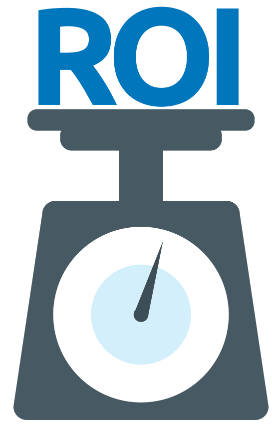
Marketing A CFO Can Love

Marketing has grown increasingly complex over the last two decades. New technologies brought us powerful opportunities to collect and analyze data and target in more sophisticated ways. The proliferation of data and audiences made marketing more relevant. Despite this influx of data and insight, coupled with billions of dollars in infrastructure and data management systems, we still face a real challenge in measuring the results of our efforts and spend.



Case in point, Bill Kotrba, vice president of pricing & marketing analytics at Regis Corporation and one of our clients, presents two slides at every board meeting: the first shows all of his marketing initiatives that aren't measurable with ROI and the second shows all of the programs that are. Bill noted that his performance review is tied directly to the number of programs that he can move from the first slide to the second. Clearly, in an increasingly efficient and accountable economy, the old Wanamaker adage that 'half the money I spend on advertising is wasted; the trouble is I don't know which half' is no longer acceptable.

**Last year global ad spending was close to $600B.
If we can solve Wanamaker's challenge, the savings in ad spend could buy Facebook.**

This mounting pressure from CFOs for measurable ROI results in an increasingly high turnover rate for CMOs, with IDC predicting one in four CMOs will be replaced every year through 2018. While it's true that not all ad spend is meant to drive bottom of the funnel conversion, increasingly it is becoming harder to justify top of the funnel tactics without showing some long term ROI.

So, how did we get here? And, more importantly, how can we move toward deterministic measurement to ensure we are investing in channels, publishers, creatives, and placements that drive the highest return?

Art vs. Science

Twenty-five years ago, targeting and measurement were more art than science – with a considerable margin of error. We were doing the best we could with the data and analytics available, but it was challenging to find the right metrics and tools to demonstrate the impact of our marketing spend. Over time, more data sources flooded the market, presenting an overwhelming amount of options. Now we had a new challenge, sifting through the data sets to determine what had relevance.

Technologists stepped in with sophisticated, and fast, systems to help deliver data in more usable forms, and a shift in marketing began to take hold. Times were changing. Early loyalty and CRM systems launched. Many households got check cashing cards. Probabilistic mix models became the source of truth. Once a primarily creative process, targeting, and measurement now had a layer of science. Billions of operational dollars began flowing into data centers with the promise of precise targeting and measurement at scale. CFOs were no longer satisfied with measuring what might be true. They wanted certainty in the quantitative impact of their company's marketing spend.

But, as marketers, we were challenged to provide this level of measurement. We have gained more insight for sure but getting to absolute measurement is still a challenge. New marketing technologies offer a more sophisticated view of consumer data with more robust analytics, but very few connect the data points in a way that provides us with accurate ROI. For example, geolocation helps us better understand brick-and-mortar sales by linking someone's location with an assumed purchase. While driving foot traffic is an important part of marketing goals, it is still an ROI 'guess' at best. Online, clicks have long served as a proxy for consumer intent to buy, but causality remains a challenge, particularly offline. Both of these technologies got us closer to the end goal, but neither were truly deterministic.

The New Currency is Currency

Deterministic consumer spend data is becoming more readily available, allowing us to more precisely target consumers and, more importantly, measure campaign effectiveness. As an industry, we are at the early stages of integrating this insight into our digital marketing capabilities. The promise of CRM systems combined with bank transaction data provides us a full wallet picture of spend. This view, when applied to all marketing channels, provides the unique and exciting ability to target consumers and measure campaign effectiveness based on actual spend, not surveys, models, panels or proxies. In many of the largest channels, we still measure campaign effectiveness with archaic metrics like effective CPMs, clicks, and ratings points, when we have the ability to measure effectiveness in what matters most to CFOs...actual dollars.

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This is the year of connections. These connections will both enhance the relevancy of the message as well as increase the productivity of our ad spend. It will be the year when we sift through continuous data to determine the sources that truly drive business results. It will be the year we move towards unequivocally standing behind our investments to drive the business. And, it will be the year that CFOs and CMOs come back together.

About Cardlytics

Cardlytics uses purchase-based intelligence to make marketing more relevant and measurable. We partner with more than 1,500 financial institutions – including Bank of America, PNC, and Citibank – to run their banking rewards programs that promote customer loyalty and deepen banking relationships. In turn, we have a secure view into where and when consumers are spending their money. We use these insights to help marketers identify, reach and influence likely buyers at scale, as well as measure the true sales impact of marketing campaigns. Headquartered in Atlanta, Cardlytics has offices in London, New York, Chicago and San Francisco. Learn more at **www.cardlytics.com.**