rust et al 2004b)

Gupta and Zeithaml (2006:719) present a framework demonstrating more clearly the categorisation of marketing metrics, provided in Figure 2. Here, marketing actions impact customers' perceptions and the results can be measured using "unobservable metrics". Changes in customer thinking are then manifest through changes in customer behaviour, which can be measured with "observable metrics". Ultimately, the firm's financial performance is affected, and this can be measured using a variety of metrics, including profits and firm values (Gupta and Zeithaml 2006).

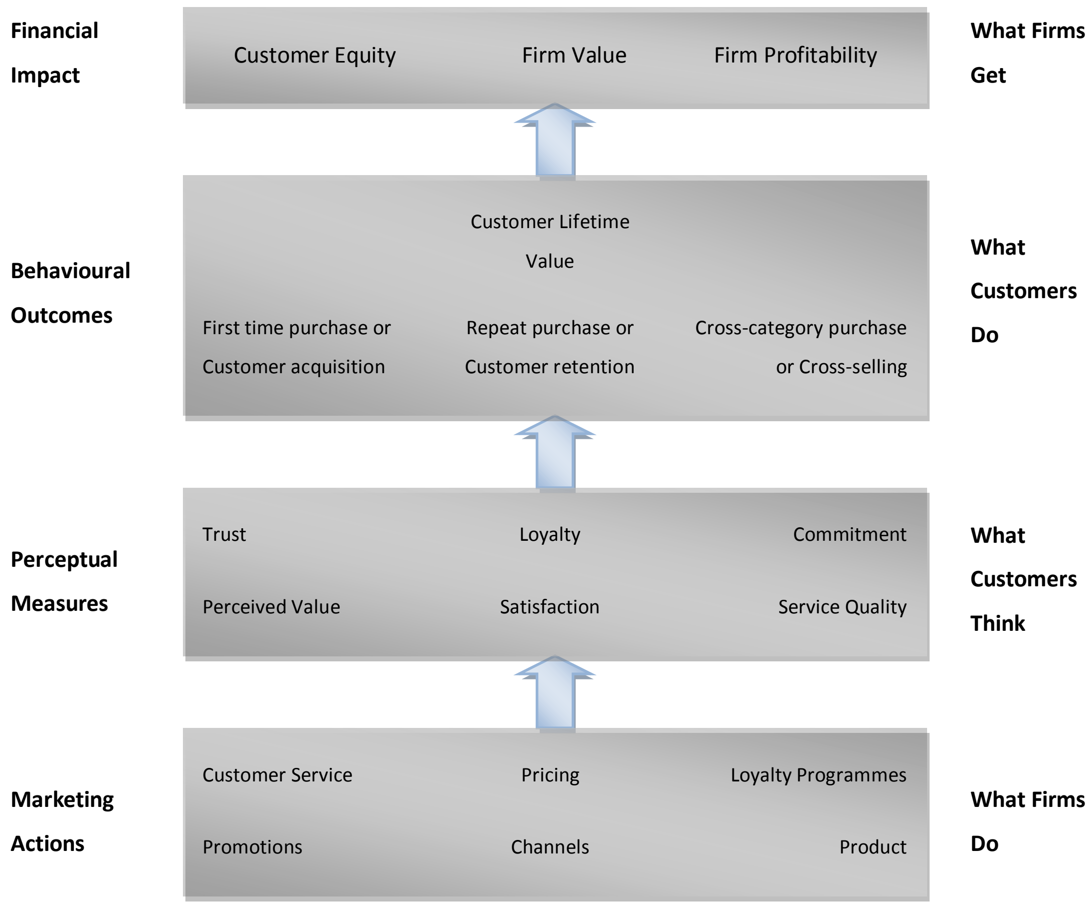

Figure 2: Framework for customer metrics (adapted from Gupta and Zeithaml 2006)

Mulky (2008) provides a similar value chain for conceptualising marketing performance. This value chain is shown in Table 2, which displays five sequential blocks. Each block is the cause for the following block and is the effect of the previous block. Mulky (2008) describes the various metrics which can be applied for most of the blocks:

Table 2: Marketing value chain

BLOCK	METRICS
Marketing actions	
Mental consumer results	Brand awareness, perceived differentiation, perceived value, perceived quality, relative perceived quality, customer satisfaction, likelihood to recommend.
Behavioural customer results	Customer loyalty, retention, churn rate, number of customer complaints, share of wallet.
Market results	Sales volume or value, market share, distribution availability, new customers acquired.
Financial results	Financial metrics: profitability and returns
	Financial customer metrics: CLV

(Mulky 2008)

These conceptual models provide a suitable background for exploring marketing measurement and, in particular, marketing metrics.

2.2.1 Marketing metrics and the measurement of marketing performance

In order to quantify, compare and interpret their marketing performance, firms require a set of marketing metrics (Kotler and Keller 2006).

Clark and Ambler (2001) state that by measuring marketing performance, assessment of the relationship between marketing activities and business performance becomes possible. It has been established in this literature review that senior management and CEOs are prioritising the assessment of this relationship. Linking marketing activities and business performance is also seen to provide a measure of marketing's accountability, which is necessary for the justification of budget allocation and to ascertain the most efficient allocation of marketing resources.

In light of the above it is deduced that marketing metrics can be used in the design and justification of marketing activities, the allocation of resources to the activities, and subsequent analysis of the extent to which marketing and company objectives were met.

2.2.2 Widely accepted metrics for measuring marketing effectiveness

Srivastava, Shervani and Fahey (1998) suggest that a lack of measures for evaluating marketing activities is the reason for some of marketing's accountability problems. Woodburn (2004:65) feels that a shortage of "usable approaches and tools" exists for measuring marketing performance. However, Rust *et al* (2004a:86) propose there to be a "wealth of means" for measuring marketing productivity. Grønholdt and Martensen (2006:244) find marketing literature to offer a "wide and varied palette" of possible measures, and Wind (2008) finds Farris, Bendle, Pfeifer and Reibstein (2006) to provide a set of more than fifty key marketing metrics. Greenyer (2006) proffers marketing ROI to have become increasingly measurable, and Patterson (2007) suggests there are numerous metrics to choose from for measuring marketing performance. Mulky (2008) similarly believes that a large number of metrics are available to marketing managers.

Further to the above, opinions appear to differ on the ideal number of metrics that should be used by marketing managers. Grønholdt and Martensen (2006) and Patterson (2007) propose that few measures should be used, subject to careful selection. Pardy (2007) believes that a simple calculation can be done to compute return on marketing investment. However, Sheth and Sisodia (2002:351) differ in stating that no “one-size-fits-all” measurement of marketing productivity exists.

Similarly dismissing the notion that a single metric can adequately summarise marketing performance, Ambler and Roberts (2005) argue that the multi-dimensional nature of marketing requires firms to employ at least as many metrics as it has goals, adding that a number of differing assessment methods might be necessary for each goal. They also refer to research which indicates that the right number of metrics for large firms is eight to ten, while small firms need fewer metrics.

O’Sullivan and Abela (2007) establish that companies derive the most value from performance measurement when all marketing activities are included for measurement; hence the need for metrics at least as numerous as the number of differing marketing activities. Reynolds (2006) suggests it would be wise for marketing managers to deploy as many analytical tools as possible, while Mulky (2008) infers the need to use a diverse set of financial and non-financial metrics. Grønholdt and Martensen (2006) cite Clark (1999) in providing what appears to be a viable solution: that marketing should present management with a modest number of measures that are simple enough to be usable but comprehensive enough to give an accurate assessment of performance.

Providing insight into recent practices, Barwise and Farley (2004) find the use of more than one metric to be the norm in many first world countries, proposing this to be a result of the multi-dimensionality of marketing performance. In their study they find that many firms perceive various metrics as being complementary to each other, justifying the use of several measures. In their survey based on the use of six metrics, sample countries use 3.9 metrics on average.

Various marketing metrics identified in literature are included in this report as Appendix B.

Historically, studies have found the most common marketing performance measures to be profit, sales, market share and cash flow (Bonoma and Clark 1988, cited in O’Sullivan and Abela 2007). In Barwise and Farley’s (2004) study of marketing metrics, market share (79 percent) and perceived product/service quality (77 percent) are the most used. The least used measure at 40 percent, and the only measure used by less than half of the sample, is CLV. The study also finds significant differences between countries. For example, Germany is above average for all six metrics with a notable 97 percent use of market share, while Japan is below average on all metrics with only 57 percent of the sample using the market share metric. Many firms were found to use multiple metrics and only 4 percent used no metrics at all.

2.2.3 The implementation of marketing measurement tools

a. *Difficulties with marketing measurement*

Marketing outputs are inherently regarded as being difficult to measure (Sheth and Sharma 2001; Barwise and Farley 2004; Wilson 2006). For example, Barwise and Farley (2004) ascribe the low levels of use of the customer/segment lifetime value metric to its complexity. However, some marketing initiatives are easier to quantitatively measure than others (Calkins *et al* 2008). As evidence of the difficulties of measuring marketing activity, the Institute of Practitioners in Advertising and Internet Advertising Bureau has made very little progress in setting up a "gold standard measurement system" over a period of five years (Howell 2008:19).

According to Wise and Sirohi (2005:11), most companies lack enough hard data on "what marketing stimuli work best in which circumstances and with which customers." Rust *et al* (2004b) similarly find that ROI models are fairly rare in marketing due to the requirement of a lengthy history of longitudinal data. And Sanders (2006) reiterates that a lot of effort is required to collect and clean ROI measurement data. Even if sufficient data is available for quantifying ROI, the effort and resources used might not be considered worthwhile in some instances: some proffer that while companies do benefit from measuring ROI, it certainly should not be seen as a single measure of success (Wyner 2006; Calkins, Rucker and Rooney 2008). Ultimately, measurement can be a severe hindrance when based on unclear goals or incomplete, inaccurate or outdated information (Liodice 2008).

A survey cited by Viveiros (2008) found that marketers struggle to keep track of data across their organisation. Findings in this survey included:

- 57 percent of the survey respondents didn't have a good understanding of what customer data was available;
- 69 percent of respondents failed to collect data at all touch points;
- 53 percent of respondents noted that customer data was not easily available for marketing campaigns;
- 41 percent of respondents required help from IT teams to use customer data, and
- 53 percent of respondents indicated they had poor "data hygiene" processes.

Woodburn (2006) recognises the role of costs as a limiting factor in data collection. The costs of collection are said to frequently result in a lack of marketing measurement within companies, leaving them dangerously ignorant of market trends and changes, and dangerously ignorant of what they are doing. Additionally, costs are likely to be incurred in the focused application of resources and management attention to measuring marketing efforts (Bonoma and Clark 1988; O'Sullivan and Abela 2007).

Clark (2001) proposes that the multidimensional nature of marketing is one of the great obstacles to successful measurement of marketing performance. Furthermore, Sheth and Sharma (2001) find that, as most marketing assets are intangible, traditional financial measures do not capture these values. Koremans (2007) relates this finding to public relations, where the most valuable aspects can be too intangible to measure. Ambler (2003) laments that while some business issues can be quantified, they cannot necessarily be translated into useful financial numbers.

Other challenges to the measurement of marketing, mentioned previously in this report, include:

- The difficulty of relating marketing activities to their long-term effects (Dekimpe and Hanssens 1995; Sheth and Sharma 2001; Sheth and Sisodia 2002; Seggie *et al* 2007).
- The separation of individual marketing activities from other actions (Bonoma and Clark 1988).
- The inadequacy of using purely financial methods for justifying marketing activity (Clark 1999; Sheth and Sharma 2001; Rust *et al* 2004a; Baidya and Basu 2008).

An alternate view is offered by Woodburn (2004), who acknowledges that marketing activities and effects are difficult to quantify, but feels that much more can be done. She proposes some marketers are reluctant to find out what information is available for scrutiny, while others are simply unaware of what is available.

b. ***Requirements for establishing suitable marketing metrics***

According to Barwise and Farley (2004), the minimum data requirements for measurement purposes should include reliable aggregate market information from external sources, and attitude data drawn from surveys. In addition, in order to measure the impact of marketing activity on firm performance, estimates of the value of a customer or profitability of a segment should be produced from complex statistical analysis and assumptions about the future (Barwise and Farley 2004; Wagoner 2006).

A variety of measures must be used to evaluate marketing success; these measures being grounded in the objectives for a particular initiative (Barwise and Farley 2004; Calkins *et al* 2008).

Furthermore, a sound, in-depth understanding of who the customer is remains critical to achieving ROI goals (Ambler 2000; Viveiros 2008). Mulky (2008) and Sheth and Sharma (2001) confirm this approach, citing research which suggests a strong link between customer related metrics and firm profitability. Performance metrics should therefore be externally focused with the objective of satisfying customer needs in order for companies to realise the strategic advantage of customer-centricity (Kumar, Venkatesan and Reinartz 2008).

In order to develop effective accountability programs, firms must design efficient, sustainable internal processes; determine who needs to be involved at each stage of planning and execution; and identify metrics that accurately track the effectiveness of marketing-program components (Liodice 2008). Wise and Sirohi (2005) assert that these metrics require clarity and consistency.

Sanders (2006) suggests that firms create a cross-functional team to define and measure ROI, and that such a program is funded adequately with money and staff. Liodice (2008:22) similarly espouses the value of cross-functional teams and suggests that marketers should collaborate closely with colleagues in finance and other parts of the firm when establishing metrics and methodologies for marketing ROI, ensuring they are "free of parochial bias". The creation of a culture of accountability is also suggested, and again the need for sufficiently rigorous, clear, measurable goals closely aligned with corporate goals is reiterated (Liodice 2008).

Companies should be examining their performance both in terms of financial results and the health of their marketing assets. Measures should be used to assess the overall business and to examine the health of particular products, markets, or distribution channels. Furthermore, numbers are only powerful to the extent that they can be compared to some baseline that indicates developing threats and opportunities. Choosing the right benchmark therefore becomes critical. With these goals in mind, Clark (2001) lists criteria for measurement as follows:

- performance should be measured relative to strategy (including, in particular, metrics that measure activities delivering on customer intimacy, operational excellence, or product leadership);
- performance should be tracked relative to competition;
- performance should be tracked relative to customers;
- performance should be tracked over time;

- performance should be modelled.

c. *Implementation of marketing measurement tools*

Calkins *et al* (2008) suggest taking an open-minded approach to measurement, focusing firstly on the objectives and strategies of the company then on identifying the most suitable measures.

With further reference to Table 1, Mulky (2008) provides a marketing value chain that could be followed to evaluate marketing performance. Similarly, the methodology provided by Rust *et al* (2004b) in Figure 1 could act as a guideline for the implementation of marketing measurement tools. In addition, Patterson (2007) offers a metrics continuum which includes metrics across all marketing outputs; from those which are action-oriented and tactical to those which are predictive and strategic. The continuum can be described as follows:

1. Activity-based metrics: refer to those "things" which can be counted, for example: web-site visits; event attendees; number of leads.

2. Operational-based metrics: focus on improving organisational efficiencies and ROI using measures such as awareness-to-demand ratios, conversion rates, programme-to-people ratios and so forth.

3. Outcome-based metrics: enable marketers to measure strategic effectiveness such as the pursuit of market share, CLV and brand equity; focus on efforts with greatest impact and contribution to the company's valuation; and provide a quality control process.

4. Leading indicators: assess the likelihood of outcomes; based on share of wallet, adoption rates.

5. Predictive models: predict business outcomes.

Howell (2008) suggests that all marketing spend should be measured, not only expenditure which results in easily measurable effects. Failure to measure all activity results in incomplete answers – the impact of various marketing activities will not be accurately captured, and the synergies that exist with other activities won't be reflected at all. Productivity measures must therefore be holistic (Sheth and Sisodia 2002).

Sheth and Sisodia (2002) also point out that care must be taken to ensure that, when measuring marketing activity, measures do not yield spurious relationships. For example, market share could increase due to the demise of a competitor as opposed to increasing advertising spend. Or sales could increase due to an upswing in the economy. It is therefore proposed that multiple, independent indicators of efficiency and effectiveness are considered (Sheth and Sisodia 2002; Ambler and Roberts 2005; O'Sullivan and Abela 2007; Wind 2008).

Sanders (2006) suggests it may be dangerous to use agencies to evaluate marketing success due to possible bias. Koremans (2007) finds that creative agencies fail to provide adequate ROI benchmarks, or provide benchmarks for campaign effectiveness.

When implementing marketing measurement as a routine deliverable, marketing managers should consider incorporating marketing dashboards into their organisations. Marketing dashboards present a means for firms to monitor and communicate a refined set of marketing performance data in almost real-time reporting. O'Sullivan and Abela (2007) point out how dashboards can be used to report strategic performance (as measured by key metrics) to senior decision makers. Furthermore, dashboards enable users to 'drill down' in order to attain more detailed information (O'Sullivan and Abela 2007).

Ambler and Roberts (2005) are strong proponents of the use of dashboards as they find the tool to be an easy-to-read, clear, integrated and concise presentation of a range of key indicators. Similarly, Patterson (2007) and Wind (2008) both strongly promote the use of dashboards. Patterson (2007) lists six accomplishments of a good dashboard:

1. They show marketing's impact on revenue and financial performance.

2. They help assess what is working and isn't working.

3. They provide actionable information which fosters decision making.
4. They provide a unified view into marketing's value.
5. They enable better alignment between marketing and the business.
6. They translate complex measures into a meaningful and coherent set of information.

The evaluation of marketing productivity ultimately involves projecting the differences in cash flows that will occur from implementation of a marketing action. The correct usage of ROI measures in marketing requires an analysis of future cash flows; discounted profit flows must be considered over time rather than simply investigating short-term effects (Rust *et al* 2004a).

2.2.4 The relevance of marketing measurement and marketing metrics to finance

Comstock (2007) believes marketing is heavily reliant upon connecting with the chief financial officer (CFO). Wheaton (2007) similarly proposes that chief marketing officers (CMOs) must establish relationships with CFOs, built on clear and ongoing communication. And Liodice (2008) encourages marketers to reach beyond their own departments to finance and other parts of the enterprise to establish metrics and methodologies for marketing ROI.

Clark (2001) feels that accountants and marketers have much to learn from one another in terms of understanding the real costs and returns from marketing investments. And, considering that Rust *et al* (2004a) find many managers to believe the financial impact of marketing activity is the most crucial measure of success, marketing managers have reason to engage with financial managers on suitable measures of marketing performance.

With financial and numerical skills representing an increasingly valued marketing management competency, the broadening financial responsibilities amongst marketing managers requires increased coordination with financial and accounting departments. This is particularly true considering the feelings of inadequacy and lack of competency in financial analysis amongst some marketing managers (Melaia 2006).

However, applying financial numbers to marketing outcomes is not always possible or preferable (Calkins *et al* 2008); hence the need for engagement on such matters with finance departments.

An entirely different view is expressed by Ambler (2000), who proposes that the finance department is the only function which can realistically be expected to integrate financial and non-financial marketing metrics – other than in very large companies, where there is scope for departments that specialise in marketing information independently from the marketing department. In short, Ambler (2000) is of the opinion that market research should be the responsibility of the finance director or chief knowledge officer. The bases for this suggestion are:

- Marketers are widely seen as selective and/or manipulative in the way they present information. Independence would add credibility.
- Metrics are not high on marketers' priorities. Marketers are more interested in making runs than in scoring. Perhaps this is as it should be.
- Marketing information is widely dispersed in large organisations. Only part of it exists in the marketing department.

(Ambler 2000:65)

2.2.5 The consequences of measuring marketing activity

In keeping with the idea that "what gets measured gets done", marketers will likely pay greater attention to the marketing activities which get measured (O'Sullivan and Abela 2007:80). Viveiros (2008) and Lovell (2008) both find measurable marketing activities to attract increasing marketing spend. As validation, marketing performance measurement has been found to be significantly associated with firm performance (O'Sullivan and Abela 2007).

Levey (2006) confirms the shifting trend in marketing expenditure, finding that funds are being diverted away from print advertising to media outlets that provide a more immediate and measurable ROI. Direct marketing is predicted to receive more spend as the need for ROI mounts, and event marketing has increased in value as a result of its ability to foster consumer interactions that allow measurable ROI. Internet advertising led growth in 2005 largely due to the measurability of online media, while spend on ad space in consumer magazines remained relatively flat (Levey 2006).

The ability of marketing to measure performance has a positive impact on CEO satisfaction with marketing (O'Sullivan and Abela 2007). This is an important finding in so far as increasing marketing's stature at board level is concerned; the link between the function's accountability and influence is thus demonstrated.

2.3. The need for measurement of marketing effectiveness

Prior research has identified that CEOs and shareholders are holding marketers more accountable for measuring returns on marketing spend. A review of literature finds that such pressures are mounting for a variety of reasons, highlighted below:

- The allocation of resources into the hands of marketers needs to be justified (Rust *et al* 2004b; Wise and Sirohi 2005; Baidya and Basu 2008; Schultz 2008).
- Marketers' allocation of resources to various marketing activities must also be made and justified according to facts rather than on faith (Wise and Sirohi 2005; Seggie *et al* 2007; Baidya and Basu 2008; Lovell 2008; Wind 2008; Brandau 2009).
- Marketers need to be held accountable for showing how marketing expenditure adds to shareholder value (Doyle 2000, cited in Rust *et al* 2004a; Ambler 2003; Bolton 2004; Woodburn 2004; Seggie *et al* 2007; Mulky 2008).
- Investors are demanding more information on the marketing activities of companies (Clark 2001).

- It has been argued that marketing metrics should be communicated to shareholders (subject to commercial confidentiality) (Ambler 2002).
- With reference to the agency theory and the issue of performance incentives: the extent to which the principal's objectives have been met need to be measured with metrics (Barwise and Farley 2004; Seggie *et al* 2007).
- Companies that understand the source of their cash flow – the market – have been found to be more profitable than others; hence the need for a close understanding of marketing activity (Ambler 2000).
- Technological advances have made the measurement of marketing activities easier and more accessible (Seggie *et al* 2007).
- The use of metrics will become the norm among firms (Barwise and Farley 2004).

This section of the literature review leads to the first research question:

2.3.1 Research Question 1

To what extent are marketing managers in South Africa required to measure the effectiveness of their marketing activity?

2.4. Trends in marketing measurement

According to Viveiros (2008), marketers are using more sophisticated metrics to determine the ROI of their campaigns. Many, however, struggle to keep track of the data. Furthermore, Wind (2008) is of the opinion that marketers simply look at available data rather than seek to develop the data that would enable them to gain more valuable insights into the market.

In a study cited by Patterson (2007), 58 percent of respondents indicated that measuring marketing performance was a top priority at their firm, yet more than 80 percent of the respondents gave six or less points (on a ten point scale) as an indication of their level of satisfaction with their ability to track marketing performance. 64 Percent of the participants noted that they had no marketing performance training or budget. Melaia (2006) similarly found marketing managers to reveal a lack of training in analytical techniques.

Barwise and Farley (2004) found that, while most businesses report one or more of the six metrics in their study, multinational subsidiaries and larger firms tend to use more of the metrics. Furthermore, significant differences were found between countries. In the example cited previously in this report, Germany was above average for all six metrics with 97 percent use of market share, while Japan was below average on all metrics with only 57 percent of the sample using the market share metric. Only 4 percent of firms were found to be using no metrics at all. The results of the cited survey are found in Table 3.

Table 3: Current metrics regularly reported to the Board (% of those mentioning any now or planned)

METRIC	USA (n=224)	Japan (n=117)	Germany (n=120)	UK (n=120)	France (n=116)	Total (n=697)
Market share	73	57	97	80	90	79
Perceived product / service quality	77	68	84	71	75	77
Customer loyalty / retention	67	56	69	58	65	64
Customer / segment profitability	73	40	74	65	59	64
Relative price	65	48	84	53	63	63
Actual / potential customer / segment lifetime value	32	35	51	32	58	40
AVERAGE	**64**	**51**	**77**	**60**	**68**	**64**

(Barwise and Farley 2004)

While Barwise and Farley (2004) found CLV to be the only metric in their study used by fewer than half of the respondents, Rust *et al* (2004a) propose that CLV and customer equity are in widespread use as marketing asset metrics in some industries. However, Rust *et al* (2004b) find "most, if not all" CLV models to address the effects of marketing actions without considering the influence of competition.

