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Reframing Multichannel Marketing Performance Measurement

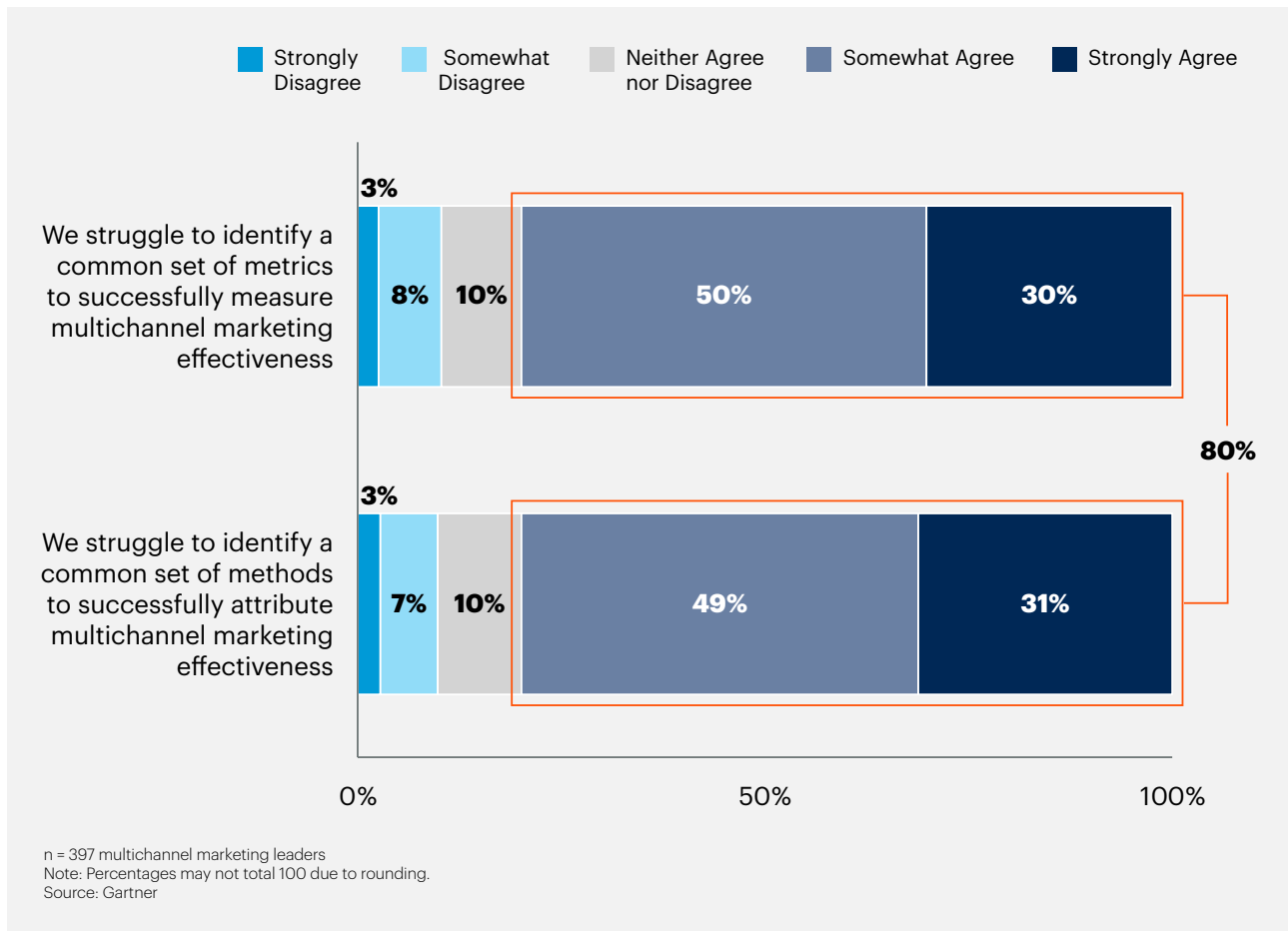
2023 Multichannel Marketing Survey



The 2023 Gartner Multichannel Marketing Survey reveals that performance measurement is a difficult exercise for most digital marketing leaders. Deeper analysis suggests that a less siloed approach, supported by three or four metric types, can help you better assess multichannel marketing's impact.

Data Snapshot

Figure 1: Organizations Struggle to Identify Metrics That Demonstrate Multichannel Marketing's Effectiveness



Data Insights

This research is part of a series of key findings from the Gartner 2023 Multichannel Marketing Survey.

