



# R<sup>3</sup> (Research Request Response) Report On

Marketing Metrics for High-Tech Companies

For

**Bass Management Consultants, Inc.**

Research by:

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SAMPLE

**DESCRIPTION**

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**Client**

Bass Management Consultants

**Report Type**

Industry

**Request Description**

What metrics are top companies in high-tech using to measure their marketing effectiveness?

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**SAMPLE**

## HIGHLIGHTS

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### Use of Metrics

“The budget cuts that Information Technology marketers have endured over the past three years are symptoms of a more problematic, underlying cause. Across the IT Industry, marketers are losing ground because of their inability to measure and communicate the value of marketing...” (“Tech Marketers: Don’t ‘Sell Out’!, *IDC*).

### Overview

According to IDC, there is a lack of marketing measurements for those who market Information Technology. This is also reflected in the insufficient amount of information available on the web on what metrics are used by high tech companies. However, some of the findings include:

- ▶ Strategic programs that build brands and images have sorely suffered for the lack of measurement. Budgets for these programs have been cut because of marketers’ inability to justify their value (“Tech Marketers: Don’t ‘Sell Out’!, *IDC*).
- ▶ For several years customer relationship management (CRM) has been the focus of marketing automation applications. Measurement will soon usurp CRM as the focus due to its growing importance in justifying budgets for marketing departments (Nail, *Mastering Marketing Measurements*).
- ▶ Marketers indicate that lead generation, press and analyst influence and sales closed are the most important measurements of their performance (*Marketwire.com*).
- ▶ Dell is one of the high tech companies cited as having metrics in place to measure marketing effectiveness (*Marketbridge.com*).



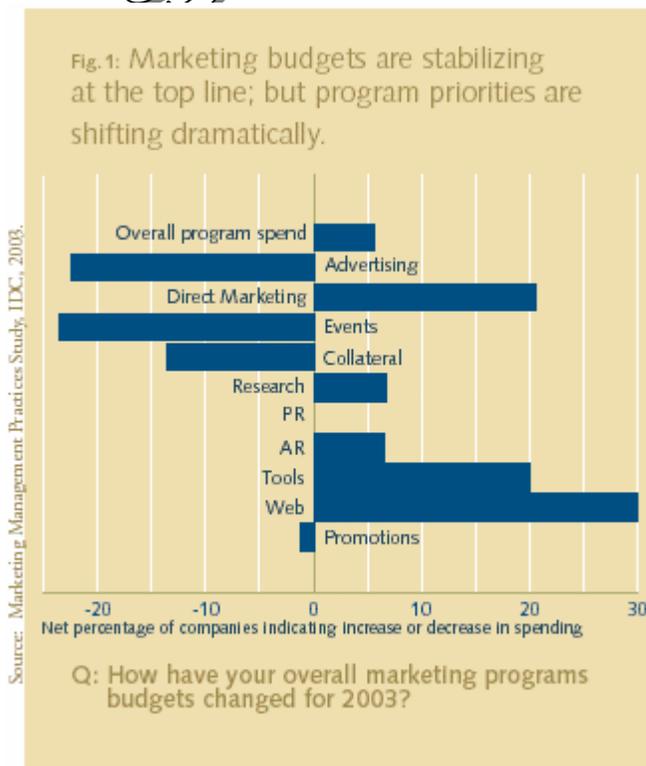
## OVERVIEW

### Marketing

Marketing has always been recognized as a functional area that is difficult to measure. Marketers have reinforced this idea by not providing any real measurements of marketing efforts. According to IDC, marketers use two key factors to make decisions: judgment-calls based on personal experience and the influence and pressure of senior management and sales. However, marketing instinct is not a measurement and senior management is only measuring the bottom line.

### Lack of Measurements

- ▶ Budget cuts have hit marketing departments in IT because of their inability to measure and communicate the value of marketing.
- ▶ The priority of marketing departments is reflected in their budgets as resources are shifted toward tactical, high measurable programs that relate directly to sales, including lead generation and sales training.



- ▶ Marketers are becoming increasingly frustrated with their inability to measure results. A \$175M software vendor states, “We have absolutely no way to measure marketing results aside from new business that closes. Beyond that, there is no way to measure” (IDC).

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### Measurement and Technology

- ▶ In the past CRM has been the focus of marketing automation applications. However, measurement will soon be the focus as marketers seek tools to help them justify their budgets.
- ▶ 60% of companies will increase spending on marketing technology in 2003. Only 54% will increase ad spending.
- ▶ Measuring marketing is the top technology priority and marketers are looking to vendors for technology advice (Nail, *Mastering Marketing Measurement*).
- ▶ A survey of the members of the Association of National Advertisers found chief marketing officers and marketing managers were allowed to make the decisions as to what technology is purchased when technology is implemented to measure marketing effectiveness. CIOs and IT managers tended to defer to CMOs and marketing managers. According to Jim Nail, Forrester analyst, the process becomes a partnership for marketing and IT in which they must work together (Surmacz, *CIO.com*).

### Measurements Used

- ▶ According to IDC, sales and leads are two of the top measurements for marketing effectiveness.



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- ▶ Rich Vancil of IDC recommends five measurement mandates. They are as follows:
  - > Don't reinforce the stereotype of not being able to measure marketing efforts.
  - > Align marketing measures with sales measures.
  - > Establish consistent metrics.
  - > Recognize and communicate that measurement is difficult.
  - > Don't leave marketing staff out of the measurement equation ("Measuring Marketing in the Down Economy," *IDC Analyst Connection*).
- ▶ In their report, "Tech Marketers: Don't 'Sell Out'!" IDC also recommends that marketers earmark 5% of every program execution dollar for the measurement of performance (IDC).

### **An Example**

- ▶ Dell is one high tech company that links its sales metrics with marketing investment in order to determine overall performance.
- ▶ Dell tracks the effectiveness of each of its marketing programs through embedded e-Codes, dedicated 1-800 numbers, reference codes and customer inquiry.
- ▶ Weekly reporting allows Dell to optimize its marketing vehicle on the fly based upon actual performance versus cost analysis.
- ▶ The proper definition of key metrics such as lead conversion rates, average transaction size, lifetime account value and time to close is a critical driver of this program for marketing return-on-investment.



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**RECOMMENDED NEXT STEPS**

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This R<sup>3</sup> Report is the product of cg-research.com's review of available online sources. During the research process we uncovered other sources that we recommend for a more in-depth look at your query.

In order to find more specific information on high tech companies and marketing metrics, cg-research.com recommends further research using online fee-based services such as Factiva and Dialog/Profound and reports from Forrester and MarketingSherpa.

Further research would help pinpoint more specific information such as further case studies and examples of high tech companies who use marketing metrics. Please contact cg-research.com for more details.

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**SAMPLE**

## SOURCE OVERVIEW

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### Suggested Sources for further information

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