Clark (2001) finds financial measures such as sales and profit are the most common means of measuring the value of marketing.

This section of the literature review leads to the second research question:

2.4.1 Research Question 2

Which metrics are currently being used by organisations in South Africa to measure marketing effectiveness?

2.5. The usefulness of marketing metrics

While it has been found that a variety of reasons exist for organisations to measure marketing effectiveness, it is valuable to understand the underlying usefulness of employing marketing metrics. Themes identified in marketing literature are summarised below:

- Consistent application of metrics will help keep the marketing mix in balance as product line-ups change and marketing channels shift over time (Wise and Sirohi 2005).
- By measuring the return on marketing investment, the role of marketing on both an organisational level and a top managerial level is significantly strengthened. Failure to do so sees marketing continue to be marginalised (Sheth and Sisodia 2001).
- Measurement serves as an evaluation of past performance and to improve the rigor of future strategy and execution (Hauser and Katz 1998; Ambler *et al*

2004; Barwise and Farley 2004; Wise and Sirohi 2005; Baidya and Basu 2008; Wind 2008).

- Measuring marketing ROI can improve how companies interact with customers across multiple channels to improve customer experience, and how they allocate budget to these channels appropriately (Wilson 2006; Viveiros 2008).

- Market-oriented firms tend to enjoy superior performance, and the use of metrics is a necessary prerequisite for market-orientation. Measuring marketing activity is therefore useful for firms to be more competitive (Barwise and Farley 2004; Wise and Sirohi 2005).

- Companies with formal marketing performance systems outperform companies which lack such systems; therefore metrics provide a source of competitive advantage (Patterson 2007).

- Firms need to measure marketing performance systematically in order to enhance marketing performance (Mulky 2008; O'Sullivan and Abela 2007).

- The ability to measure marketing performance can positively influence CEOs' satisfaction with marketing (Mulky 2008).

- Having measurement methods in place enables marketers to quantify their expectations in ways that give greater clarity to their organisations, and greater clarity ultimately leads to competitive advantage (Woodburn 2006).

- Metrics enable firms to anticipate future performance, and have a basis for bonuses and promotions for managers and their employees (Hauser and Katz 1998).

Further to the above, it is valuable to consider that the first step to developing a clear and relevant set of metrics is to carefully identify what needs to be measured (Wise and Sirohi 2005). Clark (2001) suggests that valid measures are those which both assess the overall business and examine the health of particular products, markets or distribution channels. And it is widely agreed that in order to develop a thorough understanding of the effectiveness of marketing expenditures, both financial and non-financial indicators are needed (Clark 1999; Sheth and Sharma 2001; Rust *et al* 2004a; Baidya and Basu 2008).

Ambler (2003) proposes that financial indicators are retrospective, so a suitable set of metrics should include non-financial measures which are “closer” to customer and competitor, which can ultimately assist in predicting future performance. To this end, Mulky (2008) believes that firms must choose a set of metrics which cover both observable and unobservable constructs appropriate for their market, and which permit managerial action.

Ambler and Roberts (2005:11) provide a broad view on metric considerations: “Selecting metrics is ultimately a pragmatic matter of selecting those that work, in the sense of being consistently predictive. Some seem to have little predictive ability … whereas others are too volatile to be reliable.”

Marketers are task oriented in the sense that their activities are determined by their objectives (Ambler and Kokkinaki 1997). It could therefore be said that marketing performance should be measured against the marketers’ definition of success. Thus, having marketing measures in place by default requires success to be defined if metrics are to be of any value at all; and indeed if the relevant metrics are to be identified correctly.

It is therefore necessary to carefully assess whether or not chosen metrics are suitable for a given purpose, and not simply assume that they are fine because of what they measure. This view is supported by Wind (2008:8), who offers that companies must carefully identify “the measures that count” and not just “the ones that are easy to measure”. He provides an example, saying that market share might be easier to determine but share of wallet could be more useful in driving profitable growth. (Sheth and Sharma (2001) confirm that an understanding of the exact relationship between market share and profitability remains elusive, in spite of substantial research in the area.) Similarly, maximising ROI has been found to be inconsistent with profit maximisation, reiterating the importance of correct metric selection (Rust *et al* 2004a).

Grønholdt and Martensen (2006) add to the above discussion noting that because companies, market conditions and environments change constantly, the need arises for revised performance measures according to these changes and trends.

Without the use of metrics it would be difficult for marketers to assess the effects of trends on their business in a timely manner. For example, given that some commentators believe advertising campaigns are more likely to fail than succeed (Liodice 2008; Piper 2008), marketers should be able to measure recent past activity and make informed judgements relating to future campaigns using various metrics. Doing so would also establish whether such generalisations describing the effectiveness of their advertising campaigns are indeed accurate. Of course it would be similarly necessary to establish the likelihood of advertising to succeed in a company's specific context and environment, even given other authors' findings that advertising works (Briggs 2006).

However, while much literature points to the ability of metrics to better enable the efficient allocation of resources, Rust *et al* (2004b) find that a unified, data-driven basis for making strategic marketing trade-offs has not been available.

Further shortcomings of the usefulness of marketing metrics have been cited as follows:

- The difficulty of relating marketing activities to their long-term effects (Dekimpe and Hanssens 1995; Sheth and Sharma 2001; Sheth and Sisodia 2002; Seggie *et al* 2007).

- The separation of individual marketing activities from other actions (Bonoma and Clark 1988).

- The inadequacy of using purely financial methods for justifying marketing activity: reporting tends not to be geared towards marketing (i.e. customer focused), but rather towards financial preferences (Clark 1999; Sheth and Sharma 2001; Rust *et al* 2004a; Baidya and Basu 2008).

- Past performance of a firm is no predictor of future performance; thus historical measures have limited usefulness (Seggie *et al* 2007).

In addition, there are numerous examples of metrics lacking in validity in one sense or another. For example, while Rust *et al* (2004a) acknowledge that improving sales and market share are essential to any marketing effort, they maintain that ROI is the most crucial measure of success. This sentiment is echoed by Sanders (2006), but countered by Calkins *et al* (2008) who feel that applying financial numbers to marketing initiatives is not always possible or preferable. Clark (2001) offers that market share might have been the most influential measure in the 1980s, but finds that this metric has proved problematic as it can lead to economically irrational behaviour.

In another example, Barwise and Farley (2004) are not in favour of customer-based brand equity as a metric. Rust *et al* (2004a) define brand equity as the value of the incremental discounted cash flows from the sale of a set of products or services, as a result of the brand being associated with those products or services. A further definition is "… the customer's subjective and intangible assessment of the brand, above and beyond its objectively perceived value" (Kotler and Keller 2006:151), the strength of which is essential to long-term growth (Wise and Sirohi 2005). Barwise and Farley (2004) propose that as the metric usually includes a combination of behavioural and attitudinal dimensions, it cannot be validly reduced to a single number. However, value in measuring the various dimensions of brand equity supports the "wider quest for a balanced scorecard" of performance (Barwise and Farley 2004:258).

Similarly, the "relatively new and complex" CLV has its shortcomings (Barwise and Farley 2004:259). CLV is a financial metric which measures the net present value of the stream of future profits expected over the customer's lifetime purchases (Rust *et al* 2004a; Kotler and Keller 2006). However, Barwise and Farley (2004:259) find that the metric is "… strictly speaking a derived estimate rather than a directly measurable number." Ambler (2003) also speaks to the shortcomings of this metric by explaining that it takes the credit for future marketing activities, and thereby deflects attention from the current day marketing effectiveness.

And Calkins *et al* (2008) proffer customer satisfaction, loyalty, employee morale and differentiation to be important but impossible to quantify financially for use in ROI calculations. Interestingly Rust *et al* (2004a) find that, in terms of qualitative measures, the nature of customer satisfaction and loyalty, and their drivers, have become far better understood in the past twenty years. This surely serves to emphasise the need for careful assessment by marketing managers when considering various metrics' validity to a stated purpose.

Further to the above, Ambler and Roberts (2005) provide detailed analyses covering the inadequacies of ratios of return to expenditure, discounted cash flow, and return on capital as effective marketing metrics.

Other specific difficulties in marketing measurement also exist. For example, quantification of the relationship between advertising and buyer behaviour – as measured by sales – brings with it numerous complexities (Bendixen 1993):

- There is a lag in the time between advertising and sales.
- Many other macro- and micro variables influence sales.
- There is the possibility of reverse causality, where advertising may influence sales but sales levels may at the same time influence levels of advertising.
- Business cycles and inflation may affect the behaviour of both advertising and sales.
- Changes in the media mix might affect the relationship between advertising and sales over a period of time.

This section of the literature review leads to the third research question:

2.5.1 Research Question 3

What are the perceptions of marketing managers in South Africa regarding the usefulness of the outputs provided by marketing metrics?

2.6. Conclusion of literature review

The advantages and need for measuring marketing activity have been clearly established in the literature review. Various measurement methodologies have been offered and the choice of metrics discussed and critiqued. The relevance of the choice of metrics as they pertain to the finance department has been reviewed, and the implementation of metrics similarly assessed.

There are clear benefits to incorporating a dashboard of metrics into the marketing function and using them as a reporting tool. However, the metrics must be carefully selected in accordance with company strategy and marketing objectives if they are to be relevant and of value. There is an abundance of metrics to choose from, and while it has been suggested that organisations steer away from adopting too many at once, no specific metric should be seen as a "single measure of success". Metrics should be seen as complementary in their use and a manageable number of metrics chosen as a bouquet for the organisation to report on.

2.6.1 Research Question 1

To what extent are marketing managers in South Africa required to measure the effectiveness of their marketing activity?

2.6.2 Research Question 2

Which metrics are currently being used by organisations in South Africa to measure marketing effectiveness?

2.6.3 Research Question 3

What are the perceptions of marketing managers in South Africa regarding the usefulness of the outputs provided by marketing metrics?

CHAPTER 3: RESEARCH METHODOLOGY

In Chapter 2 of this research report, prior research studies were reviewed to provide the basis and context for generating Research Questions relevant to the research topic. Chapter 3 describes the research methodology which was undertaken to answer the three sub-problems of this study.

3.1 Research methodology /paradigm

This research sought to understand and describe marketing managers' use and perceptions of marketing metrics from the participants' point of view (effectively exploratory in nature). As such, a qualitative paradigm was identified as the appropriate methodology for this report (Leedy and Ormrod 2005).

Qualitative research allows the researcher to explore the perspectives and interpretations of participants; thus facilitating the generation of original insights and new understandings (Willig 2008). In line with a qualitative methodology, this study searched for themes within respondents' personal views in an effort to describe and explain current South African approaches to, and perspectives regarding the measurement of marketing effectiveness.

Furthermore, this research was exploratory as no formal research into South African organisations' use of metrics for measuring marketing effectiveness had been found. The study was also descriptive in nature as it attempted to identify and describe how marketers use and perceive marketing metrics.

3.2 Research Design

The research was conducted in the form of a simple interpretive study, using semi-structured interviews. This design was relevant to the study as it attempted to understand the respondents' perceptions and perspectives, as well as their understandings of particular situations (Leedy and Ormrod 2005). The interviews comprised of both closed-ended and open-ended questions; the latter seeking to explore more thoroughly the findings of the closed-ended questions.

The advantage of this design was its flexible nature, which provided the opportunity to uncover more relevant data throughout the research process. The disadvantage lay in the objectiveness and personal biases of respondents, and of the researcher in his identification and descriptions of emergent patterns in the data. The researcher, by nature of his or her presence, may alter what people say and how events unfold (Leedy and Ormrod 2001). Willig (2008) similarly noted researcher objectivity to be an ideal rather than a reality.

3.3 Population and sample

3.3.1 Population

The population for this study was all senior marketing decision makers in South African organisations which actively market one or more products and/or services. Senior marketing decision makers were regarded to include senior brand managers, marketing managers and marketing directors.

3.3.2 Sample and sampling method

The sample for this research was limited to the FMCG and FS industries. The use of two different industries provided some element of triangulation, thereby improving the reliability of the data collected.

A non-probabilistic convenience sample method was used due to constraints on the researcher's resources. This method could have resulted in sample bias in the research; however, Willig (2008) observed that qualitative studies tend to lend themselves to working with small sample sizes, which better facilitate the generation of insights about the dynamics of particular cases.

Twenty-six potential respondents from different organisations in the FMCG and FS industries were identified. Each candidate was invited to participate in the study by means of a telephonic, emailed, or written request. Fourteen respondents availed themselves for the research, and a semi-structured interview was conducted with each respondent in person.

The sample was small, but in line with typical qualitative studies as greater insights could be gained from investigating a small sample in depth, rather than superficially investigating a larger sample (Schmitt and Klimoski 1991).

3.4 The research instrument

A semi-structured survey was conducted with each respondent (the research instrument is included in Appendix A). The survey consisted of a set of questions which had been designed, pilot-tested and incorporated into the interview. As encouraged by Leedy and Ormrod (2005), additional questions were asked of respondents when necessary to achieve clarification, to probe a respondent's reasoning, or to gain deeper insights.

The semi-structured survey was considered appropriate for this study considering the findings of De Vos, Strydom, Fouche and Delport (2005:292), who propose: "The guided interview is ideal for obtaining comprehensive and comparable data … where the structure of the topic is known, but the answers cannot be anticipated." It was anticipated that this study would compare the findings of the FS and FMCG industries in its course.

3.5 Procedure for data collection

The data were gathered by means of face-to-face interviews with respondents. Interview guides assisted in obtaining comprehensive answers from the respondents, thereby making data collection more reliable. The interviews were recorded on a dictaphone then manually transcribed and captured electronically.

The benefits of having personal interviews (as opposed to mailed questionnaires) included "… a decrease in the number of 'don't knows' and 'no answers' … a guard against confusing questionnaire items … and the interviewer can observe as well as ask questions" (Rubin and Babbie 1989:322-323).

Bailey (1987) cited further advantages of personal interviews as being:

- flexibility;
- control over the environment;
- spontaneous answers could also be recorded;
- control over the question order;
- completeness;
- and greater complexity of questions and discussion.

Care was taken to acknowledge and, where possible, to lessen the disadvantages of personal interview studies as follows:

- Interview times and venues were set up in accordance with respondents' preferences in order to minimise any costs in terms of time and inconvenience.
- Potential discomforts associated with anonymity were mitigated through emailed and telephonic contact with respondents prior to interviews.
- To build trust, an introductory letter was emailed to all respondents well in advance of the interviews to confirm the purpose of the study and researcher's personal details.
- Interview questions were sent to respondents in advance in order to allay fears of any 'surprises'.
- Respondents were assured that their responses would be treated as anonymous and confidential, and that no 'right' or 'wrong' answers existed.

3.6 Data analysis and interpretation

Transcripts from the in-depth interviews with respondents were recorded and analysed using content analysis. As per guidelines set out by Leedy and Ormrod (2005), the below process was followed for analysing the data:

1. Data obtained from the interviews were separated into relevant and irrelevant information. Relevant information was broken into single specific thoughts or themes.

2. Themes and thoughts were grouped and categorised together into 'meaning units'.

3. Divergent perspectives were sought in order to ensure completeness and richness of detail.

4. Descriptions of the research were developed and consolidated into conclusions throughout Chapter 4 (Presentation of Results) and Chapter 5 (Discussion of the Results). Furthermore, an overall description of the results was included as a conclusion in Chapter 6 of this research report.

3.7 Limitations of the study

The limitations of the study were as follows:

- The study only included firms in Gauteng, South Africa, in the FMCG and FS industries.

- The ability to draw generalisations from the research is limited as only a small number of respondents were included in the research.

- The qualitative nature of the study inherently limits the potential for generalisations to be drawn from the research.

3.8 Validity and reliability

The validity of research refers to "… the extent that it allows you to draw meaningful and defensible conclusions from your data" (Leedy and Ormrod 2005:97). The conclusions drawn from the research should be sufficiently robust such that generalisations can be made about findings, beyond the research sample (Leedy and Ormrod 2005).

With respect to reliability, Rubin and Babbie (1989:142) assert that reliability is "… a matter of whether a particular technique, applied repeatedly to the same object, would yield the same result each time".

3.8.1 External validity

External validity refers to the extent to which research conclusions can apply to situations beyond the study itself (Leedy and Ormrod 2005). To enhance this study's external validity, research was conducted in a real-life setting such that it yielded results that have broader applicability to other South African firms (Leedy and Ormrod 2005).

Furthermore, two different industries were studied in order to replicate the research in a different context. Doing so, the researcher sought to increase the applicability and validity of the conclusions across diverse contexts and situations (Leedy and Ormrod 2005). However, as the research was conducted within a specific geographical area, the external validity of this report is likely to be poor. Furthermore, the findings may not be statistically 'generalisable' due to the small size of the sample, and the fact that respondents were not randomly selected.

3.8.2 Internal validity

Internal validity refers to the extent to which both the design of the research study and the data it yields allow the researcher to draw accurate conclusions about causal relationships within the data (Leedy and Ormrod 2005).

This research may lack internal validity considering that, in the current economic downturn, marketers may be under increased pressure to:

a) measure marketing effectiveness in order to motivate for resource allocation to marketing activity, and

b) provide more frequent measures of marketing effectiveness or productivity.

Critically, such behaviour might not ordinarily be the case during economic upswings. Similarly, respondents might have changed their behaviour simply because they were participating in a research study: they may have exaggerated their use of metrics to appear more proficient in their roles (also known as reactivity, or the Hawthorne effect) (Leedy and Ormrod 2005).

To increase internal validity, information was gathered from more than one source and more than one industry in order to triangulate the data. Furthermore, the purpose of the research was clarified with each respondent, as was the need for honest responses. The data from each interview were transcribed and analysed as soon after collection as possible in an effort to avoid the negative impacts of time and memory on the data.

The research tool was also designed to increase internal validity: a number of different questions were asked for each Research Question in an effort to elicit complete and honest answers.

However, the mere presence of the researcher was likely to compromise internal validity due the relationship dynamics that emerged with respondents.

3.8.3 Reliability

The reliability of a research instrument is "… the extent to which it yields consistent results when the characteristic being measured hasn't changed" (Leedy and Ormrod 2005:93). This requires that a consistent approach is taken when gathering and analysing data.

The semi-structured interviews used in this research generally proved to be reproducible as they were guided by carefully selected questions. In addition, a consistent approach to the data analysis was achieved through a methodical use of content analysis. However, even amidst careful measures and the researcher's best intentions, Leedy & Ormrod, (2001:162) explain that "In a qualitative study, the interpretation of the data will inevitably be influenced by the researcher's biases and values to some extent, reflecting the notion of researcher as instrument."

The use of two groups of respondents from different industries provided some element of triangulation for this research, thereby improving the reliability of the data collected.

CHAPTER 4: PRESENTATION OF RESULTS

4.1 Introduction

This chapter summarizes the key findings of the research. Responses to the in-depth interviews are presented and described as they pertain to each of the research questions. A detailed discussion of the results is discussed in Chapter 5.

In total, fourteen respondents were interviewed. As indicated in Figure 3, seven respondents held the title of marketing manager while the remaining seven respondents held various designations of suitable seniority for the purpose of this research report.

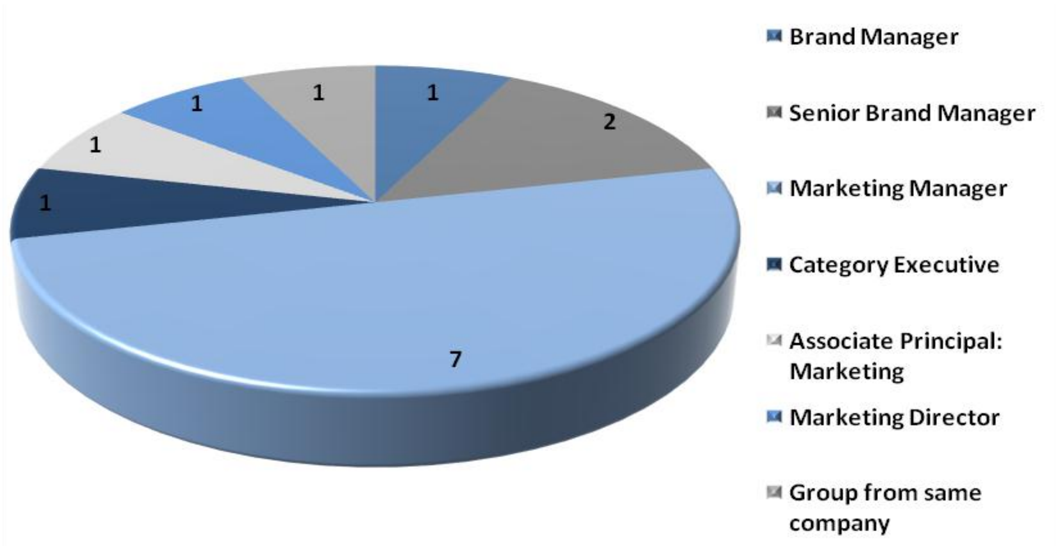

Figure 3: Respondent designations

Respondents were all provided with an explanatory letter describing the purpose of the research report. At the beginning of each interview respondents were assured that their answers would be treated as confidential and anonymous. This was done with the intention of creating an environment which would be more conducive to honest and complete responses. Furthermore, and for the same purpose, respondents were assured that no level of ‘correctness’ would be attributed to their answers.

In order to achieve sufficient depth of information for each Research Question, respondents were asked a number of questions set out in a questionnaire. Where the researcher deemed necessary, further questions were asked of the respondents to ensure understanding, completeness of response, and/or depth of insight.

The interview questionnaire is set out as Appendix A.

4.2 Results pertaining to Research Question 1

“To what extent are marketing managers in South Africa required to measure the effectiveness of their marketing activity?”

Five different questions were asked of respondents in order to fully explore Research Question 1. Content analysis was then used to analyse transcriptions of data obtained from the interviews and the researcher’s reflective notes. Various key themes were identified in the responses to interview questions; this section describes these themes.

4.2.1 Interview question 1.1: Metrics prescribed in job description

Does your job description stipulate that you need to measure marketing effectiveness in your company?

As indicated in Table 4, seven marketing managers stated that their job descriptions stipulate the need for measuring the marketing effectiveness of their company. The other seven claimed that their job descriptions do not explicitly state the need for measuring marketing effectiveness. The results differ marginally between FS and FMCG.

Table 4: Responses to interview question 1.1

INDUSTRY	YES	NO
FS	3	4
FMCG	4	3
TOTAL	7	7

The FS marketers who responded in the negative all noted that, regardless of the omission of such stipulation in their job descriptions, the intent to measure marketing effectiveness certainly exists. The research found there to be a general expectation that marketing effectiveness must be measured:

- *"It's something that everybody should be doing but I don't believe that enough people are doing it."*
- *"It's very generic like in terms of campaigns, [we are expected to] ensure effective campaigns."*
- *"We will look at [marketing effectiveness measures]; whether they are stipulated as part of the role: they're not stipulated as marketing is seen in a different way in this organisation … But I think there is an expectation that we will be able to [use] these things."*
- *"I don't think that our job description actually stipulates it, but as a brand manager in the profession of brand management or marketing communications is that you should do it for yourself."*

Of the three negative FMCG responses, one noted that measurement is in fact outsourced to another division within the company. Another respondent confirmed that, while measurement is not necessarily a written instruction, it is inherent to the nature of the job:

> *"I don't think it's in the job description … [But] everybody needs to measure marketing effectiveness."*

The third negative response volunteered that measurement probably wasn't an instruction in his job description, but it was probably included in his KPIs:

> *"I don't think the job description per se says that [marketing] has to be measured. I think there are measures in place that form part of the KPIs …"*

4.2.2 Interview question 1.2: Metrics prescribed in KPIs

Is measurement of marketing effectiveness one of your Key Performance Indicators (KPIs)?

