

# OUTCOME BASED MARKETING

LEARN MOVING TO OUTCOMES  
WITH OUTCOME BASED MARKETING



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## LEARN MOVING TO OUTCOMES WITH OUTCOME BASED MARKETING

How well Marketing leaders can demonstrate Marketing's value is key to securing your Marketing budget. The research suggests that many marketers still take an informal approach to budgeting and measurement.

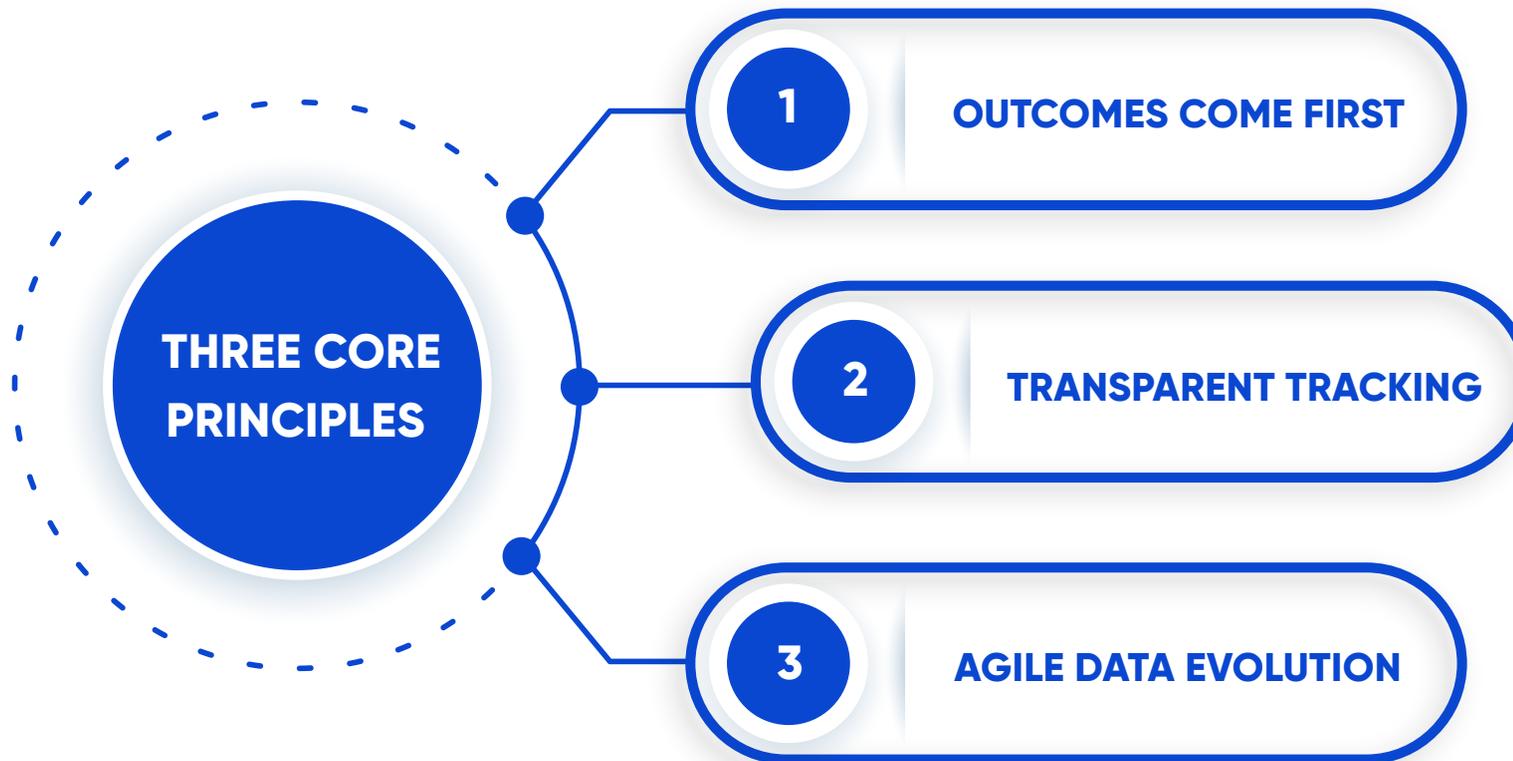
Often budgets are an exercise in reviewing the previous year's expenditures, what if any modifications are needed at the program level, and then after making these adjustments, tally up the dollars. Frequently these investments are linked to tactics tied to sub-accounts, such as PR, events, digital, search, content, and so on. At most, some type of output measures such as response rates, downloads, registrants, leads, coverage, etc. are used to rationalize the budget.

