



# The science of backing the right horse

DARREN BARBER, REGIONAL DIRECTOR, EMEA 26 FEB 2020

Setting the right KPIs is critical to delivering the correct strategy for clients, Darren Barber, MediaCom's EMEA Regional Director, explains.

Everything we do stems from KPIs. They direct the strategic approach to media, impacting placement selection, targeting and much more.

That's why one of the most important conversations an advertiser can have with their agency is about what advertising success looks like for their business, how to measure it and optimise to maximise return.

Working together to explore the connection between advertising investment and sales/revenue/profit is fundamental to determining the primary KPI. Only once this is set

can the agency shape the communications plans, identify media and formats/messaging and ultimately deliver.

While every client's needs are different, there are some fundamental rules depending on a client's timeframes and the category's consumer purchase journey. We know that long-term growth comes from consistent brand investment; that highly-engaged prospects convert at a higher rate to sales; and that short-term sales can be driven by immediate performance-focussed tactics and messaging.

Broadly speaking, this means the "model" customer journey can be segmented into three basic stages: out of market prospects, early-stage researchers and ready to buy. Knowing which one of these the client wants to target helps us identify the right KPIs.

Each stage requires a different approach to measurement and KPI setting. In simple terms, you wouldn't judge a brand campaign by the number of short-term sales you achieved, and conversely, you wouldn't expect a weekly promotion to boost your brand metrics.

## Positive chats

The best conversations about KPIs occur when brand owners work with their agencies to develop clarity on the best framework. A team that can answer the following questions is better positioned to identify not just the right approach but also which KPIs to select within that:

- How important is brand health to your long-term business success, and is it awareness, consideration or another brand perception measure?
- Which customer behaviours on your site lead to an eventual sale?
- And for on-site sales, do you have tracking that allows you to cleanly correlate media placements to success?

## Long term vs short-term

An important variable is your time horizon for success.

A long-term strategy inevitably leads to greater business growth but requires different KPIs to measuring short-term tactical needs. It's achieved via a focus across the journey that could take years, building brand love and eventually converting it into revenue. Brand health studies combined with econometric modelling evaluating multi-year datasets are often the best combination for the measurement framework.

Whereas short-term/immediate efficient sales can be achieved via a more "direct response" approach, where punchy promotions and deals can be used to convert in-market shoppers near the end of their journey – or alternatively via the use of long-form placements to push a customer along the research and purchase phases more quickly. Measurement needs to look at customer behaviour in the final phases of the journey – engagement and purchase touchpoints. The best KPIs for this approach are those closest to conversion (cost per sale), and, ideally, with some measure of revenue and profitability baked in (ROI).

## Getting the digital KPI right

Digital is no exception to these rules, but is the area that is most challenging when we receive a brief, so the following rules are worth considering:

### 1. Don't ask digital to do everything

We commonly see briefs that say "drive awareness and increase sales" in the same sentence. While it is true that one tends to generate the other, the fact is an optimal media plan can't do both (in the short term). You end up compromising on something.

If you wish to drive brand awareness (leading to long-term business growth), the media plan will be designed to deliver that, and that will usually mean higher reach and frequency media solutions, larger/richer creative formats and a different (ie higher cost) targeting approach. All of which should be measured via qualitative studies of brand uplift.

If you want immediate sales, your media plan will usually contain cheaper, more responsive media and formats, normally delivered at a lower frequency (which is less important to drive immediate action), and you should set up a measurement framework to measure the impact via digital attribution and Marketing Mix Modelling studies

## 2. Don't create apples vs oranges KPIs

To create the optimal plan, we should use the same metrics across off and online media. Econometric modelling is a great tool to measure across your entire plan, and across digital media you should try and stay away from misleading "last-click" data by using a form of digital attribution to reward the true drivers of business growth.

## 3. Don't assume clicks = sales

For short-term advertising, the conversion rates and even AOVs you generate can vary significantly by medium, so your media plan would look quite different if you ask us to focus on clicks vs ROI. If you want sales, ask your agency to help find the KPI that best correlates to sales. For some clients where we cannot track through to sale (e.g. offline/retail purchasing channels), or where the customer journey is longer, there are always important digital touchpoints we can track which are likely to be strong "leading indicators" of where we should focus our planning and optimisation. Find those, and you are in with the best chance of success.

In summary, investing time to make sure your KPIs and measurement approach are aligned to your business goals will generate much more effective campaigns, whether your growth ambitions are short-term or long-term.

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