The results for interview question 1.2, as captured in Table 5, indicate more of an emphasis on marketing measurement in KPIs than results pertaining to job descriptions. Nine respondents confirmed that measuring marketing effectiveness formed part of their KPIs while five respondents noted the absence of marketing measurement as a KPI.

There was a notable difference in responses from the two industries: FMCG had six positive responses compared to three positive FS responses.

Table 5: Responses to interview question 1.2

INDUSTRY	YES	NO
FS	3	4
FMCG	6	1
TOTAL	**9**	**5**

While four FS marketers returned negative responses, these respondents generally still had reason to measure marketing effectiveness (or mentioned reason for doing so in the future):

- *"[Marketing measurement is] listed amongst many of my performance objectives but it's certainly not one of my key measures."*

- *"It has not been [included in KPIs] … but I can see it being added."*
- *"Although it may not be a KPI or defined as part of a job description, they will want to know; there is a level of interest … Per KPI there is evidence that's required to measure what your job entails."*

However, one respondent noted that insufficient capability existed for measurement to be included as a KPI:

> *"It's not a KPI because we haven't got statistically developed marketing indicators or measurements in place."*

Only one FMCG respondent did not have marketing measurement included in her KPIs. However, this was due to the fact that another division within the company was tasked with measurement, and her performance would be based on the results circulated by this division.

4.2.3 Interview question 1.3: Other instruction requiring the use of metrics

Describe any other instruction from your company (i.e. which isn't set out in your job description or KPIs) which requires that you measure marketing effectiveness.

Themes from the third interview question are presented in Figure 4.

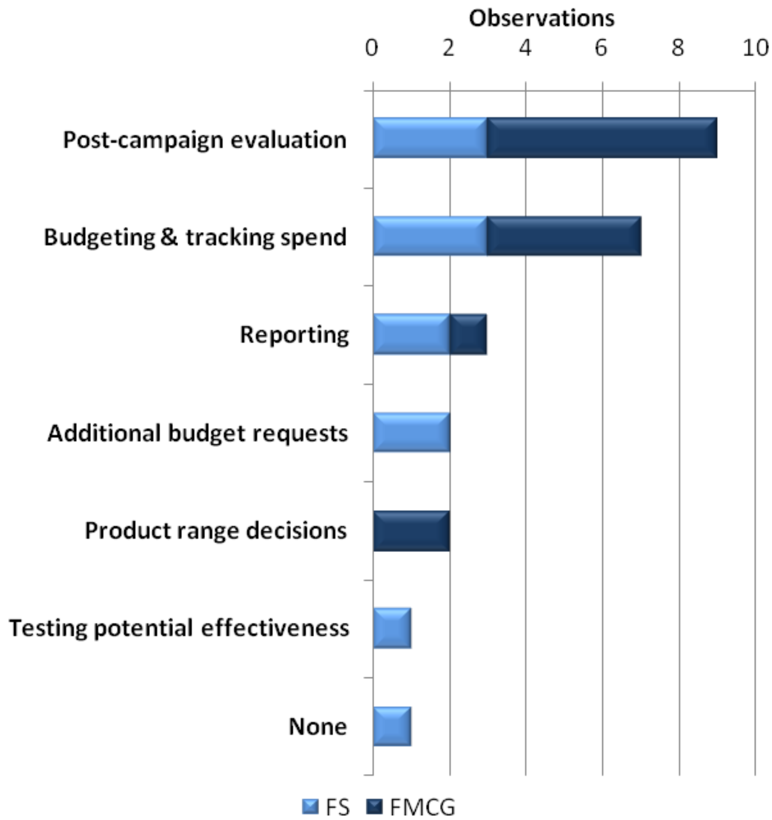

Figure 4: Nature of instructions to measure marketing effectiveness

Post-campaign evaluation

Three respondents in FS gave examples of having to measure post-campaign effectiveness. One respondent merely noted the need to evaluate the effectiveness of the past activity, while the other two respondents described how post-activity evaluation would assist with decisions pertaining to future campaigns.

The reasons for measuring post-campaign effectiveness, as provided by six FMCG respondents, included:

- the need to provide a quantification of return on investment;
- assessing whether advertising targets are met;
- tracking whether the strategic objectives of brands are met;

- the need to learn from past activities to assist with decisions relating to future campaigns; and

- to identify trends for comparison against competitors.

Budgeting and tracking spend

Three FS marketers said they were asked to measure the effectiveness of their marketing activities in order to inform budgeting decisions. One respondent elaborated by saying that measurement of the marketing success of one year is used to motivate for budget in the next year. Another described how marketing measurement informs decisions such as the allocation of budget to brand and promotion activity, versus investing in the bank's distribution network. This respondent noted that measurement provides a return on investment indication for comparison.

The four observations within FMCG included the following responses:

- budgeting needs to be based on feedback;

- tracking needs to take place monthly in order to ensure that spend is being allocated to planned activities; and

- budgetary savings must be returned to the company.

Reporting

Of the two responses from FS marketers, one described how an expectation exists that marketing will report back on their successes. The other respondent said that marketing is a business partner to other business units in the bank, so it needs to show how the work being done is effective.

The single FMCG response mentioned that reporting takes place in the form of monthly dashboards. Furthermore, the marketing team is obliged to report back on the successes of the various projects undertaken: return on investment metrics are always used to report back on incremental sales versus incremental spend.

Requests for additional budget

Two FS respondents mentioned that marketing measurement was used to assist the consideration of requests for additional budget. One respondent provided an example, saying that measurement assists the evaluation of business requests for event sponsorships. The other respondent noted that marketing measurement assists in motivating for additional budget to block competitor activity.

Product range decisions

Two FMCG marketers described how marketing measurement is used as a matter of course to inform product range decisions. One noted that measurement provides a basis for identifying whether minimum requirements are being met to retain a product. The other described how launching a new product requires the completion of an internal feasibility charter, which includes various metrics.

Testing potential effectiveness

One FS respondent mentioned that marketing effectiveness measures are used for testing and piloting new projects.

None

Only one respondent (from FS) noted that no requirement exists for measuring marketing effectiveness as described in interview question 1.3. This same respondent had similarly stated that measurement was neither a requirement set out in her job description, nor in her KPIs.

4.2.4 Interview question 1.4: Motivation for marketing budget

How do you motivate for your marketing budget?

Themes from interview question 1.4 are presented in Figure 5.

The research established that five of the seven FS marketers have two bases of motivation for marketing budget. One of the remaining respondents mentioned three bases of motivation for budget, while the other only mentioned one basis.

Five FMCG respondents referred to one basis of motivation for marketing budget, while the remaining two respondents claimed to have two bases of motivation.

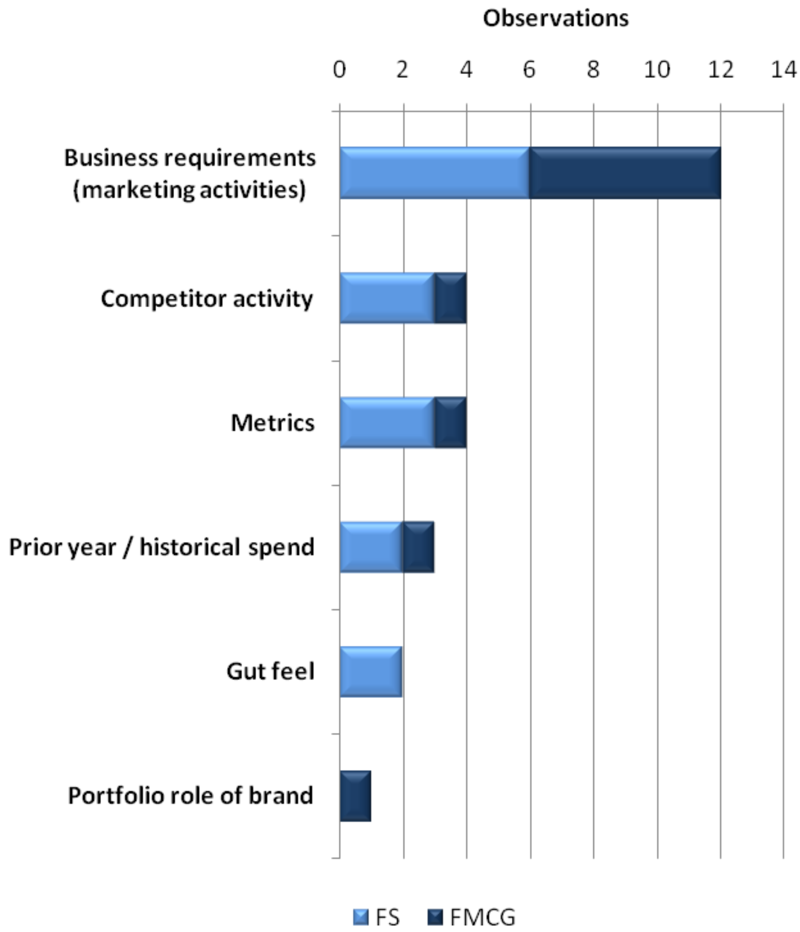

Figure 5: Bases for motivating for marketing budget

Business requirements (marketing activities)

The researcher deduced that *"business requirements"* were ultimately manifest as 'marketing activities' based on the nature of the responses received.

Of the six FS marketers claiming to motivate for marketing budget based on business requirements or marketing activities, the below findings were considered most relevant to the research (each point was raised by a different respondent):

- Budgets are based on marketing activities of the past: campaigns are assessed to understand which were useful and which weren't. New strategies are also considered when allocating budget.
- *"We go through quite a stringent planning phase where we sit down with the business and we scope the business requirements … so we can get a feel in terms of the value of the various activities, what we'd need … So we'll put a number on the table which is substantiated by the marketing activities and how the activities align to the business objectives."*
- *"I have to put down any campaigns that we planning on running in the following year … If during the course of the year there is a requirement for more, then we can always sit with the finance team."*
- Budgets are based on business needs and objectives. Strategic media spend and a base awareness of the brand are considerations which would feed into these needs and objectives.
- A business case is proposed stipulating which marketing activities will be required.

The six FMCG responses under this theme included the following pertinent observations:

- Brand growth strategies are used to motivate for marketing budget based on the marketing activities they require.
- *"[Motivation] is mainly through brand plans … we tell the story in terms of what the issues are, what activities we need to address the issues, and then what budget is needed in order to address these issues …"* The respondent further

noted that additional projects are motivated for through the Financial Director based on context, proposed activities and anticipated volume uplift.

- *"The activities first of all have to be motivated … in order to motivate for any marketing budget we have to put forward a proposal which captures the return on investment … Ultimately, we have to break down almost by project how much money we want for that project and what the company's return is going to be on that investment."*

- Targets are set and aligned to business strategy, and plans are put in place to achieve them.

- Based on the costing of key objectives required for reaching consumers, and the related targets:

  - What are consumers' needs?

  - What are the key objectives in order to meet these needs?

  - What relevant sales, advertising and media activities are required?

- What is the ambition of the brand (this could be volume, profit etc.)? The allocation of budget cannot be disproportionate to these brand aspirations.

Competitor activity

Three FS marketers observed that regard for competitor spend formed a basis for motivating for marketing budget. One of the respondents explained that motivation for budget included an assessment of relative spend amongst peers on different types of marketing activities. Another revealed that a competitor analysis was required as part of the process.

The single FMCG response elaborated on competitor activity as a source of motivation as follows:

"There are a couple of things that are looked at. The first is the competitive environment: how much marketing pressure is being applied by other brands in the environment?" "We need to ensure that our pressure is in line with what the market is experiencing of the category itself … If we're spending differentially less than any of our competitors our breakthrough is going to be problematic, we're not going to get the attention that we need."

Metrics

Four respondents explicitly stated the role of metrics in motivating for budget. However, further analysis of the transcripts revealed that a total of six respondents referred explicitly or implicitly to the role of marketing metrics in motivating for additional budget. Only two of these were from FMCG.

Prior year/historical spend

Two FS respondents noted that budgets are based on, or influenced by, the prior year's budget or historical marketing spend on campaigns.

One respondent from FMCG mentioned that a *"standard cost as a percentage of turnover"* is allocated to the budget annually.

Gut feel

Two respondents from FS mentioned that *"gut feel"* plays a role in motivating for marketing budget. One of the respondents went on to explain that no formal process exists for motivating for marketing budget.

Portfolio role of brand

One respondent from a FMCG organisation described how marketing budgets are motivated for based on the portfolio role which each brand plays in the business. Each brand warrants a certain percentage of advertising and promotion spend based on historical performance. However, if it can be motivated that a project will bring disproportionate revenues into the business or change the role profile of the organisation, such arguments can be tabled.

4.2.5 Interview question 1.5: Reporting on marketing effectiveness

How is the effectiveness of your marketing activities reported inside the company?

Themes from the fifth interview question are presented in Figure 6.

Figure 6: Themes relating to the reporting of marketing effectiveness within companies

It should be noted that in answering interview question 1.5, some respondents stated that they report on marketing effectiveness quarterly as well as monthly. Not all respondents provided details pertaining to the regularity of reporting in their responses.

Ten respondents (five from each of the two industries) claimed to use metrics in their reporting. Of these respondents, two from each industry noted that scorecards or dashboards are incorporated into their reports.

While only two FS companies mentioned that they report on marketing effectiveness to executives or the Board, there were five FMCG companies which claimed to do so.

In terms of regularity, three companies from each industry expressed difficulty with providing internal reporting, resulting in ad hoc circulation at best. Only one company, from FS, claimed to report weekly. Four FMCG companies stated that they report on marketing effectiveness monthly, while three companies in FS and one from FMCG noted that they provide reports on a quarterly basis. One FS company and two FMCG companies said they report back once or twice a year. The researcher did not prompt respondents to provide details regarding regularity of reporting.

Further insights included the following:

- *"… we've been trying to get processes and measures in place … we not one hundred percent there."*
- *"Measurement has been very difficult, especially in terms of advertising. So the only real basis has been reach … and the frequency at which we advertise. Effectiveness in our advertising is very difficult because we're only really in print."*
- *"I wouldn't say it's near as effective as what it should be and maybe it's because we don't have clear metrics in place."*
- *"Things that are out of the ordinary: things that either haven't been tried before that seemingly have worked, or things that seem to be very exciting, tend to get a lot more airtime."*
- *"I think we celebrate success more than we admit to failure, so I think the [reporting] sometimes could be better …"*

4.2.6 *Conclusion to Research Question 1*

Research Question 1 established that many of the fourteen companies do not have formal requirements in place stipulating the need for marketing managers to measure the effectiveness of their marketing activities. However, formal instruction aside, it was evident that all except one company have some other form of requirement (implicit or explicit) that marketing effectiveness is measured.

Furthermore, most respondents acknowledged at some stage that measuring marketing effectiveness is inherently key to their role, or forms the basis for deliverables, regardless of instruction from their company. Most marketers showed a desire to measure their marketing effectiveness.

Issues surrounding marketing budgets and spend, and reporting on marketing were important topics emerging from Chapter 2 of this report. Only four companies mentioned the role of metrics in motivating for marketing budget (a further two companies referred to metrics implicitly). More encouragingly, ten companies claimed to use metrics for reporting on marketing effectiveness.

4.3 Results pertaining to Research Question 2

"Which metrics are currently being used by organisations in South Africa to measure marketing effectiveness?"

Respondents were asked seven different questions in order to gather information for Research Question 2. Where applicable, the data obtained from interviews and the researcher's reflective notes were analysed using content analysis in order to identify key themes.

4.3.1 *Interview question 2.1: Unprompted recollection of metrics*

Which metrics do you use to measure marketing effectiveness? (Unprompted)

Respondents were asked to recall the metrics which they use for measuring marketing effectiveness, without any assistance. Stated responses are captured in Figure 7 and Table 6.

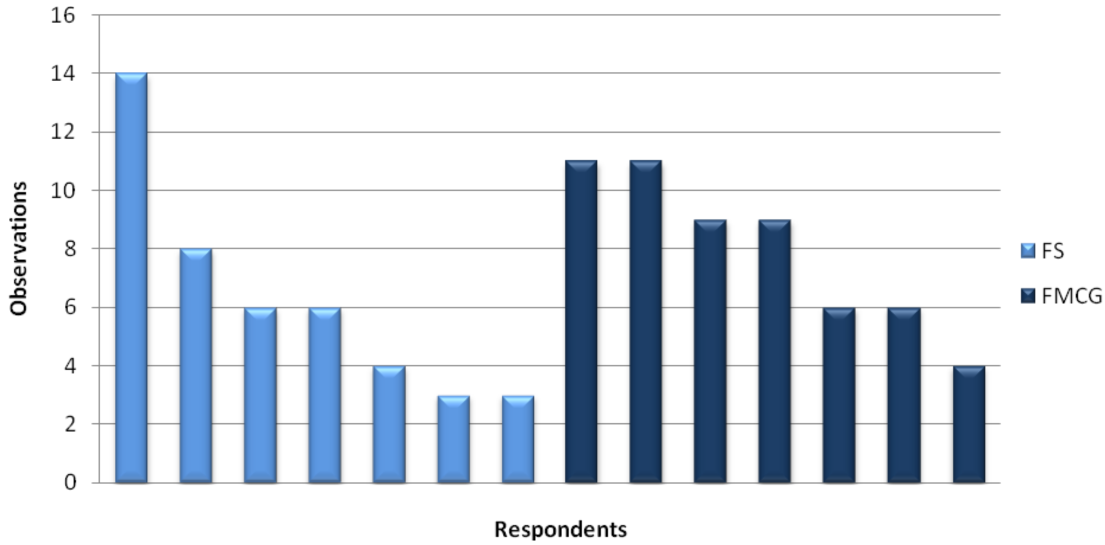

Figure 7: Number of metrics stated by respondents (unprompted)

Between the fourteen respondents, fifty-three different metrics were recalled (there were one hundred observations in total). A full list of the metrics mentioned is provided in Appendix C.

The highest number of metrics stated by a FS company was fourteen and the lowest number was three. By comparison, the highest number of metrics stated by a FMCG company was eleven and the lowest was four.

Table 6: Responses to interview question 2.1

TOP UNPROMPTED METRICS IN USE (STATED)	OBSERVATIONS
Market share (incl. volume and value)	9
Sales (incl. absolute, incremental, volume, value)	6
Brand awareness (incl. spontaneous, aided, noting, familiarity)	6
Consumption (incl. average weight of consumption, usage)	4

Table 6 shows the metrics which were mentioned the most times. These were market share, sales, brand awareness and consumption.

Upon grouping the responses together, nine categories resulted. These are captured in Table 7. A detailed list of the metrics making up each category is provided in Appendix D.

Table 7: Categorisation of similar metrics mentioned by respondents (unprompted)

	OBSERVATIONS		
CATEGORY	FS	FMCG	TOTAL
Advertising/media efficacy	11	13	24
Consumer perceptions	15	7	22
Sales generation	8	9	17
Company performance	3	9	12
Financial	4	7	11
Consumer satisfaction	3	3	6
Operational	0	5	5
Product oriented	0	2	2
Market performance	0	1	1
TOTAL	**44**	**56**	**100**

4.3.2 Interview question 2.2: Prompted recollection of metrics

Which metrics do you use to measure marketing effectiveness? (Prompted)

Respondents were provided with a list of eighty-two metrics, which had been based on those identified in prior research (see Appendix A). They were asked to indicate which of the listed metrics they use in the course of the year. The full set of results is available in Appendix E; however, a summary of the results follows in Figure 8:

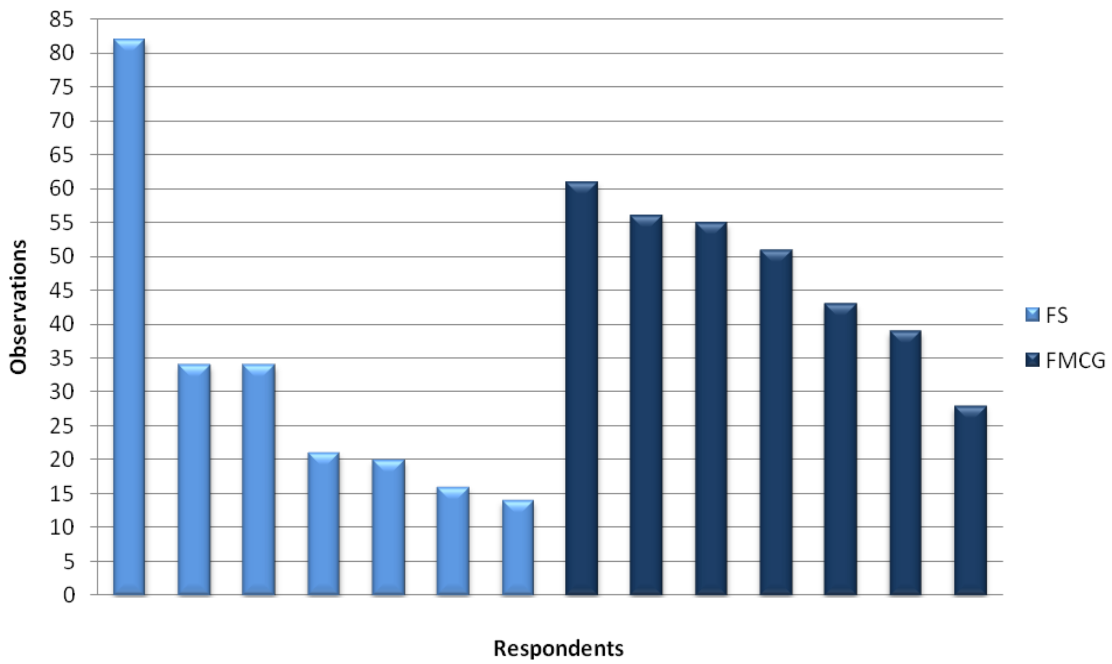

Figure 8: Number of metrics stated by respondents (prompted)

One FS respondent claimed to use all eighty-two metrics. When excluding this outlier for the purposes of calculating an average, the six remaining FS respondents were found to use an average of twenty-three metrics each. These respondents mentioned using between fourteen and thirty-four metrics.

By contrast, the highest number of metrics used by a FMCG respondent was sixty-one and least number used was twenty-eight. The average number of metrics mentioned by FMCG respondents was forty-eight.

Four of the top five users of metrics were FMCG companies, while four of the five companies using the least number of metrics were FS companies. Excluding the outlier, the companies were found to use an average of thirty-six metrics.

Of the eighty-two metrics provided to respondents for consideration, Table 8 lists the metrics with the most observations:

Table 8: Responses to interview question 2.2

TOP PROMPTED METRICS IN USE	OBSERVATIONS
Market share (volume and value)	13
Marketing spending	13
Brand/product knowledge	11
Brand awareness	11
Attitude toward the brand	11
Strength of image	11
Perceived differentiation	11
Perceived product/service quality	11
Penetration of target market	11
Sales	10
Unit sales	10
Likelihood to recommend	10
Year-on-year growth	10
Website visits	10

When grouping the metrics into categories, as captured in Table 9, financial metrics were found to be the most used (predominantly due to the large number of observations by FMCG companies). FMCG companies were found to use thirteen financial metrics on average, while FS companies averaged five financial metrics. It should be noted that financial metrics made up the largest portion of the prompted metrics. A breakdown of the metrics making up each category is provided in Appendix F.

For the purposes of Table 9, the outlier company has been included; hence an average of thirty-two metrics being attributed to FS companies and an overall average of forty metrics per company.

Table 9: Categorisation of similar metrics mentioned by respondents (prompted)

CATEGORY	OBSERVATIONS			AVG OBSERVATIONS		
	FS	FMCG	TOTAL	FS	FMCG	TOTAL
Financial	35	92	127	5	13	9
Advertising/promotion efficacy	36	41	77	5	6	6
Consumer perceptions	37	35	72	5	5	5
Company performance	25	42	67	4	6	5
Consumer/competitor intelligence	25	28	53	4	4	4
Budgeting / cost monitoring	16	29	45	2	4	3
Consumer satisfaction	23	20	43	3	3	3
Operational	5	24	29	1	3	2
Sales generation	15	9	24	2	1	2
Product oriented	4	13	17	1	2	1
TOTAL	**221**	**333**	**554**	**32**	**48**	**40**

4.3.3 Interview question 2.3: Use of marketing dashboards

Does your organisation make use of a marketing dashboard?