Best-in-Class Marketing organizations take a different approach. These organizations are transitioning from activity and output based budgets to outcome-based budgets. Outcome-based budgeting changes the internal conversation. Rather than talking about tactics with your leadership team you are now engaged in strategic discussion. Marketing becomes truly accountable for the dollars entrusted to them.

Truly accountable Marketing requires that marketers demonstrate alignment between Marketing expenditures and anticipated results, and that this alignment is being audited and optimized.



## THREE CORE PRINCIPLES TO PROCEED WITH OUTCOME BASED MARKETING MODEL



## EVALUATING THE MARKETING BUDGET IS A VALUABLE STRATEGIC TOOL

The problem faced by many Marketing professionals is that, traditionally Marketing budgets are based on a percentage of last year's revenues or budget. This approach almost makes it impossible for Marketing to answer the proverbial question, "Show Me the Money." Your leadership team wants to know if an investment is made what will it mean for the organization financially, whether this will be in the short term or the long term.

When Marketing can't connect the dots between the work and investments with impact, value and contribution, the Marketing budget faces risk. Without a perception of accountability and value, CEOs and CFOs will make sweeping, arbitrary decisions about cutting expenditures which ignores the relationship between Marketing spending to effectiveness and produces a short-term focus leading to limited success.

It's fixable when you move to a budget that is outcome focused. How do you start?

Truly accountable Marketing requires that marketers demonstrate alignment between Marketing expenditures and anticipated results, and that this alignment is being audited and optimized.

- Clarifying the strategic intent of ALL the Marketing investments you are going to make.
- Organize the plan and work of the Marketing organization around business outcomes.
- Establish performance targets, measures and metrics that will help you measure the degree to which Marketing is meeting its investment commitments.



## 5 STEPS TO CONSTRUCT AN OUTCOME-BASED MARKETING BUDGET

**Want to make progress on an outcome-based budget? Employ these 5 steps:**

- Determine the business outcomes that Marketing is expected to impact.
- Create a Marketing plan tied to these business outcomes.
- Design and select metrics and clear standards of performance that enables marketing to measure its impact, effectiveness, efficiency and value.
- Determine and add the skills, tools, and systems you will need to execute the plan, manage and measure performance.
- Leverage best practices and insights from your dashboard to identify continuous improvement opportunities

**This work may require you to create and adopt a performance measurement and management strategy, system and framework.**



# MEASUREMENT IS THE FOUNDATION TO ROI BUT IT ISN'T THE ONLY FACTOR

Design and select measures and metrics that measure Marketing's impact on the business. Use metrics that measure both efficiency and effectiveness. Truly accountable Marketing organizations have and consistently use a measurement management system. Capture performance data as quickly as possible in order to instigate immediate course corrections. Develop a Marketing dashboard that facilitates decisions, helps mitigate risk, and provides insight into Marketing's contribution.

## OUTPUTS

- The things we do
- Deliverables, projects, etc, that help us to work towards our goals
- We hope it brings success but doesn't guarantee it
- Might change if it doesn't bring results

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## OUTCOMES

- The results i hope to get after doing something
- Measurable results defined as success of the goal
- Shows the success loud and clear !
- Stays the the same until achieved

## THE MOVE TO MAKE OUTCOME-BASED MARKETING WORK

Outcome-based marketing is a discipline gaining interest among B2B and B2C marketers alike. It seeks to reset the definition of success in business marketing by beginning with the end—that is, working backward from desired customer behaviors to the factors that drive those behaviors.