Additional insights can be found in the following research:

- **2023 Multichannel Marketing Survey:** How the Number of Marketing Channels Impacts Success
- **2023 Multichannel Marketing Survey:** How Proactive Plans Help Leaders During Challenging Times
- **2023 Multichannel Marketing Survey:** Marketing's Role in Route-to-Market Execution

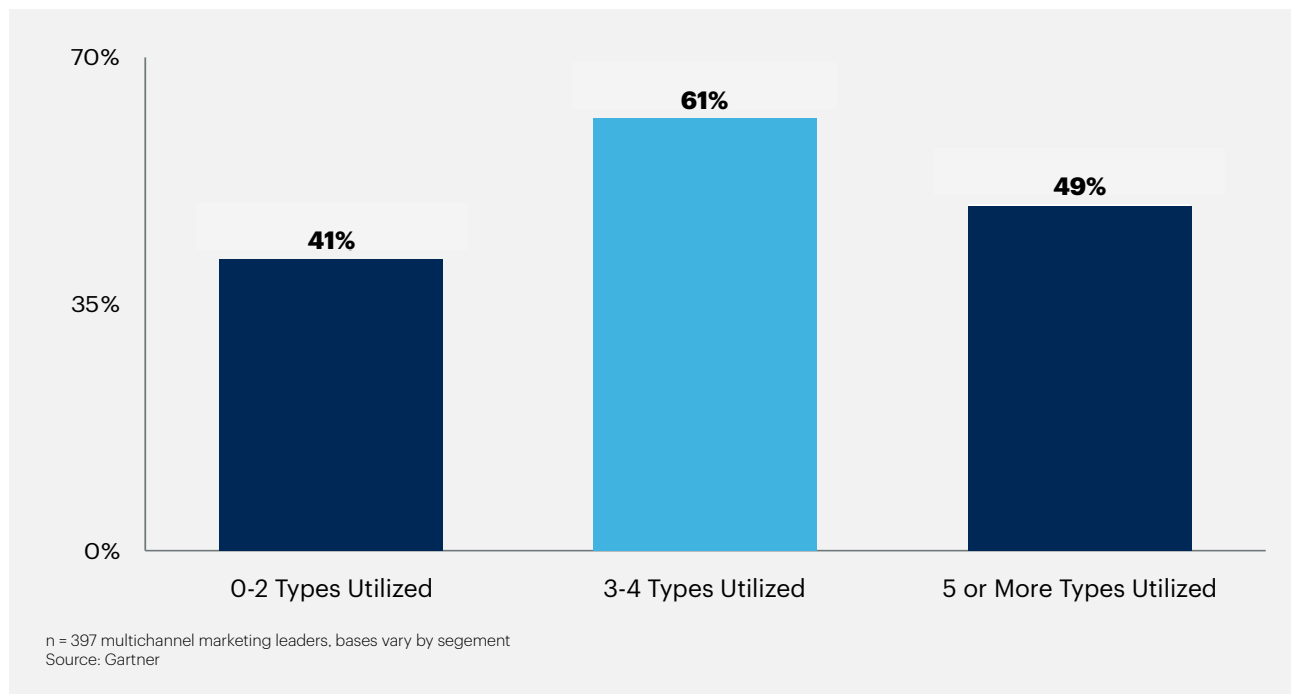
Multichannel marketing's rapid evolution has proved to be both a source of excitement and headache for digital marketing leaders and marketers. Excitement — because it has provided new opportunities to reach and engage customers, through evermore channels, and newer content formats. Headache — because measuring the impact of these, whether in terms of the user experience and the commercial returns or ROI, is tough and getting tougher. Emerging channels and evolving customer behaviors combine with older and more persistent challenging questions such as: How do we select the most relevant metric types? How many metrics should we use? How do we connect the dots between all our multichannel marketing activities and business performance?

To make better sense of multichannel marketing's effectiveness and more confidently communicate its impact on marketing channels and content performance, factor in the following insights from the 2023 Gartner Multichannel Marketing Survey:

- **The majority of organizations struggle with multichannel performance measurement.** Eighty percent of all surveyed participants say they struggle to identify a common set of metrics and methods to measure and attribute multichannel marketing's effectiveness (see Figure 1). Difficulty managing internal consensus and aligning KPIs with business outcomes were two reasons cited for this struggle.
- **Organizations applying a holistic approach to multichannel performance measurement struggle significantly less.** Eighty-six percent of organizations using a more siloed approach to performance measurement (i.e., that measure individual channel effectiveness), say they struggle to identify a common set of metrics to successfully measure multichannel marketing effectiveness, compared to 67% of organizations using a more holistic approach (i.e., organizations that measure channel effectiveness holistically across all channels). This finding is consistent with the broader survey analysis that reveals how organizations are adopting either a more siloed or a more holistic strategic approach to multichannel marketing as a whole. The survey also reveals a sharp contrast in performance between the two.