Results for interview question 2.3 are presented in Table 10.

Table 10: Responses to interview question 2.3

INDUSTRY	YES	NO
FS	4	3
FMCG	6	1
TOTAL	**10**	**4**

Of the three FS respondents not using dashboards, one mentioned that the company is in the process of building a dashboard. One respondent, currently using a dashboard, said that the organisation had previously used a dashboard which was too complicated with too many metrics, so it was replaced. The new dashboard just shows *"… what the execs want to see."* Another respondent claimed to use *"quite a lot of dashboards"* in order to monitor competitors, products, and pricing.

One FMCG respondent said the company does not use a dashboard. However, this respondent admitted that the company should have a dashboard. The respondent also described how the company holds a quarterly presentation which tracks performance, mentioning that it could be described as an *"informal dashboard"*.

4.3.4 Interview question 2.4: Dashboard metrics

Which metrics make up the dashboard?

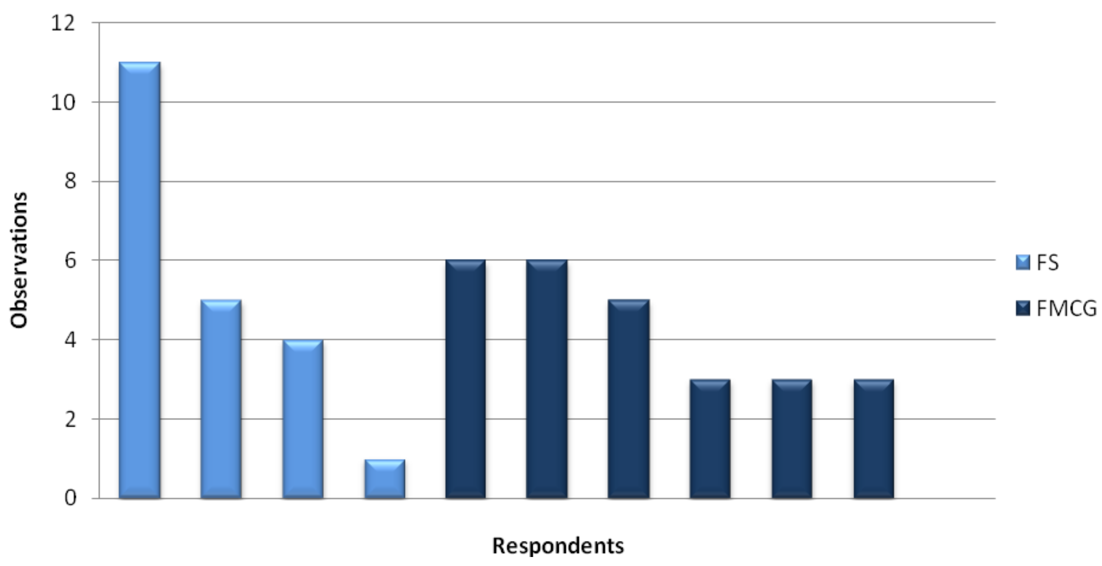

Figure 9: Number of dashboard metrics stated by respondents

Figure 9 depicts the number of metrics making up dashboards used by the respondents' companies. Two FS respondents do not appear as these companies did not use dashboards. One FMCG respondent does not appear due to the complexity of the response. Answers have been included for the FMCG respondent who denied using a dashboard, but provided a list of metrics used in the company's quarterly presentation (referred to as an *"informal dashboard"*).

Forty-seven metrics were mentioned in total by the above ten respondents. A list of responses is available as Appendix G. The highest number of metrics mentioned by an FS respondent was eleven, and the lowest was one. The highest number of metrics mentioned by an FMCG respondent was six and the lowest was three.

Table 11: Responses to interview question 2.4

TOP DASHBOARD METRICS (STATED)	OBSERVATIONS
Market share (incl. volume and value)	8
Sales (incl. volume and value, growth)	6
Advertising frequency (planned vs actual)	3
Brand health	2
Advertising reach (incl. planned vs actual, effective)	2
Category growth (incl. by brand)	2
Weighted and numeric distribution	2

Table 11 shows the dashboard metrics which were mentioned the most times. These exclude the response from one FMCG company. The total number of unique responses amounted to twenty-nine different metrics.

By grouping similar metrics together, twenty unique groupings resulted. The groupings with the most observations of recalled metrics are captured in Table 12. A full list of responses for these grouped metrics is provided in Appendix H.

Table 12: Groupings of similar dashboard metrics mentioned by respondents

TOP DASHBOARD METRICS (GROUPED)	OBSERVATIONS
Market share (incl. volume and value)	8
Sales (incl. volume and value, growth)	6
Brand health	4
Advertising: - reach (incl. planned vs actual, effective) - frequency - share of voice - spend - competitor activity, spend	4
Category growth (incl. by brand)	2
Weighted and numeric distribution	2

After grouping the dashboard metrics, the total number of observations decreased to forty. Market share and sales were mentioned the most, followed by brand health measures and various advertising metrics. Category/brand growth and weighted and numeric distribution each received two mentions, while remaining metrics were all mentioned once.

One FMCG respondent mentioned that the company uses a number of dashboards, for example to track stock status and new product development. A number of metrics were given for each of these examples, as captured in Table 13.

Table 13: Dashboard examples from FMCG respondent

NEW PRODUCT DEVELOPMENT TRACKER
- Listing details - Operations details: on card for merchandiser to order - Sales volumes (monthly by customer by region) - Point of Sale - Market shares - Profitability
STOCK STATUS TRACKER
- Service levels: amount of stock delivered vs amount ordered - Ti's and hi's: promise by factory to make and deliver stock - Working capital: number of days of stock on hand

4.3.5 Interview question 2.5: Key industry considerations

What do you believe you should be measuring in your industry from a marketing perspective?

When asked what they should be measuring from a marketing perspective, the fourteen respondents provided a total of seventy-two answers (see Appendix I). The responses which received the most mentions are captured in Table 14:

Table 14: Responses to interview question 2.5

WHAT SHOULD BE MEASURED (STATED)	OBSERVATIONS
Customer acquisition and retention	4
Brand health	4
Customer loyalty	3
Brand equity	3
Market share incl. volume and value	3
Category growth	3

The responses could be grouped into eleven categories, provided in Table 15. Appendix J indicates which metrics make up each category.

Table 15: Grouped responses to interview question 2.5

CATEGORY	OBSERVATIONS		
	FS	FMCG	TOTAL
Consumer perceptions	8	9	17
Financial	5	7	12
Advertising/media efficacy	6	4	10
Sales generation	7	1	8
Customer satisfaction	5	1	6
Consumer/competitor intelligence	2	3	5
Company performance	1	3	4
Market performance	0	4	4
Operational	1	2	3
Customer engagement	2	0	2
Budgeting / cost monitoring	1	0	1
TOTAL	**38**	**34**	**72**

While respondents in both industries mentioned metrics measuring consumer perceptions the most, FMCG respondents noted slightly more financial and company performance metrics than FS companies. Some FMCG respondents also showed intent to measure market performance, while no FS respondents mentioned as much. However, FS respondents mentioned many more sales generating metrics and customer satisfaction metrics than FS respondents.

4.3.6 Interview question 2.6: Preferred metrics

Which metrics would you prefer to use to measure marketing effectiveness if relevant data was readily accessible?

As per interview question 2.2, respondents were provided with a list of eighty-two metrics. On this occasion, however, they were asked to identify which of the metrics they would *prefer* to use if there were no factors inhibiting the number and choice of metrics available to them. A summary of the results is provided in Figure 10 and a full set of responses is available in Appendix K.

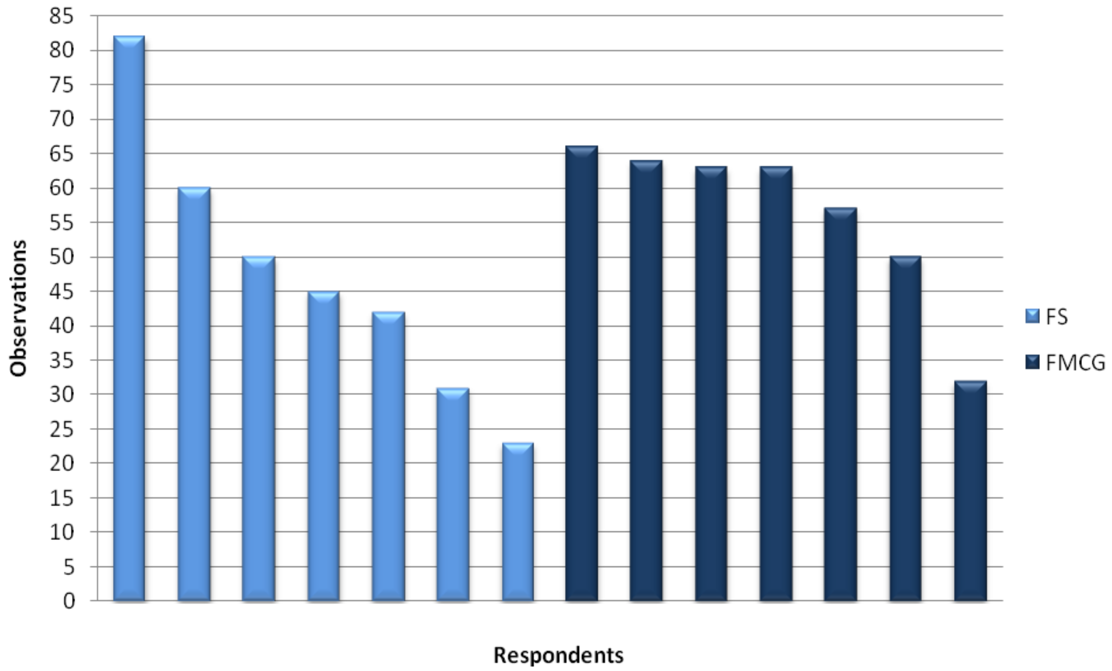

Figure 10: Number of metrics respondents would prefer to use

One FS respondent indicated a preference for using all eighty-two metrics. When excluding this outlier, the remaining six FS respondents were found to average forty-two preferred metrics. Four of the respondents showed an increase in the preferred number of metrics over the number of metrics currently used. One user preferred to use fewer metrics than currently in use, and one respondent remained unchanged.

By contrast, the highest number of preferred metrics stated by a FMCG respondent was sixty-six and smallest number was thirty-two. The average number of preferred metrics mentioned was fifty-six. All the FMCG respondents showed an increase in the number of metrics they would prefer to use over the number currently being used.

Four of the five companies which indicated a preference for using the most metrics were FMCG companies. Four of the five companies which indicated a preference for using the least number of metrics remained FS companies. Excluding the outlier, the respondents indicated a preference for using an average of fifty metrics.

Of the eighty-two metrics provided to respondents for consideration, Table 16 lists the metrics with the most observations:

Table 16: Responses to interview question 2.6

TOP PREFERRED METRICS (PROMPTED)	OBSERVATIONS
Market share (volume and value)	14
Brand awareness	14
Strength of image	14
Sales	13
Return on Investment or Return on Marketing Investment	13
Brand equity (consumer psychology perspective)	13
Brand/product knowledge	13
Attitude toward the brand	13
Perceived differentiation	13
Perceived value	13
Likelihood to recommend	13
Penetration of target market	13
Marketing spending	13
Share of voice	12

The responses were grouped into categories in Table 17. Financial metrics were clearly the measures which respondents value most; although as previously noted, financial metrics did make up the largest portion of the list of prompted metrics. Again, FMCG respondents showed a stronger desire than FS respondents to use financial measures.

The averages in Table 17 include the outlier company which has been excluded for similar calculations elsewhere in this report.

Table 17: Grouped responses to interview question 2.6

CATEGORY	OBSERVATIONS			AVG OBSERVATIONS		
	FS	FMCG	TOTAL	FS	FMCG	TOTAL
Financial	63	99	162	9	14	12
Consumer perceptions	47	46	93	7	7	7
Advertising/promotion efficacy	43	45	88	6	6	6
Company performance	42	45	87	6	6	6
Consumer/competitor intelligence	39	45	84	6	6	6
Consumer satisfaction	30	27	57	4	4	4
Budgeting / cost monitoring	21	29	50	3	4	4
Sales generation	28	18	46	4	3	3
Operational	11	25	36	2	4	3
Product	9	16	25	1	2	2
TOTAL	**333**	**395**	**728**	**48**	**56**	**52**

4.3.7 Interview question 2.7: Hindrances to the use of metrics

Explain any hindrances affecting the extent to which your company employs metrics to measure marketing effectiveness.

The fourteen respondents provided a total of forty-two observations in response to interview question 2.7. The answers were found to make up twenty-two different hindrances, presented in Table 18.

Table 18: Responses to interview question 2.7

HINDRANCE	OBSERVATIONS
Difficult to access data; questionable quality / validity	**7**
Cost/budget	**6**
Not enough time spent developing and using metrics	**4**
Resources (personnel)	**3**
Company knowledge not shared amongst resources	**2**
Sometimes no measurement objectives set	**2**
Timing: data can be too old to act on	**2**
Interpreting results for 'non-marketers'	**2**
Data capture not factored into product design	**1**
Can only conduct research with clients once a year	**1**
Not understanding what's available	**1**
Focus is more on financials; marketing contributions not recognised	**1**
Marketing not represented at board level	**1**
No dashboard therefore lack of consistency in measurement	**1**
Can't remove the 'halo effect' of other marketing activity	**1**
Competitor data difficult to source	**1**
Effectiveness of historical metrics isn't interrogated	**1**
Access to credible research in informal markets	**1**
Some events difficult to measure	**1**
Research industry moving slower than it should be	**1**
Not always sure what the right questions are to ask	**1**
Relevance of information - i.e. avoiding overload	**1**
TOTAL (22 Hindrances)	**42**

4.3.8 Conclusion to Research Question 2

Research Question 2 found that unprompted recall of metrics was very weak in comparison to prompted recall. The highest number of metrics claimed to be in use, without prompt, was fourteen. The lowest number recalled was three. When prompted, however, the highest number of metrics found to be in use was sixty-one (excluding an outlier who claimed to use eighty-two metrics), while the lowest number was fourteen.

On average, FMCG companies claimed to use forty-eight metrics each. FS companies averaged twenty-three metrics each (again, not taking into account the outlier respondent).

The complete lists of unprompted and prompted responses are available in Appendices C and E. Unprompted metrics which received the most mentions were market share, sales, brand awareness and consumption. FS companies' responses were most focused on consumer perceptions and advertising/media efficacy; whereas FMCG companies' responses were largely grouped into advertising/media efficacy, sales generation and company performance metrics.

When respondents were prompted with a list of metrics, the following were mentioned most: market share; market spending; brand/product knowledge; brand awareness; attitude toward the brand; strength of image; perceived differentiation; perceived product/service quality; and penetration of target market. Financial metrics received the most observations. However, the largest proportion of prompted metrics on the research instrument were financial metrics, which could have skewed this finding somewhat.

The use of dashboards was found to be fairly widespread: six FMCG and four FS companies use dashboards, while an additional FS company is in the process of launching a dashboard. The remaining FMCG company proposed that its quarterly presentation could be viewed as an *"informal dashboard"*.

Company dashboards comprised of fewer than five metrics each on average. The metrics which received the highest number of mentions were: market share; sales; advertising frequency; brand health; advertising reach; category growth; and weighted and numeric distribution.

Respondents were asked what they felt marketers should be measuring in their industries. The categories which included the most-observed metrics were: consumer perceptions, financial and advertising/media efficacy.

For the most part, the top metrics claimed to be used by companies were similar to the top metrics which companies would prefer to use. Similarly, the rankings of preferred categories of metrics remained mostly unchanged. However, respondents were found to prefer an average of fifty metrics compared to the average of thirty-six metrics currently in use. All respondents indicated they would prefer to use more metrics than currently employed, except for one respondent.

Respondents mentioned a total of forty-two hindrances affecting their use of metrics. These were grouped into twenty-two unique themes. The most commonly cited hindrances were: difficulties accessing sufficiently reliable data; cost/budget; not enough time spent developing and using metrics; and resource (personnel) constrains.

4.4 Results pertaining to Research Question 3

"What are the perceptions of marketing managers in South Africa regarding the usefulness of the outputs provided by marketing metrics?"

Four questions were posed to respondents in order to gather information for Research Question 3. Once again, the data obtained from interviews and the researcher's reflective notes were analysed using content analysis in order to identify key themes.

4.4.1 Interview question 3.1: Extent to which metrics reflect company performance

To what degree do the metrics used by your company represent the company's performance in the market?

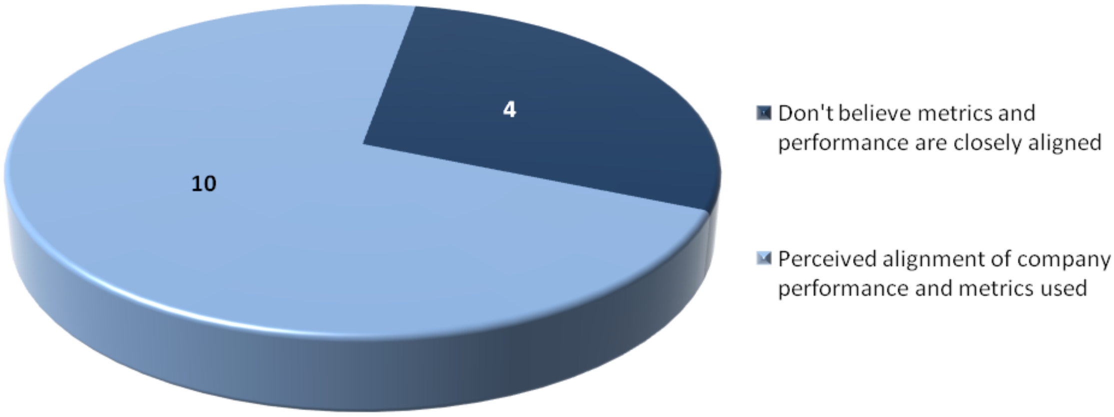

Figure 11: Perceived alignment between metrics used and company performance

As per Figure 11 above, ten of the respondents felt that the metrics used by their company did represent the company's performance in the market. Six of these were respondents in FMCG and four were respondents from FS. These companies provided further insights as follows:

- *"I'd say pretty well. In terms of brand performance, looking at how the company is assessed in terms of share … relative to competitors in the industry, I think it's pretty effective."*
- *"A lot of it is reflective of the marketplace … We getting this data not raw, but accurately from customers so a lot of the metrics that we have are reflective of the market. Every now and then you find anomalies."*
- *"Absolutely, clearly show our performance ... In the brand track study that we do, it reports back absolutely on the gut feel that you have around how you performing, and it was fascinating how clearly it showed that. So without a doubt marketing metrics are absolutely essential. And likewise … our service level has slipped back in our marketing measurement … and the performance was down."*

- *"Probably pretty closely because what we're measuring is the performance in the market … Yes, I think the metrics we use do represent performance in the market. Marketing metrics are used right up to group exco."*

- *"In terms of volume growth and profitability it is absolutely essential in terms of our shareholders and our returns in our business." "On a monthly basis [metrics] help make big decisions."*

- *"Quite a lot. It starts with the equity of the brand: how well the brand is known and how trusted it is … Because people trust and know the brand, most of the time it often leads to the lead. And the lead most of the time leads to opening more bank accounts and transactions."*

- *"Market share translates to net revenue so when we have market share gains we definitely see a performance gain. We've had issues with distribution so I would say that's constraining company performance at the moment."*

Four respondents believed that their company's performance was not closely aligned to the metrics used by the organisation. Of these, three were FS companies.

The respondent from FMCG was *"sceptical"* of the quality of the metrics employed by the company in coming to the stated conclusion to interview question 3.1, explaining that it was *"… difficult to read market share accurately: sometimes metrics don't align to sales data."* Other responses included the following:

- *"It's quite a difficult one because [financial services] is service-oriented." "The actuaries keep all the figures and there is a way I suppose … but in what way we contribute to that … is a tricky one. It's very difficult to have a quantitative measurement."*

- *"I don't think the two are very strongly aligned ... You can't prove whether the likability of our advertising campaign has led to a big deal. On the same point, in PR we may have got great return on investment in terms of buying space but the nature of the message or the tonality could have been negative."*

4.4.2 Interview question 3.2: Purpose for metric selections

Are metrics chosen such that they are aligned to measuring the key outcomes identified for all marketing activities?

Table 19 captures responses to interview question 3.2.

Table 19: Responses to interview question 3.2

INDUSTRY	YES	NO	CAMPAIGN-SPECIFIC
FS	2	1	4
FMCG	4	1	2
TOTAL	**6**	**2**	**6**

Two of the FS companies noted efforts choose metrics which measure the key outcomes of all their marketing activities. A further four FS respondents stated that metrics are chosen to measure specific campaigns/activities/events. Only one FS respondent mentioned that metrics aren't chosen to align with the outcomes of all marketing activities; however, this respondent added that metrics are chosen to measure marketing activities *"about forty percent of the time"*.

Four of the FMCG companies responded to interview question 3.2 in the affirmative. One respondent provided a negative response, explaining that metrics are not chosen based on marketing activities, and that the company is content to use existing metrics as a matter of course. This respondent conceded that better metrics are probably available, but noted that cost tends to be an issue and the existing pool of metrics *"work for what we want"* and *"do a good job anyway"*. One of the two FMCG respondents claiming to choose metrics based on specific campaigns gave further input as follows:

> *"It's quite difficult to measure some marketing activities, specifically below-the-line and in-store promotion." "There's no-one that really measures below-the-*

line and the impact on brand performance." "But some measurement is better than none." "Even if you look at above-the-line … outdoor: they haven't really found a good way to measure it."

4.4.3 Interview question 3.3: Contributors to metric selection

Are any other departments in your company approached for input into metric selection?

Respondents mentioned a number of departments within their companies which are sought for input into selection of marketing metrics. These are summarised in Figure 12. All respondents named at least one other department providing input into metric selection within their companies. In total, there were thirty-three observations across the thirteen departments identified.

Figure 12: Departments providing input into selection of marketing metrics

FS respondents claimed to approach a total of twelve different departments for input into metric selection, averaging fewer than two departments per company. FMCG respondents claimed to approach a total of twenty-one departments at an average of three departments each.

Finance and sales proved to be the most popular departments sought for input, with seven observations each. Only one FS company mentioned approaching the finance department.

4.4.4 Interview question 3.4: Benefits of metrics

In what ways do the marketing department and your company benefit through the use of the metrics adopted?

Interview question 3.4 resulted in sixty-four observations (see Appendix L). These responses were grouped into ten different categories, captured in Table 20. FS and FMCG each contributed thirty-two observations in this question.

Table 20: Responses to interview question 3.4

	OBSERVATIONS		
BENEFIT CATEGORIES	**FS**	**FMCG**	**TOTAL**
Company performance monitoring	3	11	14
Strategic planning	7	6	13
Enables corrective action	3	7	10
Improve advertising efficacy	8	0	8
Budgeting	2	4	6
Product development	4	0	4
Understand consumers better	3	1	4
Accountability/credibility	1	2	3
Promotes competitiveness	0	1	1
Sales generation tracking	1	0	1
TOTAL	**32**	**32**	**64**

While respondents noted numerous benefits to employing metrics, most also mentioned that it was difficult to continually use or act on the learnings realised from the use of metrics.

4.4.5 Conclusion to Research Question 3

Research Question 3 sought to identify respondents' perceptions regarding the outputs provided by marketing metrics. The research established that ten of the fourteen respondents felt the metrics they used were closely aligned to their company's performance in the market. Three FS respondents and one FMCG respondent did not believe that metric outputs and company performance were aligned.

Of all the respondents, six claimed to choose specific metrics aligned to measuring the outcomes of all their marketing activities. A further six spoke of choosing metrics aligned to measuring the outcomes of specific marketing activities. Only two respondents did not claim to choose metrics specifically for particular activities; although one of these respondents was perfectly happy with the usefulness of the metrics already in place.