In outcome-based marketing, results aren't the sole measure of success. Results, as is often pointed out by outcome-based practitioners, are not the same thing as outcomes.

Results are tightly defined and short-term; outcomes are long-term and reflect a broader, more vital future.

Pursuing a goal in outcome-based terms means defining the end state and solving a shortlist of factors that achieve that end state, without getting distracted along the way.

Here are five of the most critical areas of change when switching to an outcome-based approach.



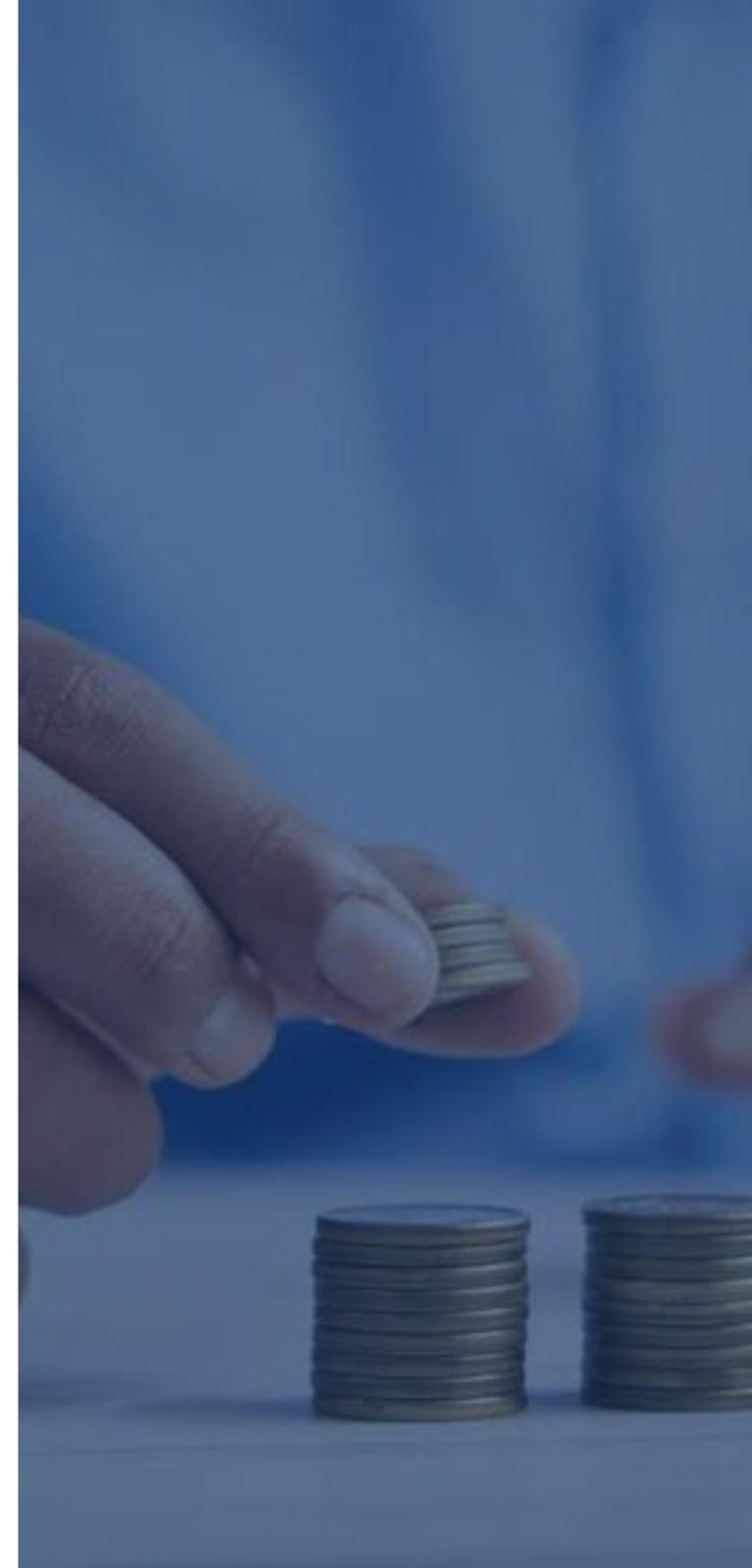
## 1. DIVE DEEPER INTO YOUR BUSINESS GOALS

