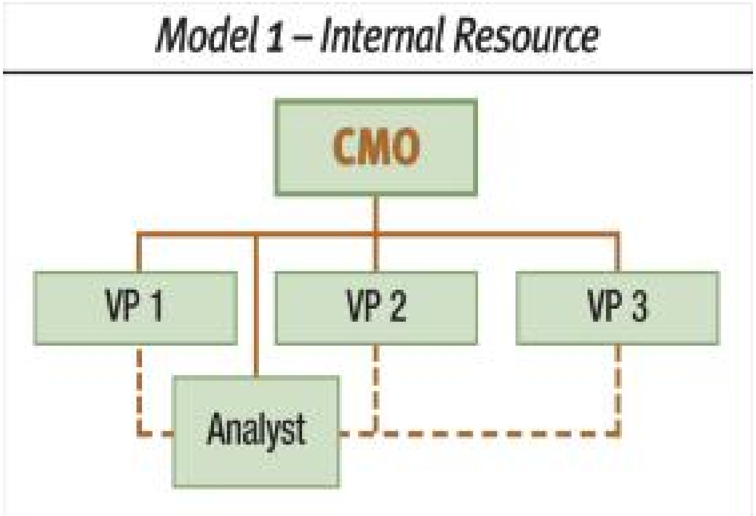
3 Ways to Structure Marketing Measurement Resources

A common question in marketing measurement discussions between CMOs: Where did you put your measurement group? The question underscores conflicting desires to have measurement people close, but not too close. Our research suggests that there are three primary models in broad use today relative to the organizational structure of marketing measurement resources.

Model 1 — The internal resource

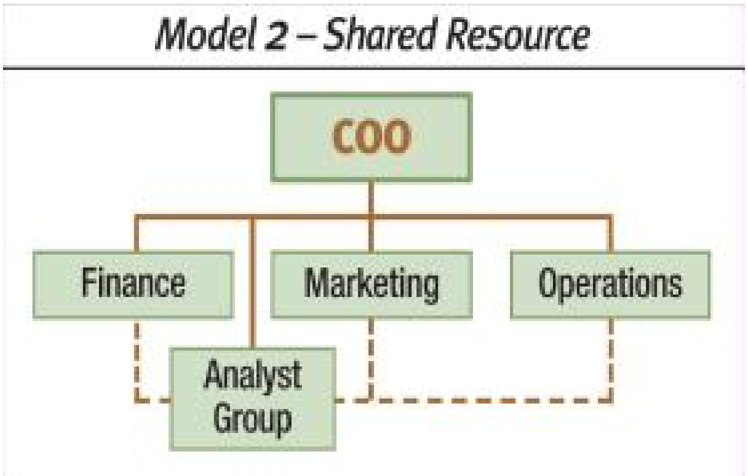
Many marketing organizations today have at least one dedicated measurement analyst on staff. These people are sometimes academically trained statisticians and other times financial analysts. In a few rare cases both disciplines are represented for a balanced perspective.



These internal resources most often report indirectly to the CMO through a vice president of advertising, vice president of database marketing, or vice president of strategic planning. In a few instances, CMOs have created dedicated VP-level jobs for marketing performance planning and given that person responsibility for coordinating back-end effectiveness measurement with strategic planning, developing HR performance, and managing business-case requests for resources.

Model 2 — The shared resource

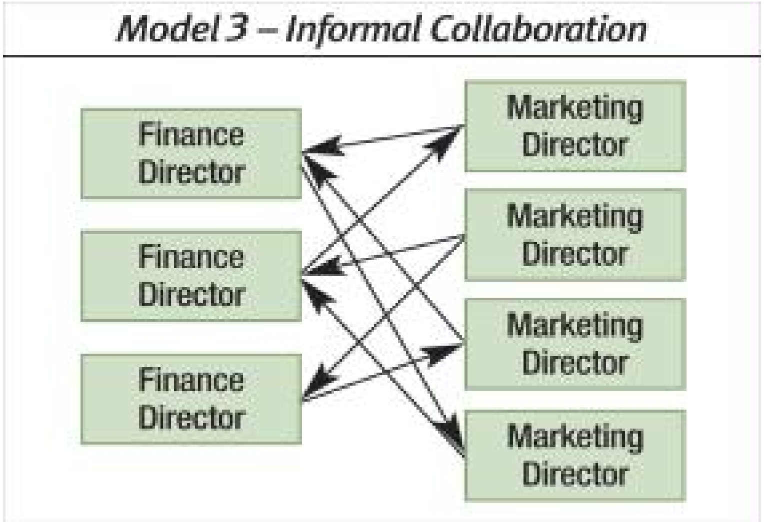
Another, less frequently found model is a stand-alone analytical group shared between any two or more functional groups like marketing, finance, sales, and operations. These stand-alone groups most often report into finance but have dedicated resources supporting the partnering functions. Sometimes, they report into a COO or president, primarily to support corporate planning and development, and are staffed to provide centralized support for the other functions as well.



The skills in these shared resource groups tend to be a blend of those with advanced degrees in statistics and those with strong backgrounds in finance or accounting. By their nature, these groups tend to be larger and have better software tools. For capacity and expertise reasons, they work directly with marketing personnel on front-end planning and back-end measurement and with some of the more marketing-specific analytics outsourced to vendors.

Model 3 — The informal marketing/finance collaboration

The most common organizational approach to marketing measurement — the informal collaboration — is characterized by no one person or group having responsibility for marketing measurement. Marketing staff work with finance staff whenever they see the need for a business case to be developed or a program ROI to be determined. Finance, on the other hand, asks randomly timed questions about assumptions, returns, and resource allocation plans.



Some of these informal collaborations work on the strength of the friendships between individuals. Others survive in an environment where corporate expectations for marketing accountability are still low enough that measurement is an afterthought more than a decision process.

	Pro	Con
Internal Resource	■ higher levels of specific marketing knowledge ■ easily integrated into overall department information flow	■ often capacity-constrained ■ perhaps perceived as "measurement police" ■ subject to parochial agenda control of layered reporting
Shared Resource	■ higher quality analytical processes and decision tools ■ better blend of scientific and business skills ■ forces marketing decisions to be more integrated with broader business	■ more expensive solution ■ somewhat less marketing-specific knowledge
Informal Collaboration	■ least expensive, less onerous approach	■ less rigorous and often less disciplined ■ emphasis on financial vs. statistical processes ■ inconsistent application reinforces "inconvenience" of business case development over benefits of good planning