All respondents spoke of approaching other departments within their companies for input into metric selection. FMCG respondents sought input from an average of three other departments, while FS respondents approached an average of marginally fewer than two other departments.

Ultimately, a total of sixty-four benefits from the use of metrics were observed between the FS and FMCG respondents. These could be grouped into ten categories, the most popular benefits being company performance monitoring, strategic planning and enabling corrective action. Respondents from both industries averaged over four observations each.

4.5 Summary of the results

While formal requirements to measure marketing effectiveness (as stipulated in job descriptions or KPIs) were not commonplace amongst the sample companies, all except one respondent mentioned explicitly or implicitly some other form of requirement that marketing effectiveness gets measured. Most respondents explained that measurement is inherent to their role and showed a desire to measure their marketing effectiveness regardless of instruction.

Metrics were not widely used in the course of motivating for marketing budget; however, ten companies spoke of using metrics for reporting on marketing effectiveness.

FMCG companies were found to use an average of forty-eight metrics each compared to FS companies, which averaged twenty-three. The highest number of metrics in use was eighty-two, and the lowest number was fourteen. The most frequently observed metrics in use were: market share; market spending; brand/product knowledge; brand awareness; attitude toward the brand; strength of image; perceived differentiation; perceived product/service quality; and penetration of target market.

These top metrics did not differ much from those which respondents said they would *prefer* to use. However, the latter averaged fourteen more metrics per company than those currently in use.

Most of the companies use dashboards or similar, or will be launching a dashboard in the near future. Companies averaged five metrics for their dashboards. The most commonly mentioned metrics were: market share; sales; advertising frequency; brand health; advertising reach; category growth; and weighted and numeric distribution.

When asked what they felt marketers should be measuring in their industries, respondents mentioned brand health and customer acquisition and retention the most times. The categories of metrics which received the most observations were: consumer perceptions; financial; and advertising/media efficacy.

Respondents each cited an average of three hindrances affecting their use of metrics. The most common hindrances were: difficulties accessing sufficiently reliable data; cost / budget; not enough time spent developing and using metrics; and resource (personnel) constraints.

Ten respondents felt that the outputs provided by marketing metrics were closely aligned with their company's performance. A further twelve respondents claimed to choose specific metrics to measure identified outcomes for all, or some, marketing activities. An additional respondent said that it was not necessary to select metrics specifically according to activities, as the existing metrics used by the company already provided adequate outputs.

All companies approached at least one additional department for input into metric selection. FS companies sought input from slightly fewer than two other departments on average, while FMCG companies received input into metric selection from an average of three other departments.

Sixty-four benefits from the use of metrics were observed between the FS and FMCG respondents, split across ten categories. Respondents from both industries averaged over four observations each.

For the most part, FMCG respondents proved to espouse the use of metrics more so than FS respondents. More FMCG companies were found to formally stipulate the need for measurement of marketing effectiveness, and these companies were also found to use many more metrics and marketing dashboards than FS companies. FMCG companies were more active in the inclusion of other departments for the purposes of selecting relevant metrics for their purposes, and more FMCG companies claimed to select metrics according to the specific outcomes of all marketing activity.

CHAPTER 5: DISCUSSION OF THE RESULTS

5.1 Introduction

This Chapter discusses the research findings as described in Chapter 4. The findings are compared to, and contrasted against the research studies reviewed in the Chapter 2 of this report.

The results of each Research Question are discussed in turn, and closed off with concluding remarks. A conclusion to Chapter 5 follows the discussion of results.

5.2 Results pertaining to Research Question 1

"To what extent are marketing managers in South Africa required to measure the effectiveness of their marketing activity?"

5.2.1 Discussion of Research Question 1

Numerous reasons exist for ensuring that marketing activity is measured and reported, as established earlier in this research report. Amongst these are the growing need for marketers to justify marketing expenditure (Rust *et al* 2004a; Kotler and Keller 2006), and general perceptions that marketers are "unaccountable", "untouchable" and "expensive" (Woodburn 2004). In short, marketers are facing increasing pressure to provide comprehensive measurement of marketing performance (Clark 1999; Kokkinaki and Ambler 1999; Ambler 2003; Barwise and Farley 2004; Bolton 2004; Woodburn 2004; Reynolds 2006; McCafferty 2007; O'Sullivan and Abela 2007) and prove marketing's return on investment (ROI) (Levey 2006; Melaia 2006; Mulky 2008).

Given the above, it could be fair to propose that organisations should be putting measures in place to hold marketers accountable for the measurement and reporting of their marketing effectiveness. As such, Research Question 1 sought to establish the extent to which companies are requiring that marketing effectiveness is measured.

Five questions were asked of respondents in order to fully explore the first Research Question. These were:

Table 21: Interview questions for Research Question 1

INTERVIEW QUESTIONS	
1.1	Does your job description stipulate that you need to measure marketing effectiveness in your company?
1.2	Is measurement of marketing effectiveness one of your Key Performance Indicators (KPIs)?
1.3	Describe any other instruction from your company (i.e. which isn't set out in your job description or KPIs) which requires that you measure marketing effectiveness.
1.4	How do you motivate for your marketing budget?
1.5	How is the effectiveness of your marketing activities reported inside the company?

The results, as described in Chapter 4, are discussed below.

Interview question 1.1 found that only seven of the fourteen respondents' job descriptions formally required them to measure marketing effectiveness. This result could be viewed as somewhat inconsistent with the pressures to measure marketing effectiveness as described in prior research (Clark 1999; Kokkinaki and Ambler 1999; Ambler 2003; Barwise and Farley 2004; Bolton 2004; Rust *et al* 2004a; Kotler and Keller 2006; Reynolds 2006; Woodburn 2006; McCafferty 2007; O'Sullivan and Abela 2007; Baidya and Basu 2008). However, given that respondents mentioned various other reasons for measuring marketing effectiveness, it would be irresponsible to draw conclusions from this finding in isolation. The responses did not differ much between the FMCG and FS industries.

Results from interview question 1.2 could be seen to dispel, to an extent, the seemingly lackadaisical effort by companies to enforce marketing measurement alluded to above. Nine of the fourteen respondents confirmed that measurement is included as part of their KPIs. Furthermore, one respondent indicated that this role was outsourced to a separate division within the company.

In all, ten respondents confirmed requirements to measure marketing effectiveness as stipulated in either their job descriptions or KPIs. Six of these were from FMCG companies, while four were from FS companies. A further FMCG company outsourced measurement to a separate department.

Formal instruction aside, respondents described a general expectation which exists amongst their employers that marketing effectiveness should be measured (i.e. regardless of instruction). Intent to measure effectiveness was expressed by all respondents.

In response to interview question 1.3, all respondents except for one (from FS) cited specific functions expected of their role which require the measurement of marketing effectiveness. Interestingly, reporting purposes were only mentioned by three respondents. This finding could be attributed to oversight as it was somewhat inconsistent with interview question 1.5, where ten respondents noted the role of metrics in their reporting.

Liodice (2008) encourages marketers to determine suitable marketing metrics in order to establish how best to spend their budgets. However, interview question 1.3 found that only seven respondents were required to measure marketing effectiveness to inform budgeting decisions. As such, it would appear that companies are not making sufficient use of metrics to inform their budgetary decisions. This could ultimately contribute to perceptions that marketers lack accountability, which undermines marketing's credibility in the firm (Doyle 2000, cited in Rust *et al* 2004a).

The above result was consistent with answers for interview question 1.4, where only six respondents referred explicitly or implicitly to the use of metrics as a basis for motivating for marketing budget. Two of the six respondents were from FMCG. This detail is worth noting as the metrics readily available to the FMCG industry were generally viewed as plentiful, robust, and in use at the companies.

It is evident from a number of the interview questions that the use of marketing metrics is widespread amongst the fourteen respondents. However, interview question 1.5 could indicate that the practice of reporting on marketing effectiveness is in a considerably less healthy position. While ten respondents claimed to include metrics in their reporting activities, it does not appear as though much consistency exists in terms of the expected regularity of reporting. Such communication appears to be largely ad hoc within many of the represented companies, potentially fuelling perceptions that marketers do not measure the effectiveness of their activities, or that they lack accountability.

The above finding falls short of mounting expectations revealed in various studies that reporting on marketing activities is seen as an important role for the marketing function. For example, Clark (2001) found investors to be demanding more information on the marketing activities of companies. Ambler (2002) similarly shed light on argument that marketing metrics should be communicated to shareholders, subject to commercial confidentiality. Furthermore, reporting on marketing to top management should be a norm in the way a firm does business (Ambler 2003).

It could be proposed that companies' formal requirements for the measurement of marketing effectiveness are more of a 'box-ticking' exercise than genuine attempts to glean the value of such practices. Fewer than half of the companies' marketers use metrics when motivating for marketing budget. These companies are not truly holding their marketers accountable for their marketing effectiveness if performance measures aren't used as a basis for allocating company funds to the marketing discipline. This is especially true given that most of the companies have little apparent requirement for regular marketing reporting. Furthermore, companies showed little evidence of attempts to make use of longer term/future-oriented measures such as various 'lifetime value' metrics. Such metrics could add much value to future marketing considerations and decisions, but are largely ignored.

5.2.2 Conclusion to discussion of Research Question 1

From the results of Research Question 1, it appears that formal requirements for marketers to measure marketing effectiveness were in line with growing pressures on the discipline for increased accountability: ten of the fourteen respondents cited requirements in either their job descriptions or KPIs which stipulated the need for measuring marketing effectiveness.

Even in the absence of formal requirements, all respondents except one cited specific functions expected of their role which required the measurement of marketing effectiveness.

However, in spite of the above findings it is apparent that companies are not making sufficient use of metrics to inform their budgetary decisions. To this end, the research found that FMCG companies in particular are making least use of readily available data as a basis for making budgetary decisions.

In general, reporting was found to be mostly ad hoc. Failure to provide regular, robust reporting could perpetuate negative sentiments towards marketers especially with mounting expectations that marketing activities and metrics should be communicated to various stakeholders.

It is possible that companies' requirements of their marketers to measure marketing effectiveness amount to 'window-dressing', as few attempts appear to be made to garner the full value of the practice. As such, it could be said that companies are not necessarily holding their marketers fully accountable for their performance.

5.3 Results pertaining to Research Question 2

"Which metrics are currently being used by organisations in South Africa to measure marketing effectiveness?"

5.3.1 Discussion of Research Question 2

Various authors voiced differing views regarding the availability of measures for evaluating marketing performance. Opinions also differed on the ideal number of metrics that should be used by marketing managers. Further to these issues, Liodice (2008) proposes that measurement can be a severe hindrance when based on unclear goals or incomplete, inaccurate or outdated information. To this end, a survey cited by Viveiros (2008) found that marketers experience problems with sourcing and collating reliable data across their organisation. Numerous other challenges regarding data collection and application were established earlier in this research report.

Research Question 2 therefore sought to establish which metrics companies are using, along with those which they would prefer to use, to measure marketing effectiveness. Seven questions were asked of respondents in order to fully explore the second Research Question. These were:

Table 22: Interview questions for Research Question 2

INTERVIEW QUESTIONS	
2.1	Which metrics do you use to measure marketing effectiveness? (Unprompted)
2.2	Which metrics do you use to measure marketing effectiveness? (Prompted)
2.3	Does your organisation make use of a marketing dashboard?
2.4	Which metrics make up the dashboard?
2.5	What do you believe you should be measuring in your industry from a marketing perspective?
2.6	Which metrics would you prefer to use to measure marketing effectiveness if relevant data was readily accessible? (Include metrics already used, if relevant.)
2.7	Explain any hindrances affecting the extent to which your company employs metrics to measure marketing effectiveness.

A discussion of the results (as described in Chapter 4) follows.

Interview questions 2.1 and 2.2 established that a considerable gap exists between respondents' unprompted recollection of metrics being used, and prompted recollection. On average, respondents recalled seven metrics each without prompting, and they averaged forty metrics each when prompted.

In light of this finding it could be proposed that marketing measurement is not of great importance to marketers. This is especially apparent when juxtaposed with findings to the effect that most companies report on marketing on an ad hoc basis, and metrics are scarcely used when motivating for marketing budgets. This could also imply that companies themselves are not be taking measurement seriously, and not truly holding their marketers accountable for their performance.

From question 2.2, FS respondents were found to use an average of twenty-three metrics each (excluding the outlier company which reportedly used all of the eighty-two prompted metrics). The average number of metrics used by FMCG respondents was forty-eight.

Ambler and Roberts (2005) refer to research which found that large firms need to use eight to ten metrics, and small firms even fewer. By comparison, respondent companies in this research report all appear to employ an unusually high number of metrics. Many of these companies could be found to experience difficulty with monitoring all of their metrics as a result.

It is difficult to confirm whether or not these findings are aligned to further theoretically accepted practices, given the various disparate views expressed by a number of authors as summarised below:

- In addition to their reference above, Ambler and Roberts (2005) argue that firms should employ at least as many metrics as it has goals, adding that a number of differing assessment methods might be necessary for each goal;

- Grønholdt and Martensen (2006) cite Clark (1999) in proposing the use of a modest number of measures that are simple enough to be usable, but comprehensive enough to give an accurate assessment of performance;

- Reynolds (2006) suggests it would be wise for marketing managers to deploy as many analytical tools as possible;

- Grønholdt and Martensen (2006) and Patterson (2007) propose that 'few' measures should be used, subject to careful selection;

- O'Sullivan and Abela (2007) describe the need for metrics at least as numerous as the number of differing marketing activities;

- Barwise and Farley (2004) and Calkins *et al* (2008) feel that a variety of measures must be used to evaluate marketing success; these measures being grounded in the objectives for a particular initiative; and

- Mulky (2008) infers the need to use a diverse set of financial and non-financial metrics.

Comparing the findings of interview questions 2.1 and 2.2 to recent practices, Barwise and Farley (2004) found many firms to perceive various metrics as being complementary to each other, justifying the use of several measures. In their survey based on the use of six metrics, sample countries use 3.9 metrics on average.

Many firms were found by Barwise and Farley (2004) to use multiple metrics and only 4 percent used no metrics at all. These findings are very similar to the findings of this research report.

A comparison of the results from interview question 2.1 (unprompted recollection) and interview question 2.2 (prompted recollection) is provided in Table 23:

Table 23: Comparison of interview questions 2.1 and 2.2

2.1 UNPROMPTED RECOLLECTION OF METRICS	
TOP METRICS IN USE	OBS.
Market share (volume and value)	9
Sales (incl. absolute, incremental, volume, value)	6
Brand awareness (incl. spontaneous, aided, noting, familiarity)	6
Consumption (incl. average weight of consumption, usage)	4
Leads generated	3
Conversion	3
Trial and repeat levels	3
Growth (volume and value)	3
Commitment / loyalty	3
Distribution (incl. weighted distribution)	3
Penetration %	3
Frequency	3

2.2 PROMPTED RECOLLECTION OF METRICS	
TOP METRICS IN USE	OBS.
Market share (volume and value)	13
Marketing spending	13
Brand/product knowledge	11
Brand awareness	11
Attitude toward the brand	11
Strength of image	11
Perceived differentiation	11
Perceived product/service quality	11
Penetration of target market	11
Sales	10
Unit sales	10
Likelihood to recommend	10
Year-on-year growth	10
Website visits	10

Of the metrics observed the most times in each question, only market share, sales, brand awareness and penetration were common to both. Interestingly, the 'harder' (quantitative) metrics were recalled most without prompting while the 'softer' (qualitative) metrics were far more apparent once respondents were prompted with a list of metrics. This could possibly be attributed to the varying regularity of metric usage: the metrics recalled without prompting could be more frequently used than the metrics which weren't recalled.

Bonoma and Clark (1988), cited in O'Sullivan and Abela (2007), found studies to establish the most common marketing performance measures as being profit, sales, market share and cash flow. Results from interview question 2.2 are aligned in terms of market share, sales and profit (which received eight observations; thus does not appear in Table 23). The results are by the same token somewhat in line with the findings of a study by Ambler *et al* (2004), which found the most widely used metrics to include: profit; sales; awareness; market share; marketing spend; perceived quality and relative perceived quality.

Barwise and Farley's (2004) study of marketing metrics found market share and perceived product/service quality to be the most used. These metrics were similarly found to be amongst the most used by companies sampled in this research report. The least used measure in their study was CLV. In this research, CLV was identified by only two respondents as being used in their companies. However, the results of the study by Barwise and Farley (2004) were inconsistent with the findings of Rust *et al* (2004a), who proposed that CLV was in widespread use as a marketing metric in some industries.

Notably, in addition to long term/future-oriented metrics such as CLV, most respondents did not claim to use a number of customer metrics (including average retention cost, average acquisition cost, cost of customer acquisition, transactions per customer and rate of new product adoption).

The results of interview questions 2.1 and 2.2 could be grouped into various categories. These are shown in Table 24:

Table 24: Categorised results for interview questions 2.1 and 2.2

2.1 UNPROMPTED RECOLLECTION	OBSERVATIONS		
CATEGORY	**FS**	**FMCG**	**TOTAL**
Advertising/media efficacy	11	13	24
Consumer perceptions	15	7	22
Sales generation	8	9	17
Company performance	3	9	12
Financial	4	7	11
Consumer satisfaction	3	3	6
Operational	0	5	5
Product oriented	0	2	2
Market performance	0	1	1
TOTAL	**44**	**56**	**100**

2.2 PROMPTED RECOLLECTION	OBSERVATIONS		
CATEGORY	**FS**	**FMCG**	**TOTAL**
Financial	35	92	127
Advertising/promotion efficacy	36	41	77
Consumer perceptions	37	35	72
Company performance	25	42	67
Consumer/competitor intelligence	25	28	53
Budgeting / cost monitoring	16	29	45
Consumer satisfaction	23	20	43
Operational	5	24	29
Sales generation	15	9	24
Product oriented	4	13	17
TOTAL	**221**	**333**	**554**

A comparison of results from interview questions 2.1 and 2.2 shows that, for the most part, the categories kept the same order when ranked according to observations of the metrics they contain. It should be noted that results for interview question 2.2 could have been limited and skewed by the research instrument: the list of metrics provided to respondents was not exhaustive and some categories contained more metrics than others.

FS respondents appeared more interested in consumer perceptions according to results from interview question 2.1. However, results from interview question 2.2 suggest that FS and FMCG both have an equal interest in this area.

FMCG respondents were found to show a far greater interest in company performance than FS respondents. While the research did not identify reasons for this, the difference could be due to FMCG respondents' belief that the metrics available to their industry are sufficiently robust to link their findings to company performance; whereas FS respondents did not perceive their industry's metrics to provide a reliable and accurate reflection of their company's performance. This assertion is supported somewhat by the findings of interview question 3.1. Alternatively, the higher number of FMCG observations accorded to this category could have been influenced by a relative ease of access to such data.

Interestingly, FMCG companies also appeared to be more intent on employing financial and budgetary/cost monitoring metrics than FS companies. Again, this could be attributed in part to a relative ease of access to relevant data. The difference could also be due to the differing natures of the industries: FMCG companies might have more significant cost pressures and smaller margins in the provision of physical products; hence a greater concern for their financial contributions. Perhaps, as above, FS companies just do not sufficiently trust the financial metrics available to them to accurately represent their company's performance.

FMCG respondents similarly showed greater concern for operational metrics. This is perhaps a logical finding due to the nature of the industry, which requires the production, warehousing and distribution of products, and maintenance of 'stock pressure' on the shelves of retail outlets. Such operational issues are not relevant to FS companies.

FS respondents displayed more interest in sales generating metrics. This would have been largely due to their interest in monitoring client events, developing a pipeline of sales leads and tracking conversion of these into sales, and so forth – activities inherent to this services industry where client relationships tend to be important.

Interview question 2.3 asked respondents if their organisations make use of marketing dashboards. Responses revealed the use of dashboards to be fairly widespread amongst the fourteen companies: six FMCG and four FS companies use dashboards, while an additional FS company is in the process of launching theirs. Furthermore, the remaining FMCG company described its quarterly presentation as an *"informal dashboard"*. This could be seen as a rather healthy result given numerous literary proponents of the use of dashboards.

According to results from question 2.4, the metrics which the ten companies apparently found sufficiently valuable to include in their dashboards were:

Table 25: Responses to interview question 2.4

TOP DASHBOARD METRICS (STATED)	OBSERVATIONS
Market share (incl. volume and value)	8
Sales (incl. volume and value, growth)	6
Advertising frequency (planned vs actual)	3
Brand health	2
Advertising reach (incl. planned vs actual, effective)	2
Category growth (incl. by brand)	2
Weighted and numeric distribution	2

On average, companies incorporate approximately five metrics into their dashboards. Given that dashboards are intended to comprise a concise presentation of a range of key indicators (Ambler and Roberts 2005) which provide a refined set of marketing performance data (O'Sullivan and Abela 2007), it could be concluded that five metrics meet such requirements. However, each company would need to decide for itself whether or not the purpose of its dashboard is being met: that is, to communicate an overview of strategic performance to senior decision makers in (close to) real-time reporting (O'Sullivan and Abela 2007).

When comparing the dashboard metrics in use to the ('general') metrics used most frequently by respondents (see Table 26), the results do not necessarily appear consistent. However, as only a small number of metrics are used on dashboards, and considering that four respondents were not included in the dashboard findings, it is difficult to develop conclusions from this apparent inconsistency. Furthermore, dashboard metrics serve specific purposes so they will not, and sometimes cannot, comprise of the most popular metrics.

Despite certain inconsistencies it is evident that some of the metrics (market share, sales, brand health) have been consistently referred to by respondents.

Table 26: Comparison of results from interview questions 2.2 and 2.4

2.2 PROMPTED RECOLLECTION	
TOP METRICS IN USE	**OBS.**
Market share (volume and value)	13
Marketing spending	13
Brand/product knowledge	11
Brand awareness	11
Attitude toward the brand	11
Strength of image	11
Perceived differentiation	11
Perceived product/service quality	11
Penetration of target market	11
Sales	10
Unit sales	10
Likelihood to recommend	10
Year-on-year growth	10
Website visits	10

2.4 TOP METRICS USED ON DASHBOARDS	
TOP METRICS IN USE	**OBS.**
Market share (volume and value)	8
Sales (volume and value, growth)	6
Advertising frequency (planned vs actual)	3
Brand health	2
Advertising reach (planned vs actual, effective)	2
Category growth (incl. by brand)	2
Weighted and numeric distribution	2

Interview question 2.5 established industry-specific considerations which respondents felt were vital for their companies to be measuring from a marketing perspective. The most common themes in the responses were as follows:

Table 27: Responses to interview question 2.5

WHAT SHOULD BE MEASURED?	OBSERVATIONS
Customer acquisition and retention	4
Brand health	4
Customer loyalty	3
Brand equity	3
Market share incl. volume and value	3
Category growth	3

Table 28: Grouped responses to interview question 2.5

WHAT SHOULD BE MEASURED?	OBSERVATIONS		
CATEGORY	**FS**	**FMCG**	**TOTAL**
Consumer perceptions	8	9	17
Financial	5	7	12
Advertising/media efficacy	6	4	10
Sales generation	7	1	8
Customer satisfaction	5	1	6
Consumer/competitor intelligence	2	3	5
Company performance	1	3	4
Market performance	0	4	4
Operational	1	2	3
Customer engagement	2	0	2
Budgeting / cost monitoring	1	0	1
TOTAL	**38**	**34**	**72**

Consumer perceptions were seen to be most important to both industries, followed by financial metrics. The increased 'stature' of sales generating metrics could perhaps indicate an increasing pressure on FS companies to show how their efforts are impacting the bottom line. And, in an industry without many opportunities for differentiation, it makes sense that FS companies show a lot more concern for customer satisfaction. (FMCG companies tend to have quality measures built into the production of their goods; hence less concern for 'getting it wrong'.)