- Outcome-based efforts involve a shift in mindset by internal stakeholders as to what constitutes marketing effectiveness. Team members may be required to move past clicks and impressions for their product lines in favor of a more holistic viewpoint.
- Outcome-based marketing also involves re-examining how budgets, campaigns, and target audiences are aligned to achieve business goals. What does the targeting need to be? What are the KPIs for each channel? The measures derived from such critical questions will roll up to your larger objectives.



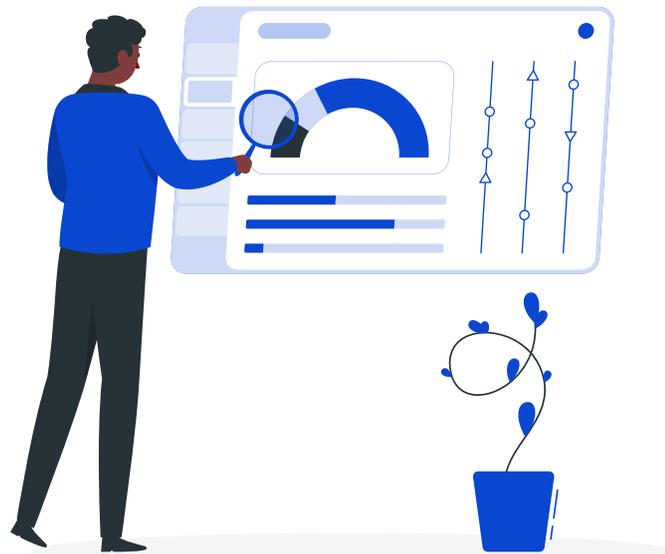
## 2. OPTIMIZE THE CHANNELS YOU'RE INVESTED IN

- Do you know the value and purpose of each channel in which you're active? Knowing the value of various customer touches can help determine multichannel decisions.
- If you know that your customers need a certain number of touches, on average, before they make a purchase decision, those will likely occur across various channels.
- Paid search, for example, is conversion-driven; that makes it valuable at the latter stages of a purchase journey when a prospect is doing a very specific search and looking for a very specific answer. A paid social ad, on the other hand, may not drive a direct conversion on the spot—but it could help you track what is pushing the customer toward a conversion.



### 3. USE THE CORRECT DATA

- With the right data foundation, it's possible to see at a granular level who your prospects are and how you engage with them.
- In the digital world, sales are no longer a linear process; they're a meandering journey. By identifying the events and experiences that catalyze that journey, you can create strategies to replicate them.
- Most sales are self-directed by the customer. Conditions must support that reality.
- Also, with metrics, less is more. "Analysis paralysis" is a common marketing malady, so continually ask yourself whether a specific metric is important to track.



## 4. USE PREDICTIVE ANALYTICS

- Predictive analytics can be the key to determining the right media spend and strategy. As mentioned earlier, it's easy to get caught up in followers and likes on social media—to the detriment of actual outcomes that help build your business.
- Enterprises have a lot of information about their customers and their behaviors that can be fed back into media campaigns and users for targeting. The idea is to create "lookalikes" for your most valuable audience segments based on their standard behaviors, then replicate those conditions.
- Predictive analytics can help lookalikes in the middle—those caught between awareness and conversion—to move along in their journey.