- **Organizations prioritize transactional and competitive metric types.** The two most widely used types of metrics are transactional (these include individual KPIs such as sales, revenue and conversion rates) and competitive ones (these include market share, voice share and wallet share). The other types of metrics frequently used are (ranked in order of most to least used):
 - **Engagement/return on engagement metrics** (e.g., social interactions, email open rates and click throughs)
 - **Perceptual metrics** (e.g., customer satisfaction score, customer effort score, Net Promoter Score)
 - **Pipeline metrics** (e.g., lead quality, time to close, cost per lead and win rate)
 - **Relationship metrics** (e.g., customer lifetime value; LTV:CAC ratio)
 - **Awareness metrics** (e.g., aided awareness, unaided awareness and earned reach)
- **Less is more when it comes to metric types that measure multichannel marketing impact.** Deeper analysis suggests there is a “sweet spot” to the number of metric types used to measure and understand multichannel marketing’s impact. The majority of organizations (61%) using three to four metric types reported exceeding their marketing performance objectives. On average, this is 24% more than organizations using five or more metric types, and 49% more than those using fewer (two or less) metric types (see Figure 2). This finding has two implications. First, limiting the number of metric types used (and thus, the number of overall individual KPIs) helps marketing’s holistic understanding and assessment of what multichannel marketing can do to meet customer needs and ultimately satisfy business outcomes. Second, that fewer but relevant metric types also helps teams better communicate marketing’s impact internally — especially with stakeholders seated outside of marketing.

Figure 2: The Sweet Spot — Three to Four Metric Types



What You Need to Know

The findings and analysis of the 2023 Gartner Multichannel Marketing Survey combine into one fundamental insight: A more holistic approach (i.e., measuring channel effectiveness holistically across all channels) supported by a measurement strategy focused on just three to four metric types will help organizations make better sense of multichannel's impact.

As a result, take the following steps to apply this and help make the necessary shift:

- **Simplify your approach to identifying the most relevant multichannel KPIs that clearly connect to business outcomes.** Applying a return on objectives approach to performance measurement is a quick but effective method of identifying metrics that clearly connect to broader business goals (see *The Financial Services CMO's Guide to Building Strategic Plans That Prove Marketing's Impact*). However, it is also possible to apply a more advanced method, but this depends on the organizations' go-to-market model (see *What CMOs Need to Know About Marketing Attribution, Measurement and Testing* for further guidance).
- **Limit your mix of metric types.** Use of metric types should strictly be limited to a maximum of four so that marketing teams can take action from the data. Although transactional metrics are necessary to demonstrate performance, other metrics types are needed to provide a more holistic view of marketing's impact (see *Tool: Prioritize Marketing Metrics for Your Dashboard*).
- **Plan to build consensus on metrics incrementally,** starting with other functions directly involved in multichannel marketing and moving quickly to include finance for the attribution to revenue. Consensus-building takes time, collaboration and socialization. Use a "think big, start small and learn fast" approach by engaging only one or two additional groups at each step, and adjusting your approach to engagement and communication throughout the process. In some cases, it will be more useful to solicit input (i.e., start by asking what the stakeholder thinks is important; don't start by showing the list of recommended metrics). In other cases, it will be more successful by asking for feedback after explaining the recommendations and approach. Expect this process to occur over months, not weeks, in most organizations.

Evidence

2023 Gartner Multichannel Marketing Survey: This study was conducted to understand best practices to maximize multichannel marketing investments in response to evolving customer journeys in a fluid marketing environment. The research was conducted online from November through December 2022. In total, 397 respondents were surveyed in their native languages across North America (n = 201), Western Europe (n = 161) and the Nordics (n = 35). Qualifying organizations reported enterprisewide annual revenue for fiscal 2021 of at least \$100 million, with 83% of the respondents coming from organizations with \$1 billion or more in annual revenue. The respondents came from a variety of industries: financial services (n = 61), manufacturing (n = 58), consumer products (n = 46), media (n = 33), retail (n = 45), healthcare (n = 44), pharmaceuticals (n=35), IT and business services (n = 30), and travel and hospitality (n = 45).

All respondents were senior leaders that manage multiple marketing channels, and/or were responsible for the execution of their organization's multichannel marketing strategy. Eighty-five percent of respondents were aligned to the marketing function, 9% to brand management, 7% to sales or other business units.

Disclaimer: The results of this survey do not represent global findings or the market as a whole, but reflect the sentiments of the respondents and companies surveyed.

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