Interview question 2.6 sought to understand which metrics the sample companies would prefer to use if no hindrances to metric selection existed. Respondents were asked to indicate on a prepared list (see Appendix A) the metrics which were most preferable for their purposes. The results were as follows:

Table 29: Responses to interview question 2.6

TOP METRICS (PREFERRED)	OBSERVATIONS
Market share (volume and value)	14
Brand awareness	14
Strength of image	14
Sales	13
Return on Investment or Return on Marketing Investment	13
Brand equity (consumer psychology perspective)	13
Brand/product knowledge	13
Attitude toward the brand	13
Perceived differentiation	13
Perceived value	13
Likelihood to recommend	13
Penetration of target market	13
Marketing spending	13
Share of voice	12

The thirteen respondents indicated a preference for using fifty metrics on average, compared to the average of thirty-six metrics currently in use (the outlier was excluded for the calculation of these averages). The top metrics in use and top preferred metrics remained fairly similar, as illustrated in Table 30.

Table 30: Comparison of metrics in use and preferred metrics

2.2 PROMPTED RECOLLECTION		2.6 TOP PREFERRED METRICS	
TOP METRICS IN USE	OBS.	METRICS	OBS.
Market share (volume and value)	13	Market share (volume and value)	14
Marketing spending	13	Brand awareness	14
Brand/product knowledge	11	Strength of image	14
Brand awareness	11	Sales	13
Attitude toward the brand	11	Return on Investment or Return on Marketing Investment	13
Strength of image	11	Brand equity (consumer psychology perspective)	13
Perceived differentiation	11	Brand/product knowledge	13
Perceived product/service quality	11	Attitude toward the brand	13
Penetration of target market	11	Perceived differentiation	13
Sales	10	Perceived value	13
Unit sales	10	Likelihood to recommend	13
Likelihood to recommend	10	Penetration of target market	13
Year-on-year growth	10	Marketing spending	13
Website visits	10	Share of voice	12

The above table presents the metrics which received the highest number of observations. However, the metrics which received the most 'incremental observations' were:

- Perceived value
- Return on Customer
- Sales to new customers
- Amount of purchases
- Cost of customer acquisition
- Share of wallet
- Average retention cost

These metrics did not receive sufficient observations to appear in Table 30.

Five companies mentioned that they don't currently use the above metrics, but would ideally include them for use in the future.

FS respondents preferred to use an average of forty-two metrics (excluding the outlier), while FMCG showed a preference for using an average of fifty-six metrics.

It is difficult to compare the results of interview question 2.6 to the metrics which were seen as vital to each industry, given the shallowness and spread of responses to interview question 2.5. For instance, profit and customer-focused metrics were deemed to be important and worth measuring. However, while these metrics did not receive up to twelve observations (the randomly exercised 'cut-off' for the purposes of Table 30), profit was preferred by eleven respondents and customer-focused metrics were preferred by between nine and ten respondents. Therefore, profit and customer-focused metrics should still be seen as important; potentially even more so than in interview question 2.5, given the increased level of interest demonstrated in interview question 2.6.

When considering the categorised responses to interview questions 2.2 and 2.6, as captured in Table 31, the results appear closely aligned.

Table 31: Comparison of current and preferred metrics

2.2 PROMPTED RECOLLECTION	**OBSERVATIONS**		
CATEGORY	**FS**	**FMCG**	**TOTAL**
Financial	35	92	127
Advertising/promotion efficacy	36	41	77
Consumer perceptions	37	35	72
Company performance	25	42	67
Consumer/competitor intelligence	25	28	53
Budgeting / cost monitoring	16	29	45
Consumer satisfaction	23	20	43
Operational	5	24	29
Sales generation	15	9	24
Product oriented	4	13	17
TOTAL	**221**	**333**	**554**

2.6 PREFERRED METRICS	OBSERVATIONS		
CATEGORY	**FS**	**FMCG**	**TOTAL**
Financial	63	99	162
Consumer perceptions	47	46	93
Advertising/promotion efficacy	43	45	88
Company performance	42	45	87
Consumer/competitor intelligence	39	45	84
Consumer satisfaction	30	27	57
Budgeting / cost monitoring	21	29	50
Sales generation	28	18	46
Operational	11	25	36
Product	9	16	25
TOTAL	**333**	**395**	**728**

Interview question 2.7 established the hindrances which negatively affect the extent to which companies employ metrics to measure their marketing effectiveness. Table 32 summarises the responses:

Table 32: Responses to interview question 2.7

HINDRANCE	OBERVATIONS
Difficult to access data; questionable quality / validity	7
Cost/budget	6
Not enough time spent developing and using metrics	4
Resources (personnel)	3
Company knowledge not shared amongst resources	2
Sometimes no measurement objectives set	2
Timing: data can be too old to act on	2
Interpreting results for 'non-marketers'	2
Data capture not factored into product design	1
Can only conduct research with clients once a year	1
Not understanding what's available	1
Focus is more on financials; marketing contributions not recognised	1
Marketing not represented at board level	1
No dashboard therefore lack of consistency in measurement	1
Can't remove the 'halo effect' of other marketing activity	1
Competitor data difficult to source	1
Effectiveness of historical metrics isn't interrogated	1
Access to credible research in informal markets	1
Some events difficult to measure	1
Research industry moving slower than it should be	1
Not always sure what the right questions are to ask	1
Relevance of info - i.e. avoiding overload	1
TOTAL (22 Hindrances)	**42**

Many of the responses were similar to those found in previous research: in the study cited by Viveiros (2008), 57 percent of the survey respondents didn’t have a good understanding of what customer data was available. And 53 percent noted that customer data was not easily available for marketing campaigns.

Woodburn (2006) recognises the role of costs as a limiting factor in data collection. Furthermore, Bonoma and Clark (1988) and O’Sullivan and Abela (2007) point out that costs are also likely to be incurred in the application of resources to measuring marketing efforts.

Clark (2001) proposes that the multidimensional nature of marketing is one of the great obstacles to successful measurement of marketing performance. A similar hindrance poised by Bonoma and Clark (1988) is the difficulty separating individual marketing activities from other actions. Describing such a difficulty, one respondent in this research report mentioned the inability to remove the *"halo effect"* of other marketing activity when attempting to measure a particular activity's effectiveness.

A number of authors discussed the inadequacy of using purely financial methods for justifying marketing activity (Clark 1999; Sheth and Sharma 2001; Rust *et al* 2004a; Baidya and Basu 2008).

However, whilst acknowledging that marketing activities and effects are difficult to quantify, Woodburn (2004) feels that much more can be done. She proposes some marketers are reluctant to find out what information is available for scrutiny, while others are simply unaware of what is available. Wind (2008) similarly proposes that marketers simply look at the available data rather than seek to develop the data that would enable them to gain more valuable insights into the market.

5.3.2 Conclusion to discussion of Research Question 2

The results of Research Question 2 found that unprompted recollection of metrics was low, but FMCG respondents fared slightly better in recalling the metrics which they use. Taking into account a variety of considerations, it is possible that the low levels of metric recollection are a symptom of 'window-dressing': companies might not be steadfast in their attempts to hold marketers accountable for the effectiveness of their activities.

Most companies were found to use a broad range of metrics. Given that no consistent view emerged in this report's literature review regarding the ideal number of metrics to use, it is difficult to conclude whether or not companies are using sufficient metrics. However, this number would likely change according to each company's activities and purpose.

The most commonly observed metrics in use were closely aligned to findings in prior research. These both included market share, sales, perceived product/service quality and profit. Few companies mentioned using CLV, which was a similar result to findings in a previous study by Barwise and Farley (2004) but inconsistent with the view of Rust et al (2004a).

The use of marketing dashboards was widely encouraged in prior research. In line with such practices, a vast majority of respondents were found to be using marketing dashboards or similar tools, while an additional company claimed to be in the process of launching theirs. Results did not differ substantially between the two industries researched.

On average, companies used approximately five metrics on their dashboards. The objectives of each company's dashboards would need to be considered in order to propose whether or not five metrics could be seen as an optimal number. However, it could be said that the finding is in line with Ambler and Roberts' (2005) view that dashboards should consist of a concise presentation of a range of key indicators.

There was little consistency amongst respondents' views as to which industry-specific considerations should be seen as most important for measurement purposes. Both industries responded with markedly differing priorities; although even within each industry there was little agreement regarding what was most important.

Respondents indicated a preference for using fourteen more metrics than currently in use on average. However, the 'preferred metrics' which received the most observations proved to be fairly similar to the top metrics already in use. FS respondents indicated a preference for using forty-two metrics on average, while FMCG respondents showed a preference for using an average of fifty-six metrics.

Many of the hindrances to marketing measurement as cited by respondents were also identified in previous studies. The most commonly cited impediments in this research were: difficult to access good quality data; cost/budget; not enough time spent developing and using metrics; resource (personnel) constraints.

5.4 Results pertaining to Research Question 3

"What are the perceptions of marketing managers in South Africa regarding the usefulness of the outputs provided by marketing metrics?"

5.4.1 Discussion of Research Question 3

This research report has established wide-ranging benefits which companies can experience from employing marketing metrics. However, in some instances authors were found to differ in their views regarding the usefulness of specific metrics.

Furthermore, some authors warned that poor application of measurement tools could have negative consequences. For example, Liodice (2008) proposed that measurement can be a severe hindrance when based on unclear goals or incomplete, inaccurate or outdated information. To illustrate: an increase in market share might indicate that a company is performing well. However, these share gains might be coming at great expense as the company could be making losses on its sales. It would therefore be wise to include profitability as a metric in this instance.

Research Question 3 sought to identify the perceptions of South African marketing managers regarding the usefulness of the outputs provided by marketing metrics. Four questions were asked of each respondent in order to fully explore the third Research Question. These were:

Table 33: Interview questions for Research Questions 3

	INTERVIEW QUESTIONS
3.1	To what degree do the metrics used by your company represent the company's performance in the market?
3.2	Are metrics chosen such that they are aligned to measuring the key outcomes identified for all marketing activities?
3.3	Are any other departments in your company approached for input into metric selection?
3.4	In what ways do the marketing department and your company benefit through the use of the metrics adopted?

Rust *et al* (2004a) found many managers to consider the financial impact of marketing activity as being the most crucial measure of marketing's success. To assess the relationship between marketing activities and business performance, measurement of marketing performance is required (Clark and Ambler 2001).

Interview question 3.1 revealed that ten of the fourteen respondents believe the metrics used by their company provide a fair representation of the company's performance in the market. Six of these respondents were from FMCG, and four were from FS. In general, it could be argued that these results confirm a positive perception regarding the usefulness of metrics amongst most respondents.

Four respondents believe that their company's performance is not closely aligned to the metrics being used. Providing further insight, the respondent from an FMCG company cited scepticism regarding the quality of metrics employed. One of the FS respondents attributed his response to challenges inherent to quantifying the results of marketing in a service-oriented company. Another FS respondent illustrated how metrics do not necessarily represent the company's performance in the market by noting difficulties in proving that the likability of an advertising campaign has led to securing a *"big deal"*. The latter responses are themes which were also identified in prior research: that marketing outputs are inherently regarded as difficult to measure (Sheth and Sharma 2001; Barwise and Farley 2004; Wilson 2006).

Results from interview question 3.2 confirmed that twelve companies apply themselves to selecting metrics which are specifically aligned to the key outcomes of the marketing activities deemed sufficiently worthy of measurement. Six of these companies claimed that metrics were selected in accordance with the key outcomes of all marketing activities, as encouraged by Howell (2008). The other six respondents professed that measuring all marketing activities was not possible, but bigger campaigns and specific objectives were measured. Metrics were chosen to align with the outcomes of these specific activities.

Only two companies failed to regularly choose metrics based on the company's marketing activities; although one of these claimed to do so *"about forty percent of the time"*. The remaining respondent was content that the metrics currently in use served the purposes of the company quite sufficiently, even though they were not necessarily tailored to each marketing activity. These responses could be seen as sub-optimal given Wise and Sirohi's (2005) view that the first step to developing a clear and relevant set of metrics is to carefully identify what needs to be measured. Furthermore, Wind (2008) suggests that companies carefully identify "the measures that count", and not just "the ones that are easy to measure".

It could be fair to propose that, in general, interview question 3.2 finds marketers to view metrics as sufficiently useful such that they are specifically chosen according to marketing activity. Alternatively, a company's existing set of metrics is seen to already meet the purposes of the organisation.

Interview question 3.3 looked to establish whether other departments are approached for input into metric selection at each company. Sanders (2006) suggests that firms create a cross-functional team to define and measure marketing effectiveness. Liodice (2008) similarly espouses the value of cross-functional teams, suggesting marketers collaborate closely with colleagues in finance and other parts of the firm when establishing metrics and methodologies for measuring the return on marketing.

As illustrated in Figure 13, all responding companies were found to approach at least one other department for input into metric selection. FS companies approach fewer than two other departments on average, while FMCG companies approach an average of three other departments for input. Considering the views of Sanders (2006) and Liodice (2008), the FS companies could benefit from seeking input into metric selection from more departments.

Figure 13: Departments providing input into selection of marketing metrics

Companies in the FS industry exhibited no common preference for the input of a particular department into metric selection. In light of numerous proponents for the inclusion of finance for these purposes (Clark 2001; Rust *et al* 2004a; Comstock 2007; Wheaton 2007; Liodice 2008), it is a noteworthy finding that only one FS respondent claimed to seek input from the finance department.

The above findings could reiterate the view that metrics are seen to provide valuable insights into marketing effectiveness; if not, other departments would probably not have been approached for input.

Interview question 3.4 sought to identify how marketing managers perceived the use of marketing metrics to benefit their organisations. The highest number of observations by a respondent was seven, and the lowest number was two. Responses could be grouped into 10 categories of benefits, provided in Table 34.

Table 34: Responses to interview question 3.4

	OBSERVATIONS		
BENEFIT CATEGORIES	**FS**	**FMCG**	**TOTAL**
Company performance monitoring	3	11	14
Strategic planning	7	6	13
Enables corrective action	3	7	10
Improve advertising efficacy	8	0	8
Budgeting	2	4	6
Product development	4	0	4
Understand consumers better	3	1	4
Accountability/credibility	1	2	3
Promotes competitiveness	0	1	1
Sales generation tracking	1	0	1
TOTAL	**32**	**32**	**64**

These results suggest that respondents were generally aware of numerous benefits which could be realised through the use of marketing metrics. However, a notable finding was that only three respondents mentioned benefits pertaining to accountability or credibility. This result indicates a possible apathy in respondents' attitudes towards the stature of marketing in the organisation. Given various authors' stated concerns that marketers need to be more accountable (Doyle 2000, cited in Rust *et al* 2004a; Ambler 2003; Bolton 2004; Woodburn 2004; Seggie *et al* 2007; Mulky 2008) and that they lack credibility (Doyle 2000; Woodburn 2004), it appears that either the respondents in this research report need to apply themselves better in these areas of concern, or such stigmas were not perceived to be relevant amongst the sample companies.

In another notable finding, less than half of the respondents cited benefits in terms of budget allocation. This could suggest that the remaining respondents did not view the efficient allocation of marketing resources as a valuable achievement. Such a result is not well aligned with prior research which strongly promotes the use of marketing metrics for the purposes of optimising the allocation of marketing resources (Rust *et al* 2004b; Wise and Sirohi 2005; Liodice 2008; Schultz 2008).

In general, many of the benefits mentioned by respondents were also identified in prior studies. For example, measurement was found to serve as an evaluation of past performance, improving the rigor of future strategy and execution (Hauser and Katz 1998; Ambler *et al* 2004; Barwise and Farley 2004; Wise and Sirohi 2005; Baidya and Basu 2008; Wind 2008). Similarly, fourteen respondents observed benefits in the category of company performance monitoring, and thirteen respondents mentioned strategic planning benefits. Various benefits were also mentioned in terms of improving execution, most notably in the categories of enabling corrective action and improving advertising efficacy.

In a theme which presented itself throughout this research, but was not explored, most respondents mentioned that they experience difficulty with continually being in a position to use, or act on, the learnings realised through the use of metrics.

5.4.2 Conclusion to discussion of Research Question 3

Research Question 3 found that ten of the fourteen respondents believed their metrics to provide a fair representation of the company's performance in the market. Six of these respondents were from FMCG, and four were from FS. In general, it could be argued that these results confirm a positive perception regarding the usefulness of metrics amongst most respondents

Of the four negative responses, themes identified in this research were also found in previous studies. In general, these amounted to marketing outputs being regarded as difficult to measure (Sheth and Sharma 2001; Barwise and Farley 2004; Wilson 2006).

Nearly half the respondents claimed to choose metrics such that they aligned specifically to the key outcomes of all their marketing activities. A further six respondents similarly claimed to tailor their choice of metrics, but only saw sufficient value to do so for bigger campaigns and initiatives. Therefore most marketers could be seen to value the outputs provided by marketing metrics sufficiently to invest time in tailoring their choice of metrics according to specific activities.

All responding companies were found to approach at least one other department for input into metric selection, as encouraged by Sanders (2006) and Liodice (2008). However, while FMCG companies approach an average of three other departments for input, FS companies approach fewer than two other departments on average. Various authors explained the importance of including the finance department for input into metric selection (Clark 2001; Rust *et al* 2004a; Comstock 2007; Wheaton 2007; Liodice 2008); however, only one FS company was found to do so – which could be considered a poor result.

These results could suggest that metrics were generally viewed by companies as being useful to such an extent that other departments were asked to invest time and resources into assisting with their selection.

FS and FMCG respondents each recognised thirty-two benefits from using marketing metrics. These sixty-four observations could be grouped into ten categories of benefits. Many of these were in line with benefits observed in prior studies.

5.5 Conclusion

In the discussion of results pertaining to Research Question 1, it was established that all companies (except one) formally or informally instructed their marketers to measure their marketing effectiveness. However, these instructions were suggested to be a 'box ticking' exercise in light of various findings in the research which alluded to companies not truly holding their marketers accountable for their performance.

Research Question 2 found that FS companies use an average of twenty-three metrics, while FMCG companies used an average of forty-eight metrics. No consistent view emerged from prior studies to inform whether an optimal number of metrics exists for use by companies. However, the findings of this research report were unusually high in comparison to research referred to by Ambler and Roberts (2005), which found the right number of metrics for large firms to be eight to ten, and even fewer for small firms.

The most commonly observed metrics in use were closely aligned to findings in prior research. These included: market share, sales, perceived product/service quality and profit.

When asked which metrics they would most like to use in the absence of any hindrances to metric selection, FS respondents indicated a preference for using forty-eight metrics on average. FMCG respondents showed a preference for using an average of fifty-six metrics. The 'preferred metrics' which received the most observations proved to be fairly similar to the top metrics already in use.

Ten companies were found to use dashboards, while an additional company claimed to be in the process of launching theirs. A further company described its quarterly presentation as an "informal dashboard". The dashboards were found to comprise an average of approximately five metrics, but it is not possible to conclude whether or not this was an optimal number. Some of the top dashboard metrics were found to be consistent with the most popular metrics currently being used by the companies.

There was little consistency amongst respondents' views as to which industry-specific considerations should be seen as most important for measurement purposes. Both industries responded with markedly differing priorities; although even within each industry there was little agreement regarding what was most important.

Respondents referred to a total of twenty-two unique hindrances which negatively affected their abilities to make use of marketing metrics. Many of these were consistent with findings from prior studies. The most commonly cited impediments in this research were: difficult to access good quality data; cost/budget; not enough time spent developing and using metrics; resource (personnel) constraints.

Research Question 3 found that ten of the fourteen respondents believed their metrics to provide a fair representation of the company's performance in the market. Six of these respondents were from FMCG, and four were from FS. In general, it could be argued that these results confirm a positive perception regarding the usefulness of metrics amongst most respondents

Of the four negative responses, themes identified in this research were also found in previous studies. In general, these amounted to marketing outputs being regarded as difficult to measure (Sheth and Sharma 2001; Barwise and Farley 2004; Wilson 2006).

Most marketers were found to value the outputs provided by marketing metrics sufficiently to invest time in tailoring their choice of metrics according to specific activities. In addition, all responding companies approached at least one other department for input into metric selection. This could further suggest that metrics were generally viewed by companies as being useful, as other departments were asked to invest time and resources into assisting with their selection.

Various authors explained the importance of including the finance department for input into metric selection (Clark 2001; Rust *et al* 2004a; Comstock 2007; Wheaton 2007; Liodice 2008); however, only one FS company was found to do so – which could be considered a poor result.

FS and FMCG respondents each recognised thirty-two benefits from using marketing metrics. These sixty-four observations could be grouped into ten categories of benefits, many of which were in line with benefits observed in prior studies.

CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

This chapter begins by detailing conclusions to each of the three research questions. Recommendations are then proposed based on the research findings, and these are followed by recommendations for further research.

6.2 Conclusions of the study

6.2.1 Conclusion to Research Question 1

To what extent are marketing managers in South Africa required to measure the effectiveness of their marketing activity?

This research report found that thirteen of the fourteen sample companies were holding their marketers accountable for measuring the effectiveness of their marketing activities. In doing so, these companies appear to have implemented approaches which should increase marketing's credibility as encouraged by various authors. Figure 14 provides a breakdown of how each company ensures their marketing managers measure their marketing effectiveness.

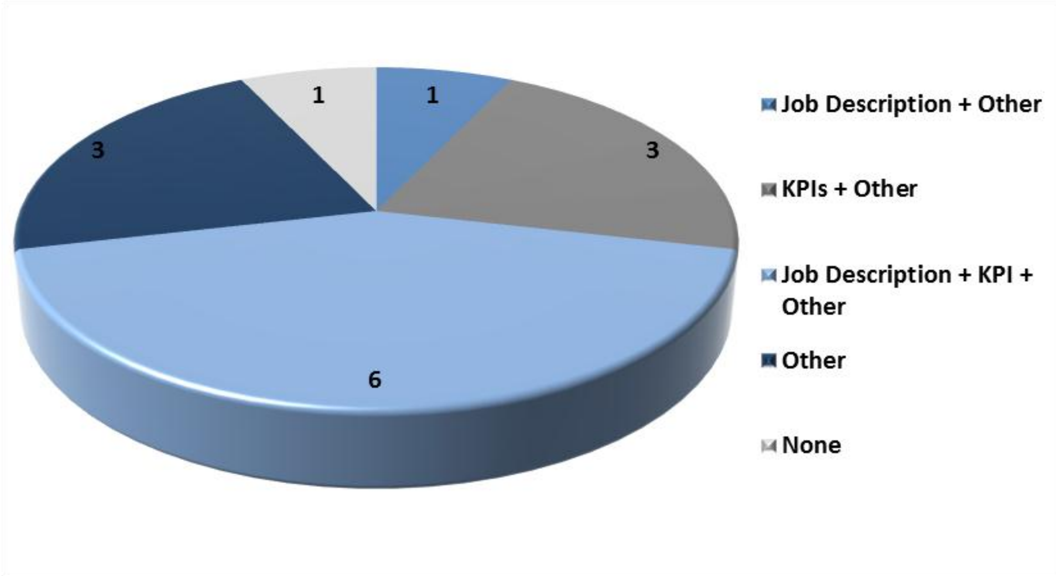

Figure 14: Source of instruction to measure marketing effectiveness

Even in the absence of formal requirements as described above, all respondents except one cited specific functions expected of their role which required the measurement of marketing effectiveness.

However, while requirements to measure marketing effectiveness appeared to be largely in place, this research proposes that firms are not truly holding marketers accountable for their marketing effectiveness. Marketing metrics were not widely used to inform budgetary decisions, and reporting on marketing was found to be mostly ad hoc. Furthermore, few companies make use of long term/future-oriented metrics. These short-comings could be found to perpetuate widely reported negative sentiments towards marketers.

6.2.2 Conclusion to Research Question 2

Which metrics are currently being used by organisations in South Africa to measure marketing effectiveness?

The most commonly used metrics identified in this research included market share, sales, perceived product/service quality and profit. The findings were closely aligned to top metrics identified in prior research. Few companies mentioned using CLV, which was in line with a previous study by Barwise and Farley (2004) but inconsistent with the view of Rust *et al* (2004a). Customer metrics were similarly scarcely in use.