## 5. CONTINUALLY REFINE YOUR STRATEGY

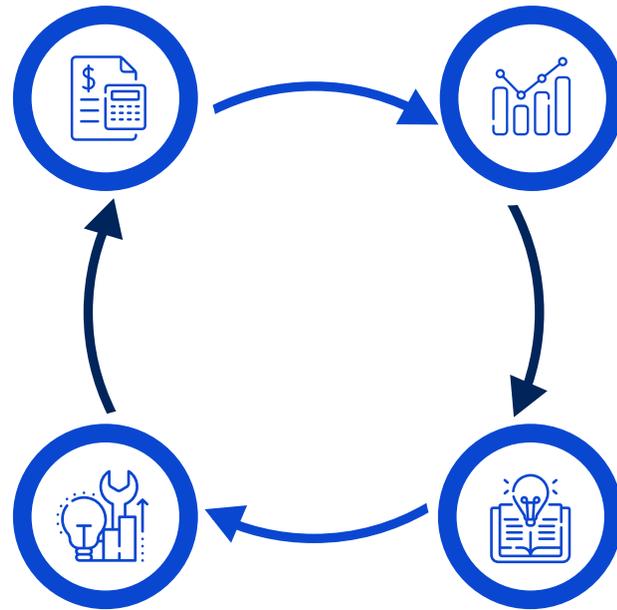
- Test, test, test—that is the rule of marketing in the digital world. Once you launch an effort, refine your content, creative, and spend continually, one piece at a time. Let the data speak for itself about what's working, what's not, and how to optimize each element. (One caveat: some marketers cross over into over-testing. Don't get into a market and then make hasty decisions if the data isn't conclusive.)
- It's smart, in all aspects of your outreach, to emphasize progress over perfection. Digital marketing is about agility, even when planning. Focus on your biggest impact items first, and don't attempt to get it perfect right out of the gate.



## IMPORTANCE OF OUTCOME BASED MARKETING

Accountability

The measurement  
of results



Action and  
improvement

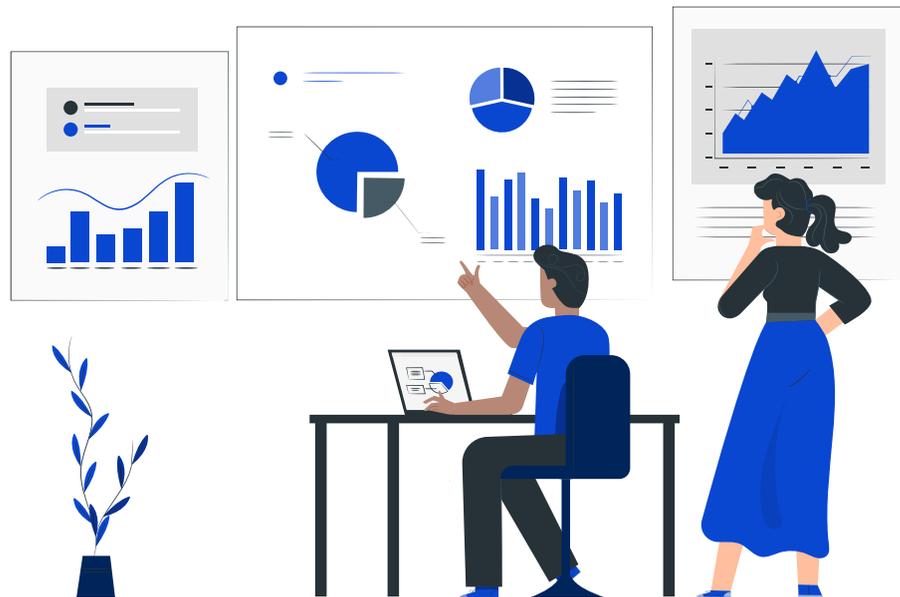
Analysis and  
learning

## CONCLUSION

Outcome-based marketing is like relationship marketing with a twist. When executed effectively, it builds long-term partnerships that embed companies deeply into their customers' ecosystems, and it does so with a higher ROAS than reach-based planning.

Perhaps even more important, outcome-based marketing empowers a big-picture view of organizational marketing. It sets the agenda on multiple fronts: media spend, audience targeting, user experience, KPIs, CRM, and more.