Respondent companies were found to use a wide variety of metrics, with FMCG companies showing a bigger appetite for measurement than FS companies. Research failed to provide a consistent view regarding the ideal number of metrics to use, making it difficult to conclude whether or not the companies were using an optimal number of metrics. Regardless, it is expected that the optimal number of metrics would differ for each company, as this number should align with each company's marketing activities and objectives.

Table 35: Top ranked categories of metrics in use and preferred metrics

2.2 PROMPTED RECOLLECTION OF METRICS IN USE	
FS	**FMCG**
1. Consumer perceptions	1. Financial
2. Advertising/promotion efficacy	2. Company performance
3. Financial	3. Advertising/promotion efficacy
4. Company performance	4. Consumer perceptions
5. Consumer/competitor intelligence	5. Budgeting / cost monitoring
6. Consumer satisfaction	6. Consumer/competitor intelligence
7. Budgeting / cost monitoring	7. Operational
8. Sales generation	8. Consumer satisfaction
9. Operational	9. Product oriented
10. Product oriented	10. Sales generation

2.6 PREFERRED METRICS	
FS	**FMCG**
1. Financial	1. Financial
2. Consumer perceptions	2. Consumer perceptions
3. Advertising/promotion efficacy	3. Advertising/promotion efficacy
4. Company performance	4. Company performance
5. Consumer/competitor intelligence	5. Consumer/competitor intelligence
6. Consumer satisfaction	6. Budgeting / cost monitoring
7. Sales generation	7. Consumer satisfaction
8. Budgeting / cost monitoring	8. Operational
9. Operational	9. Sales generation
10. Product	10. Product

Table 35 consolidates the top ranked categories of metrics as used by respondents in each industry, as well as those which respondents would prefer to use in the absence of any hindrances. Metrics relating to financial performance, consumer perceptions, advertising/promotion efficacy and company performance were consistently found to make up the top four categories for both industries.

There was little consistency amongst respondents' views as to which industry-specific considerations should be seen as most important for measurement purposes. Both industries responded with markedly differing priorities; although even within each industry there was little agreement regarding what was most important.

The use of marketing dashboards was encouraged in many referenced research studies. Ten respondents claimed to use dashboards, while one claimed to be in the process of launching theirs and another described its quarterly presentation as an "informal dashboard".

On average, each company used approximately five metrics on their dashboard. Prior studies found that dashboards should comprise a small number of metrics, but the optimal number would ultimately be subject to each company's purpose for their dashboards. Only market share and sales stood out as being widely used amongst the companies. These were also in the top ten metrics used by responding companies.

Respondents mentioned twenty-two different hindrances which negatively affected their abilities to make use of marketing metrics. Many of these were also identified in previous research. The most commonly cited impediments in this research were: difficult to access good quality data; cost/budget; not enough time spent developing and using metrics; resource (personnel) constraints

6.2.3 Conclusion to Research Question 3

What are the perceptions of marketing managers in South Africa regarding the usefulness of the outputs provided by marketing metrics?

Marketing metrics were widely considered as useful by the fourteen respondents. This conclusion was reached when the following findings were taken into account:

- Ten respondents believed their metrics to provide a fair representation of the company's performance in the market.
- Most of the companies were found to invest time in tailoring their choice of metrics to align with the outcomes of specific marketing activities.
- All responding companies approached at least one other department for input into metric selection. Doing so required investments of time and effort; thus latently acknowledging the value of marketing metrics to the business.
- On average, respondents each observed more than four benefits to using marketing metrics.

The two industries appeared to differ somewhat when describing the benefits which they derive from the use of metrics. Their responses were categorised and ranked, as captured in Table 36.

Table 36: Industry benefits from the use of metrics, ranked by total observations

BENEFIT CATEGORIES	
FS	**FMCG**
1. Improve advertising efficacy	1. Company performance monitoring
2. Strategic planning	2. Enables corrective action
3. Product development	3. Strategic planning
4. Company performance monitoring	4. Budgeting
5. Enables corrective action	5. Accountability/credibility
6. Understand consumers better	6. Understand consumers better
7. Budgeting	7. Promotes competitiveness
8. Accountability/credibility	
9. Sales generation tracking	

At some stage or other during interviews, numerous respondents did note various difficulties and scepticism regarding the use of marketing metrics. Similar findings were also identified in prior studies. However, such views did not appear to detract from most companies' appetite for employing metrics, nor their general perceptions regarding the usefulness of metrics as a whole.

6.3 Recommendations

As far as possible, all companies should systematically measure the effectiveness of all of their marketing activities. And to do so, careful consideration should be given to establish the most relevant, reliable and robust metrics for measuring each and every marketing activity.

To achieve the above, the following is recommended:

6.3.1 Choice and number of marketing metrics

The number and choice of metrics will generally differ from company to company. In order to choose the most appropriate metrics, the following steps need to be taken:

1. Marketing managers firstly need to establish their main objectives in line with the company's strategy.

2. The most appropriate marketing activities for meeting these objectives must be identified.

3. As various objectives might be difficult to quantify, marketing managers need to agree to acceptable measures of success with various stakeholders (for example, sales and finance). Stakeholders should agree how performance will be tracked relative to competition.

4. Relevant parties must explore and understand the range of possible metrics available to them internally and externally. These will change according to the marketing activities and objectives which need to be measured, and the data

on which measurement will be based. As established in this report, measurement can be a severe hindrance when based on unclear goals or incomplete, inaccurate or outdated information. Performance should be tracked over time to identify and understand trends.

5. All key stakeholders must agree which metrics will provide the best measures of success. A number of differing assessment methods might be necessary for each goal, including a variety of financial and non-financial metrics. The use of multiple, independent indicators of efficiency and effectiveness will lessen the likelihood of spurious relationships.

6. The company must decide where responsibility for marketing measurement truly lies, and include this responsibility in the relevant job descriptions or KPIs. In some instances, the marketing department might not have the skills, time, or resources available to include marketing measurement as a responsibility. Furthermore, marketing might be seen as selective and/or manipulative in the way they present information. Independence would add credibility. Measurement might be considered the role of finance or another suitably specialised and analytical department. Furthermore, the use of agencies for measuring marketing effectiveness should be minimised in order to avoid possible bias.

7. Procedures for reporting on marketing effectiveness should be agreed with all stakeholders. Reporting should occur laterally, to other departments (such as sales, manufacturing, finance), as well as horizontally to top management. The content and regularity of reports should be agreed to and adhered to, and revisited periodically. The company should also consider whether such reporting is sent externally to stakeholders. Stakeholders should agree on the use of marketing dashboards, as discussed in section 6.3.2.

8. Measurement of marketing effectiveness should be used as a basis for marketing to reconsider all responsibilities in a timely manner. Feedback could

impact on a number of factors, including: allocation of resources; product development; budgeting; future marketing activities and so forth.

9. Include marketing effectiveness scores as a basis for performance measurement and reward decisions.

Howell (2008) asserts that companies should strive to measure all marketing spend, not only expenditure which results in easily measurable effects. Failure to measure all activity results in incomplete answers – the impact of various marketing activity will not be accurately captured, and the synergies that exist with other activities won't be reflected at all

6.3.2 Marketing dashboards

As identified in prior research, dashboards should be considered for use by marketers to monitor of vital measures on a daily basis. They should also be considered for use as a reporting tool.

A marketing dashboards needs to present a modest number of measures which are simple enough to be usable, but comprehensive enough to give an accurate assessment of performance. Further metrics should be readily available for drilling down into greater detail when necessary.

If using dashboards for reporting purposes, relevant stakeholders need to agree on which key metrics will provide the most relevant and useful strategic insights. These must present the health of the company's marketing effectiveness at a glance.

6.4 Suggestions for further research

Throughout the course of completing this research report a number of opportunities for further research became apparent. These include:

- An exploration of marketing spend: how much money are companies spending on marketing activities, and what percentage of income/turnover does this constitute?

- Is any portion of marketing expenditure treated as an investment as opposed to an expense? How does this differ from one marketing activity to another (for example: promotions, above-the-line advertising, below-the-line advertising and so forth), if at all?

- What are the trends regarding allocation of budget to the marketing function during a recession, and how marketing spends this budget, in South African organisations?

- Conduct a quantitative study to establish which metrics are most favoured by South African companies, and the number of metrics these companies use, through the use of a statistically sound sample size.

- Investigate the use of metrics by industries other than FS and FMCG.

- Establish how companies measure or calculate return on marketing investment (ROMI).

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APPENDIX A

Research questions

"Research Question 1: To what extent are marketing managers in South Africa required to measure the effectiveness of their marketing activity?"

1.1 Does your job description stipulate that you need to measure marketing effectiveness in your company?

1.2 Is measurement of marketing effectiveness one of your Key Performance Indicators (KPIs)?

1.3 Describe any other instruction from your company (i.e. which isn't set out in your job description or KPIs) which requires that you measure marketing effectiveness.

1.4 How do you motivate for your marketing budget?

1.5 How is the effectiveness of your marketing activities reported inside the company?

"Research Question 2: Which metrics are currently being used by organisations in South Africa to measure marketing effectiveness?"

2.1 Which metrics do you use to measure marketing effectiveness? (unprompted)

2.2 Which metrics do you use to measure marketing effectiveness? (prompted)

2.3 Does your organisation make use of a marketing dashboard?

2.4 Which metrics make up the dashboard?

2.5 What do you believe you should be measuring in your industry from a marketing perspective?

2.6 Which metrics would you prefer to use to measure marketing effectiveness if relevant data was readily accessible? (Include metrics already used, if relevant.)

2.7 Explain any hindrances affecting the extent to which your company employs metrics to measure marketing effectiveness.

"Research Question 3: What are the perceptions of marketing managers in South Africa regarding the usefulness of the outputs provided by marketing metrics?"

3.1 To what degree do the metrics used by your company represent the company's performance in the market?

3.2 Are metrics chosen such that they are aligned to measuring the key outcomes identified for all marketing activities?

3.3 Are any other departments in your company approached for input into metric selection?

3.4 In what ways do the marketing department and your company benefit through the use of the metrics adopted?

Prompted metrics for interview questions 2.2 and 2.6

Please indicate which metrics your organisation uses to measure marketing effectiveness in column B.

Please indicate which metrics your organisation would **prefer to use** to measure marketing effectiveness in column C.

METRIC	Use	Prefer to Use
Number of customers		
Number of new prospects (leads generated/inquiries)		
Conversions (leads to sales)		
Growth in number of customers		
Rate of customer acquisition		
Cost of customer acquisition		
Average acquisition cost		
Customer loyalty/retention		
Average retention cost		
Customer satisfaction		
Customer/segment profitability		
Number of customer complaints		
Number of transactions per customer		
Generation of intelligence about customers and competitors		
Actual/potential customer/segment lifetime value (CLV)		
Return on Customer		
Market share (volume and value)		
Share of voice		
Share of distribution		
Share of wallet		
Price		
Relative price		
Average price per unit		
Sales		
Unit sales		
Value sales		
Sales funnel/pipeline		
Expenditure as a percentage of sales		
Sales to new customers		
Profit/contribution		
Contribution per unit		
Contribution margin		
Gross margin		
Margin (%)		
Return on Investment or Return on Marketing Investment		
Shareholder value creation		
Economic value added		

METRIC	Use	Prefer to Use
Brand equity (financial perspective)		
Brand equity (consumer psychology perspective)		
Brand/product knowledge		
Brand awareness		
Attitude toward the brand		
Strength of image		
Perceived differentiation		
Perceived value		
Perceived product/service quality		
Likelihood to recommend		
Frequency of purchases		
Recency of purchases		
Amount of purchases		
Type of purchases		
Rate of new product adoption		
Percentage of sales from new products		
Number of successful new product launches in a given time period		
Penetration of target market		
Target volume		
Target revenues		
Repeat volume		
Incremental sales or Promotional lift		
Cannibalisation rate		
Year-on-year growth		
Rate of growth compared to industry growth rate		
Sales force effectiveness		
Distribution/availability		
Facings		
Out-of-stock		
Inventories		
Redemption rates		
Costs for coupons and rebates		
Percentage sales with coupon		
Page views		
Click-through rate		
Cost per click		
Cost per order		
Website visits		

METRIC	Use	Prefer to Use
Average revenue per user (ARPU)		
Percentage sales on deal		
Percent time on deal		
Average deal depth		
Marketing spending		
Cost per thousand impressions		
On time, in full, invoiced correctly (OTIFIC)		

APPENDIX B

Marketing metrics identified in literature

METRIC	REFERENCE
Market share (volume and value)	Clark (2001); Sheth and Sharma (2001); Ambler, T. (2002); Ambler, Kokkinaki and Puntoni (2004); Barwise and Farley (2004); Grønholdt and Martensen (2006)
Marketing investment	Ambler, T. (2002); Ambler *et al* (2004)
Perceived product/service quality	Ambler, T. (2002); Ambler *et al* (2004); Barwise and Farley (2004); Grønholdt and Martensen (2006)
Relative perceived quality	Ambler *et al* (2004); Grønholdt and Martensen (2006)
Customer loyalty/retention	Clark (2001); Sheth and Sharma (2001); Ambler, T. (2002); Ambler *et al* (2004); Barwise and Farley (2004); Grønholdt and Martensen (2006); Patterson (2007)
Churn rate	Grønholdt and Martensen (2006)
Number of customer complaints	Ambler *et al* (2004); Grønholdt and Martensen (2006)
Number of transactions per customer	Grønholdt and Martensen (2006)
Share of wallet	Grønholdt and Martensen (2006); Patterson (2007)
Customer/segment profitability	Clark (2001); Barwise and Farley (2004); Grønholdt and Martensen (2006)
Customer gross margin	Grønholdt and Martensen (2006)
Cash flow	Grønholdt and Martensen (2006)
Price	Grønholdt and Martensen (2006)
Relative price	Ambler, T. (2002); Ambler *et al* (2004); Barwise and Farley (2004); Grønholdt and Martensen (2006)
Actual/potential customer/segment lifetime value (CLV)	Clark (2001); Barwise and Farley (2004); Ambler and Roberts (2005); Grønholdt and Martensen (2006)
Return on Investment (ROI) or Return on Marketing Investment (ROMI)	Clark (2001); Ambler and Roberts (2005); Grønholdt and Martensen (2006)
Customer equity	Ambler and Roberts (2005); Seggie, Cavusgil and Phelan (2007)
Relational equity	Seggie *et al* (2007)

METRIC	REFERENCE
Net Present Value (NPV)	Sheth and Sharma (2001); Ambler and Roberts (2005)
Return on Customer	Ambler and Roberts (2005)
Discounted cash flows	Sheth and Sharma (2001); Ambler and Roberts (2005)
Shareholder value creation	Sheth and Sharma (2001); Grønholdt and Martensen (2006)
Economic value added (EVA)	Grønholdt and Martensen (2006); Seggie *et al* (2007)
Balanced scorecard	Seggie *et al* (2007)
Brand equity (financial perspective)	Ambler (2002); Seggie *et al* (2007)
Brand equity (consumer psychology perspective)	Ambler (2002); Seggie *et al* (2007)
Brand/product knowledge	Ambler *et al* (2004)
Price premium	Sheth and Sharma (2001); Grønholdt and Martensen (2006); Patterson (2007)
Product margins	Patterson (2007)
Price elasticity	Grønholdt and Martensen (2006)
Customer franchise value	Patterson (2007)
Rate of new product adoption	Patterson (2007)
Number of customers	Clark (2001); Sheth and Sharma (2001); Ambler *et al* (2004); Grønholdt and Martensen (2006)
Number of new prospects (leads generated/inquiries)	Grønholdt and Martensen (2006)
Conversions (leads to sales)	Ambler *et al* (2004); Grønholdt and Martensen (2006)
Growth in number of customers	Clark (2001); Grønholdt and Martensen (2006)
Sales	Clark (2001); Sheth and Sharma (2001); Ambler *et al* (2004)
Unit sales	Clark (2001); Ambler *et al* (2004); Grønholdt and Martensen (2006)
Value sales	Clark (2001); Ambler *et al* (2004); Grønholdt and Martensen (2006)
Return on sales	Clark (2001)
Expenditure as a percentage of sales	Clark (2001)
Profit/contribution	Clark (2001); Ambler *et al* (2004); Grønholdt and Martensen (2006)
Gross margin	Ambler *et al* (2004); Grønholdt and Martensen (2006)
Distribution/availability	Ambler, T. (2002); Ambler *et al* (2004); Grønholdt and Martensen (2006)

METRIC	REFERENCE
Percentage of sales from new products	Clark (2001); Ambler, T. (2002); Ambler *et al* (2004); Grønholdt and Martensen (2006)
Margin of new products	Ambler *et al* (2004)
Number of successful new product launches in a given time period	Clark (2001); Ambler *et al* (2004)
Marketing audits	Clark (2001)
Generation of intelligence about customers and competitors	Clark (2001)
Dissemination of marketing intelligence within firm	Clark (2001)
Organisational responsiveness to marketing information	Clark (2001)
Brand awareness	Clark (2001); Ambler *et al* (2004); Grønholdt and Martensen (2006)
Attitude toward the brand	Clark (2001)
Customer satisfaction	Ambler, T. (2002); Clark (2001); Ambler *et al* (2004); Grønholdt and Martensen (2006)
Strength of image	Clark (2001); Ambler *et al* (2004)
Favourability of image	Clark (2001); Grønholdt and Martensen (2006)
Uniqueness of image	Clark (2001)
Frequency of purchases	Clark (2001); Patterson (2007)
Recency of purchases	Clark (2001)
Amount of purchases	Clark (2001)
Type of purchases	Clark (2001)
Penetration of target market	Clark (2001); Grønholdt and Martensen (2006)
Strategic activities specific to firm	Clark (2001)
Employee surveys regarding market orientation	Clark (2001)
Relevance to customer	Ambler *et al* (2004); Grønholdt and Martensen (2006)
Perceived differentiation	Ambler *et al* (2004); Grønholdt and Martensen (2006)
Perceived value	Grønholdt and Martensen (2006)
Likelihood to recommend	Grønholdt and Martensen (2006)
Sales to new customers	Ambler, T. (2002)
Share of preference	Patterson (2007)
Share of voice	Ambler *et al* (2004); Patterson (2007)
Share of distribution	Patterson (2007)
Rate of customer acquisition	Patterson (2007)
Cost of customer acquisition	Patterson (2007)

METRIC	REFERENCE
Rate of growth compared to industry growth rate	Patterson (2007)
On time, in full, invoiced correctly (OTIFIC)	Jacques (2007)
Average revenue per user (ARPU)	IT News Africa (2009)

APPENDIX C

Interview question 2.1: Unprompted recollection of metrics

Which metrics do you use to measure marketing effectiveness? (unprompted)

METRIC (STATED)	TOTAL OBSERVATIONS
Market share (incl. vol + val)	9
Sales (incl. absolute, incremental, vol, val)	6
Brand awareness (incl. spontaneous, aided, noting, familiarity)	6
Consumption (incl. avg weight of consumption, usage)	4
Leads generated	3
Conversion	3
Trial and repeat levels	3
Growth (vol + val)	3
Commitment / loyalty	3
Distribution (incl. weighted distribution)	3
Penetration %	3
Frequency	3
Brand perception	2
Brand liking	2
Brand health	2
Share of mind / top of mind	2
Service levels / client satisfaction	2
Uptake of campaigns	2
Effective reach (incl. reach)	2
Key message take-out	2
Share of voice	2
Stock on hand / days on hand	2
Number of attendees (events)	1
Cost per lead	1
Purchase frequency	1
Recommended	1
Transactions (incl. incremental)	1
Profitability	1
Category inflation	1
Brand switching	1
Openness to brand	1

METRIC (STATED)	TOTAL OBSERVATIONS
Brand scoring (absolute) and indexing of brand scores relative to competitors	1
Brand association	1
Reputation of company	1
Trust	1
Emotional closeness	1
Attitudinal equity	1
Media spend	1
Cost per effective reach	1
Link testing	1
Advertising impact	1
Advertising effectiveness	1
Saliency	1
Pricing	1
Out of stock	1
New product development	1
Product listing (by account)	1
Product attributes	1
Emails opened	1
Emails read	1
ROI	1
ROI (PR)	1
PR Value	1

APPENDIX D

Interview question 2.1: Categorisation of metrics

Categorisation of metrics mentioned by respondents (unprompted)

CATEGORY	METRIC (STATED)
Advertising/media efficacy	Share of mind / top of mind
	Media spend - affinity (hitting target market) - 1st in commercial break - discounts - diminishing return on spend based on Ars
	Uptake of campaigns
	Penetration %
	Frequency
	Effective reach (incl. reach)
	Cost per effective reach
	Link testing
	Advertising impact
	Advertising effectiveness
	Share of voice
	Saliency
	Emails opened
	Emails read
	ROI (PR)
	PR Value
Company performance	Growth (vol + val)
	Market share (incl. vol + val)
Consumer perceptions	Brand switching
	Brand awareness (incl. spontaneous, aided, noting, familiarity)
	Openness to brand
	Brand perception
	Brand liking
	Brand scoring (absolute) and indexing of brand scores relative to competitors
	Brand health
	Brand association
	Reputation of company
	Trust

CATEGORY	METRIC (STATED)
	Emotional closeness
	Attitudinal equity
	Key message take-out
Consumer satisfaction	Recommended
	Commitment / loyalty
	Service levels / client satisfaction
Financial	Sales (incl. absolute, incremental, vol, val)
	ROI
	Stock on hand / days on hand
	Profitability
	Pricing
Market performance	Category inflation
Operational	Distribution (incl. weighted distribution)
	Out of stock
	Product listing (by account)
Product oriented	New product development
	Product attributes
Sales generation	Number of attendees (events)
	Leads generated
	Cost per lead
	Conversion
	Consumption (incl. avg weight of consumption, usage)
	Purchase frequency
	Trial and repeat levels
	Transactions (incl. incremental)

APPENDIX E

Interview question 2.2: Prompted recollection of metrics

Which metrics do you use to measure marketing effectiveness? (prompted)

METRIC	FS Respondents							FMCG Respondents							TOTAL
	1	2	3	4	5	6	7	1	2	3	4	5	6	7	
Market share (volume and value)	1	1	1	1		1	1	1	1	1	1	1	1	1	**13**
Marketing spending	1	1	1	1		1	1	1	1	1	1	1	1	1	**13**
Brand/product knowledge	1	1		1	1	1	1		1	1	1	1		1	**11**
Brand awareness			1	1	1	1	1	1	1	1	1	1		1	**11**
Attitude toward the brand		1		1	1	1	1	1	1	1	1	1		1	**11**
Strength of image	1	1		1	1	1	1		1	1	1	1		1	**11**
Perceived differentiation	1	1	1	1	1	1	1		1	1		1		1	**11**
Perceived product/service quality	1	1	1	1	1	1	1		1	1	1	1			**11**
Penetration of target market	1			1		1	1	1	1	1	1	1	1	1	**11**
Sales	1	1				1	1	1	1	1	1	1	1		**10**
Unit sales	1					1	1	1	1	1	1	1	1	1	**10**
Likelihood to recommend	1	1		1	1	1	1		1	1	1	1			**10**
Year-on-year growth	1		1			1	1	1	1	1	1	1	1		**10**
Website visits	1	1	1		1	1	1	1	1		1		1		**10**
Number of customers		1	1		1	1	1	1	1		1	1			**9**
Generation of intelligence about customers and competitors		1		1	1		1	1	1	1		1		1	**9**
Share of voice		1		1		1	1		1	1		1	1	1	**9**
Return on Investment or Return on Marketing Investment	1	1				1	1	1		1	1		1	1	**9**
Brand equity (consumer psychology perspective)				1	1	1	1		1	1	1	1		1	**9**
Target revenues	1						1	1	1	1	1	1	1	1	**9**
Page views	1	1			1	1	1	1	1			1	1		**9**
Click-through rate	1	1	1		1	1	1	1				1	1		**9**
Growth in number of customers					1	1	1	1	1	1	1	1			**8**
Number of customer complaints			1		1		1	1		1	1	1	1		**8**
Share of distribution							1	1	1	1	1	1	1	1	**8**
Price			1				1	1	1	1	1		1	1	**8**
Value sales						1	1	1	1	1	1		1	1	**8**
Profit/contribution							1	1	1	1	1	1	1	1	**8**
Gross margin							1	1	1	1	1	1	1	1	**8**