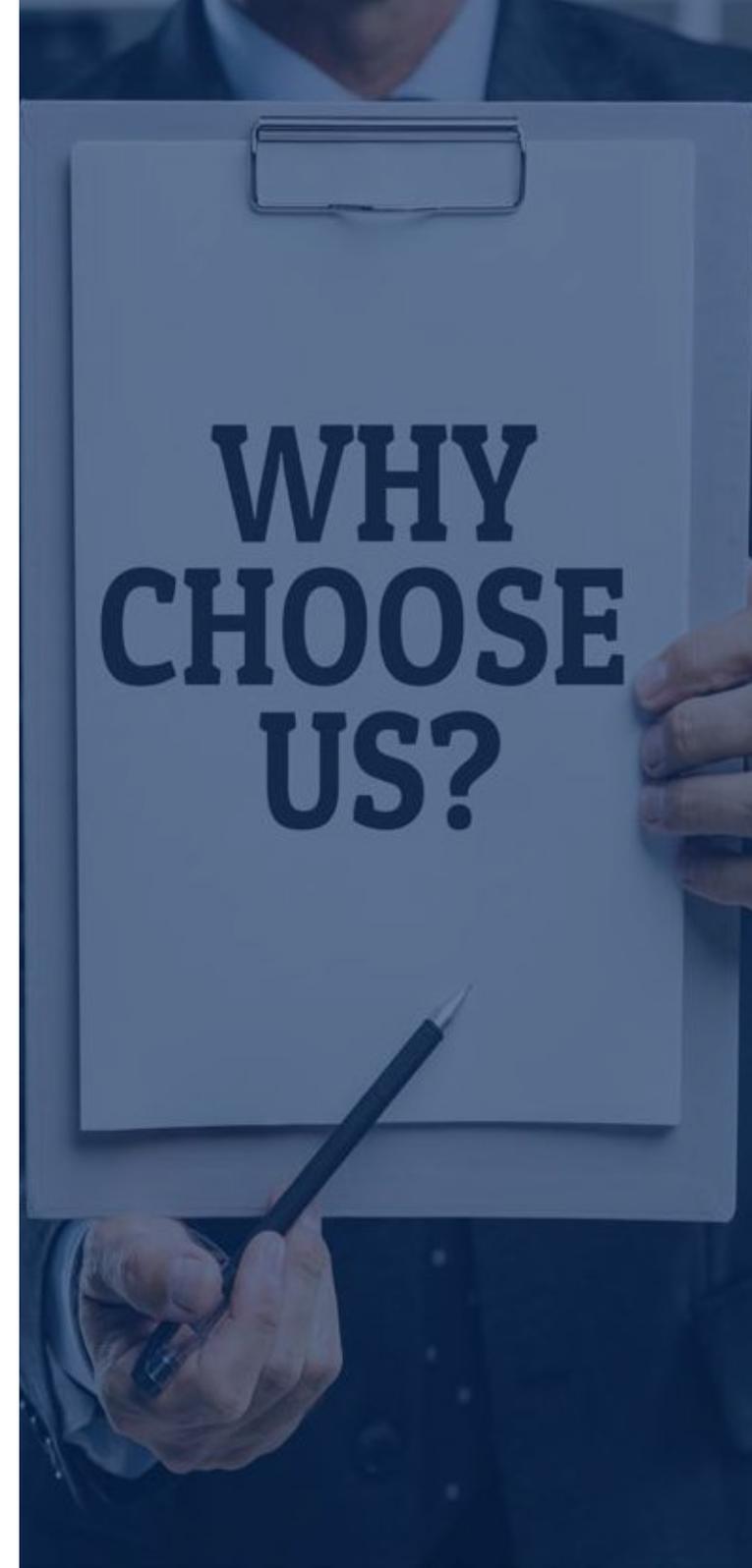
Marketing goals can become blurry for even the most seasoned pros. An outcome-based approach may just provide the well-reasoned clarity they're looking for.



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