METRIC	FS Respondents							FMCG Respondents							TOTAL
Perceived value	1	1		1			1		1	1		1		1	**8**
Target volume							1	1	1	1	1	1	1	1	**8**
Out-of-stock							1	1	1	1	1	1	1	1	**8**
Rate of customer acquisition	1				1	1	1	1	1		1				**7**
Relative price	1						1	1	1	1	1		1		**7**
Sales funnel/pipeline					1	1	1		1	1	1		1		**7**
Expenditure as a percentage of sales					1		1	1	1	1	1	1			**7**
Margin (%)							1	1		1	1	1	1	1	**7**
Percentage of sales from new products	1						1	1		1	1	1	1		**7**
Incremental sales or Promotional lift							1	1	1	1	1	1	1		**7**
Rate of growth compared to industry growth rate							1	1	1	1	1	1	1		**7**
Distribution/availability							1	1	1	1	1		1	1	**7**
Facings							1	1	1	1	1	1		1	**7**
Number of new prospects (leads generated/inquiries)		1	1		1	1	1				1				**6**
Customer loyalty/retention	1					1	1	1	1		1				**6**
Customer satisfaction			1			1	1		1	1	1				**6**
Customer/segment profitability							1	1	1	1	1		1		**6**
Contribution per unit							1		1	1	1	1	1		**6**
Contribution margin							1	1		1	1	1	1		**6**
Inventories							1	1	1	1	1		1		**6**
Redemption rates							1		1	1		1	1	1	**6**
Cost per thousand impressions	1			1		1	1			1	1				**6**
On time, in full, invoiced correctly (OTIFIC)							1	1	1	1	1		1		**6**
Conversions (leads to sales)					1	1	1		1		1				**5**
Return on Customer		1					1	1		1	1				**5**
Average price per unit							1	1	1	1			1		**5**
Sales to new customers	1					1	1	1		1					**5**
Shareholder value creation							1	1	1	1	1				**5**
Brand equity (financial perspective)						1	1	1		1	1				**5**
Frequency of purchases	1						1	1	1					1	**5**
Amount of purchases	1					1	1	1						1	**5**
Number of successful new product launches in a given time period							1	1		1	1		1		**5**
Cannibalisation rate							1	1	1	1			1		**5**
Percentage sales with coupon							1		1	1		1	1		**5**
Cost per click	1	1				1	1						1		**5**
Percentage sales on deal							1	1		1	1		1		**5**
Cost of customer acquisition	1						1	1			1				**4**

METRIC	FS Respondents							FMCG Respondents							TOTAL
Number of transactions per customer	1					1	1			1					**4**
Share of wallet							1		1	1		1			**4**
Economic value added	1						1		1		1				**4**
Recency of purchases	1						1	1	1						**4**
Sales force effectiveness							1	1	1		1				**4**
Costs for coupons and rebates							1		1	1			1		**4**
Cost per order	1	1					1				1				**4**
Average deal depth							1			1	1		1		**4**
Type of purchases	1		1				1								**3**
Rate of new product adoption							1			1			1		**3**
Percent time on deal							1			1			1		**3**
Average acquisition cost	1						1								**2**
Average retention cost	1						1								**2**
Actual/potential customer/segment lifetime value (CLV)				1			1								**2**
Repeat volume							1			1					**2**
Average revenue per user (ARPU)							1								**1**
TOTAL	**34**	**21**	**14**	**16**	**20**	**34**	**82**	**51**	**55**	**61**	**56**	**39**	**43**	**28**	**554**

APPENDIX F

Interview question 2.2: Categorisation of metrics

Categorisation of metrics mentioned by respondents (prompted)

CATEGORY	METRICS (PROMPTED)
Advertising/promotion efficacy	Penetration of target market
	Website visits
	Share of voice
	Page views
	Click-through rate
	Incremental sales or Promotional lift
	Redemption rates
	Cost per thousand impressions
	Percentage sales with coupon
	Cost per click
Budgeting / cost monitoring	Marketing spending
	Target revenues
	Target volume
	Sales funnel/pipeline
	Costs for coupons and rebates
	Cost per order
Company performance	Market share (volume and value)
	Number of customers
	Growth in number of customers
	Share of distribution
	Rate of customer acquisition
	Rate of growth compared to industry growth rate
	On time, in full, invoiced correctly (OTIFIC)
	Sales to new customers
	Share of wallet
Consumer perceptions	Brand/product knowledge
	Brand awareness
	Attitude toward the brand
	Strength of image
	Perceived differentiation
	Brand equity (consumer psychology perspective)
	Perceived value

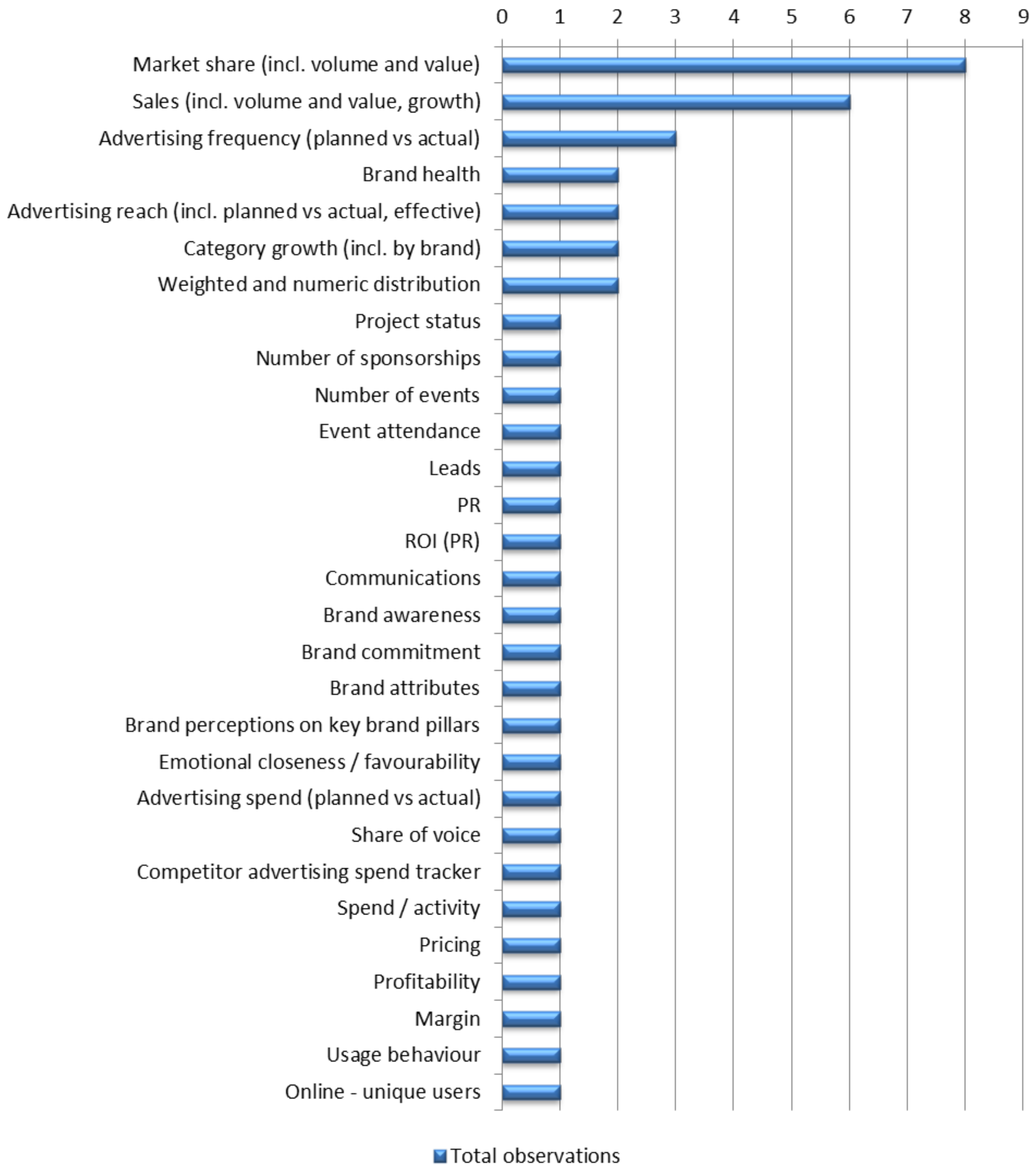
CATEGORY	METRICS (PROMPTED)
Consumer satisfaction	Perceived product/service quality
	Likelihood to recommend
	Number of customer complaints
	Customer loyalty/retention
	Customer satisfaction
	Repeat volume
Consumer/competitor intelligence	Generation of intelligence about customers and competitors
	Relative price
	Frequency of purchases
	Amount of purchases
	Number of transactions per customer
	Recency of purchases
	Average deal depth
	Type of purchases
	Rate of new product adoption
	Actual/potential customer/segment lifetime value (CLV)
	Average revenue per user (ARPU)
	Customer/segment profitability
Financial	Sales
	Unit sales
	Year-on-year growth
	Return on Investment or Return on Marketing Investment
	Price
	Value sales
	Profit/contribution
	Gross margin
	Expenditure as a percentage of sales
	Margin (%)
	Contribution per unit
	Contribution margin
	Inventories
	Return on Customer
	Average price per unit
	Shareholder value creation
	Brand equity (financial perspective)
	Economic value added
Operational	Out-of-stock
	Distribution/availability
	Facings

CATEGORY	METRICS (PROMPTED)
	Sales force effectiveness
	Percent time on deal
Product oriented	Percentage of sales from new products
	Number of successful new product launches in a given time period
	Cannibalisation rate
Sales generation	Cost of customer acquisition
	Number of new prospects (leads generated/inquiries)
	Conversions (leads to sales)
	Percentage sales on deal
	Average acquisition cost
	Average retention cost

APPENDIX G

Interview question 2.4: Dashboard metrics

Which metrics make up the dashboard?



APPENDIX H

Interview question 2.4: Categorisation of dashboard metrics

METRIC CATEGORIES	FS Respondents				FMCG Respondents						OBS.
	1	2	3	4	1	2	3	4	5	6	
Market share (incl. volume and value)			1	1	1	1	1	1	1	1	**8**
Sales (incl. volume and value, growth)				1	1	1	1	1	1		**6**
Brand health			1	1		1		1			**4**
Advertising: - reach (incl. planned vs actual, effective) - frequency - share of voice - spend - competitor activity, spend		1					1	1		1	**4**
Category growth (incl. by brand)					1			1			**2**
Weighted and numeric distribution									1	1	**2**
Project status	1										**1**
Number of sponsorships		1									**1**
Number of events		1									**1**
Event attendance		1									**1**
Communications		1									**1**
PR		1									**1**
ROI (PR)		1									**1**
Emotional closeness / favourability			1								**1**
Spend / activity									1		**1**
Pricing				1							**1**
Leads				1							**1**
Profitability, margin									1		**1**
Usage behaviour						1					**1**
Online - unique users		1									**1**
TOTAL	**1**	**8**	**3**	**5**	**3**	**4**	**3**	**5**	**5**	**3**	**40**

APPENDIX I

Interview question 2.5: Key industry considerations

What do you believe you should be measuring in your industry from a marketing perspective?

METRIC (STATED)	FS Respondents							FMCG Respondents							OBS.
	1	2	3	4	5	6	7	1	2	3	4	5	6	7	
Customer acquisition and retention	1	1		1										1	**4**
Brand health							1				1	1		1	**4**
Customer loyalty		1			1									1	**3**
Brand equity		1					1			1					**3**
Market share incl. volume and value				1								1		1	**3**
Category growth										1	1			1	**3**
Media efficacies				1							1				**2**
Media reach and frequency				1							1				**2**
Resonance of communication				1						1					**2**
Share of voice				1										1	**2**
Customer experience				1						1					**2**
Perception of industry						1				1					**2**
Brand awareness		1												1	**2**
Distribution				1										1	**2**
Sales incl. volume, value, versus prior year				1									1		**2**
Profitability												1	1		**2**
All marketing spend: incl. advertising, PR, campaigns			1												**1**
All metrics currently used									1						**1**
Link marketing metrics to financial metrics									1						**1**
Events		1													**1**
Relationship building		1													**1**
Customer engagement	1														**1**
Which customers leave				1											**1**
Reason for leaving				1											**1**
Value of lost customer				1											**1**
Product take-up				1											**1**
Value of products				1											**1**
Products dropped				1											**1**
Card spend	1														**1**

METRIC (STATED)	FS Respondents							FMCG Respondents							OBS.
Where customers shop	1														**1**
Shopper and consumer decision trees								1							**1**
Qualitative analyses to understand consumers								1							**1**
Share of mind				1											**1**
Trust							1								**1**
Brand noting		1													**1**
Brand performance in comparison to competitors										1					**1**
Sub-category growth											1				**1**
Pricing incl regional indexes											1				**1**
Cost of sales												1			**1**
Cost per customer	1														**1**
Project ROI	1														**1**
How soon return on investment is realised													1		**1**
Can the same result be achieved with less? i.e. what is the spend which is actually required in order to achieve the goal.													1		**1**
Market segment mapping				1											**1**
Receive, read and use communication (emails, letters)					1										**1**
Benchmarking against similar capabilities i.t.o take-up (vs other industries)					1										**1**
Product mix by retailer											1				**1**
Regional data											1				**1**
TOTAL	**6**	**7**	**1**	**17**	**3**	**1**	**3**	**2**	**2**	**6**	**8**	**4**	**4**	**8**	**72**

APPENDIX J

Interview question 2.5: Categorisation of key industry measures

CATEGORY	METRIC (STATED)
Advertising/media efficacy	Media efficacies
	Media reach and frequency
	Resonance of communication
	Share of voice
	Share of mind
	Receive, read and use communication (emails, letters)
Budgeting / cost monitoring	All marketing spend: incl. advertising, PR, campaigns
Company performance	All metrics currently used
	Market share incl. volume and value
Consumer perceptions	Shopper and consumer decision trees
	Customer experience
	Perception of industry
	Trust
	Brand health
	Brand equity
	Brand awareness
	Brand noting
	Brand performance in comparison to competitors
Consumer/competitor intelligence	Qualitative analyses to understand consumers
	Pricing incl regional indexes
	Market segment mapping
	Benchmarking against similar capabilities i.t.o take-up (vs other industries)
	Regional data
Customer engagement	Relationship building
	Customer engagement
Customer satisfaction	Customer loyalty
	Which customers leave
	Reason for leaving
	Products dropped
Financial	Link marketing metrics to financial metrics
	Value of lost customer
	Value of products
	Card spend
	Sales incl. volume, value, versus prior year
	Profitability

CATEGORY	METRIC (STATED)
	Cost of sales
	Project ROI
	How soon return on investment is realised
	Can the same result be achieved with less? i.e. what is the spend which is actually required in order to achieve the goal.
Market performance	Category growth
	Sub-category growth
Operational	Distribution
	Product mix by retailer
Sales generation	Events
	Customer acquisition and retention
	Product take-up
	Where customers shop
	Cost per customer

APPENDIX K

Interview question 2.6: Preferred metrics

Which metrics would you prefer to use to measure marketing effectiveness if relevant data was readily accessible?

METRIC	FS Respondents							FMCG Respondents							OBS.
	1	2	3	4	5	6	7	1	2	3	4	5	6	7	
Market share (volume and value)	1	1	1	1	1	1	1	1	1	1	1	1	1	1	**14**
Brand awareness	1	1	1	1	1	1	1	1	1	1	1	1	1	1	**14**
Strength of image	1	1	1	1	1	1	1	1	1	1	1	1	1	1	**14**
Sales	1	1	1	1	1	1	1	1	1	1	1	1	1		**13**
Return on Investment or Return on Marketing Investment	1	1	1		1	1	1	1	1	1	1	1	1	1	**13**
Brand equity (consumer psychology perspective)	1	1	1	1	1	1	1	1	1	1		1	1	1	**13**
Brand/product knowledge	1	1	1	1	1	1	1		1	1	1	1	1	1	**13**
Attitude toward the brand		1	1	1	1	1	1	1	1	1	1	1	1	1	**13**
Perceived differentiation	1	1	1	1	1	1	1		1	1	1	1	1	1	**13**
Perceived value	1	1	1	1	1		1	1	1	1	1	1	1	1	**13**
Likelihood to recommend	1	1	1	1	1	1	1	1	1	1	1	1	1		**13**
Penetration of target market	1	1	1	1	1		1	1	1	1	1	1	1	1	**13**
Marketing spending	1	1	1	1	1		1	1	1	1	1	1	1	1	**13**
Share of voice		1		1	1	1	1	1	1	1	1	1	1	1	**12**
Unit sales	1			1		1	1	1	1	1	1	1	1	1	**11**
Profit/contribution		1		1	1		1	1	1	1	1	1	1	1	**11**
Perceived product/service quality	1	1	1	1	1		1		1	1	1	1	1		**11**
Target revenues	1		1		1		1	1	1	1	1	1	1	1	**11**
Year-on-year growth	1		1	1	1		1	1	1	1	1	1	1		**11**
Rate of growth compared to industry growth rate	1		1	1	1		1	1	1	1	1	1	1		**11**
Click-through rate	1	1	1	1	1	1	1	1				1	1	1	**11**
Number of customers	1	1	1	1	1	1	1	1	1		1				**10**
Customer loyalty/retention	1	1	1	1	1		1	1	1		1	1			**10**
Customer/segment profitability	1		1	1	1		1	1	1	1	1		1		**10**
Return on Customer		1	1	1	1	1	1	1	1	1	1				**10**
Share of distribution				1	1		1	1	1	1	1	1	1	1	**10**
Value sales			1	1		1	1	1	1	1	1		1	1	**10**
Sales to new customers	1		1	1	1		1	1	1	1	1	1			**10**
Amount of purchases	1		1		1	1	1	1	1			1	1	1	**10**

METRIC	FS Respondents							FMCG Respondents							OBS.
Target volume			1		1		1	1	1	1	1	1	1	1	**10**
Page views	1	1	1	1	1		1	1	1				1	1	**10**
Number of new prospects (leads generated/inquiries)	1	1	1	1	1	1	1		1		1				**9**
Rate of customer acquisition	1		1	1	1	1	1	1	1		1				**9**
Cost of customer acquisition	1		1	1	1		1	1	1		1	1			**9**
Number of customer complaints			1	1	1		1	1		1	1		1	1	**9**
Generation of intelligence about customers and competitors		1		1			1	1	1	1	1	1		1	**9**
Share of wallet			1		1	1	1	1	1	1	1	1			**9**
Price				1	1		1	1	1	1	1		1	1	**9**
Contribution margin				1	1		1	1	1	1	1	1	1		**9**
Gross margin				1			1	1	1	1	1	1	1	1	**9**
Margin (%)				1			1	1	1	1	1	1	1	1	**9**
Percentage of sales from new products	1		1		1		1	1		1	1	1	1		**9**
Number of successful new product launches in a given time period	1		1		1		1	1		1	1	1	1		**9**
Distribution/availability				1	1		1	1	1	1	1		1	1	**9**
Website visits	1	1	1	1			1	1	1		1		1		**9**
Conversions (leads to sales)		1	1	1	1		1	1	1		1				**8**
Growth in number of customers				1	1	1	1	1	1	1	1				**8**
Customer satisfaction		1	1	1	1		1		1	1	1				**8**
Relative price	1			1			1	1	1	1	1		1		**8**
Sales funnel/pipeline	1		1		1		1		1	1	1		1		**8**
Economic value added	1		1		1		1	1	1	1	1				**8**
Frequency of purchases	1				1		1	1	1			1	1	1	**8**
Incremental sales or Promotional lift						1	1	1	1	1	1	1	1		**8**
Sales force effectiveness			1	1	1		1	1	1		1	1			**8**
Out-of-stock							1	1	1	1	1	1	1	1	**8**
Average retention cost	1	1		1	1		1	1	1						**7**
Number of transactions per customer	1		1		1	1	1			1	1				**7**
Expenditure as a percentage of sales					1		1	1	1	1	1	1			**7**
Contribution per unit				1			1		1	1	1	1	1		**7**
Brand equity (financial perspective)		1	1		1		1	1		1		1			**7**
Type of purchases	1		1		1		1	1				1	1		**7**
Rate of new product adoption					1		1	1	1	1		1	1		**7**
Cannibalisation rate							1	1	1	1	1	1	1		**7**
Facings							1	1	1	1	1	1		1	**7**
Cost per click	1	1	1	1	1		1						1		**7**
Percentage sales on deal			1		1		1	1		1	1		1		**7**
Cost per thousand impressions	1			1	1		1			1	1			1	**7**

METRIC	FS Respondents							FMCG Respondents								OBS.
Average acquisition cost	1			1			1		1	1		1				6
Actual/potential customer/segment lifetime value (CLV)		1		1	1		1	1			1					6
Average price per unit				1			1	1	1	1			1			6
Shareholder value creation					1		1	1	1	1	1					6
Recency of purchases	1						1	1	1			1	1			6
Repeat volume					1		1	1		1		1	1			6
Inventories							1	1	1	1	1		1			6
Redemption rates							1		1	1		1	1	1		6
On time, in full, invoiced correctly (OTIFIC)							1	1	1	1	1		1			6
Percentage sales with coupon							1		1	1		1	1			5
Average deal depth					1		1			1	1		1			5
Costs for coupons and rebates							1		1	1			1			4
Cost per order	1	1					1				1					4
Percent time on deal					1		1			1			1			4
Average revenue per user (ARPU)							1									1
TOTAL	**42**	**31**	**45**	**50**	**60**	**23**	**82**	**64**	**66**	**63**	**63**	**50**	**57**	**32**		**728**

APPENDIX L

Interview question 3.4: Benefits from use of metrics

In what ways do the marketing department and your company benefit through the use of the metrics adopted?

	FS Respondents							FMCG Respondents							
BENEFITS OF METRICS	1	2	3	4	5	6	7	1	2	3	4	5	6	7	**OBS.**
Can assist with budget and spend decisions		1			1			1	1			1	1		**6**
Can be used to develop and analyse planning and strategic planning		1		1	1	1		1	1						**6**
Help company understand if it is doing the right thing			1				1	1	1			1	1		**6**
Can test which messages work and tailor campaigns	1	1		1		1	1								**5**
Can help with product/service development	1			1	1		1								**4**
Indication of performance							1	1				1	1		**4**
Aid corrective action where necessary							1		1			1	1		**4**
Establish what consumers need and what consumers want	1			1											**2**
Help understand what happened and why									1				1		**2**
Indicate where company stands in the market place				1	1										**2**
Can assist with positioning decisions				1									1		**2**
Can help align the organisation's objectives										1	1				**2**
Enables transparency and tangible feedback across divisions											1	1			**2**
Can perform against what is measured												1		1	**2**
PR & media: help track how company is perceived in the press		1													**1**
Online: can track areas of interest on the website		1													**1**
Can help get into clients' heads and establish perceptions			1												**1**
Assist tracking leads and client engagement			1												**1**
Can assist marketing build credibility with business partners						1									**1**
Advertising: internal surveys help understand effectiveness of campaigns			1												**1**
Help identify and understand trends			1												**1**

BENEFITS OF METRICS	FS Respondents							FMCG Respondents							OBS.
Can indicate consumer satisfaction								1							**1**
Can provide more texture for segmentation				1											**1**
Help company develop greater focus, which aids long term growth										1					**1**
Enable accountability											1				**1**
Dashboards help keep employees on track of KPIs											1				**1**
Broadens knowledge of each department's responsibilities											1				**1**
Easier to adjust and measure performance when there's a benchmark														1	**1**
Promotes competitiveness														1	**1**
TOTAL	**3**	**5**	**5**	**7**	**4**	**3**	**5**	**5**	**5**	**2**	**5**	**6**	**6**	**3**	**64**