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HOW TO MEASURE MARKETING EFFECTIVENESS: 6 KEY STRATEGIES FOR SUCCESS



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 Digital Marketing Strategy Marketing

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Marketing success revolves around measurable impact. Without it, your efforts can easily get lost in the noise of a crowded market. It's crucial to track your strategies' effectiveness to know if you're driving results and make more informed, data-driven decisions.

"How do you know if your marketing campaigns are working?" asks Harvard Business School Professor Sunil Gupta, who teaches the online course [Digital Marketing Strategy](#). "The way to ensure this is to have the right metrics to measure your performance. At the simplest level, you need to measure what you set out to achieve with your marketing objectives."

If you want to enhance your marketing performance, here's an overview of how to measure marketing effectiveness, plus strategies for lasting success.

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WHY MEASURING MARKETING EFFECTIVENESS MATTERS

Marketing effectiveness gauges how well a campaign or initiative is achieving its intended goals.

To measure your marketing strategies, focus on their revenue impact and identify the key metrics that define success at each marketing funnel stage, which includes:

- Awareness: Introducing customers to your brand, products, or services
- Consideration: Guiding customers to evaluate your products or services against competitors
- Decision: Influencing customers to purchase your products or services

3 Stages of the Marketing Funnel



Without pinpointing the right metrics, it's difficult to determine what's working, what needs improvement, and where to allocate resources for long-term results.

By analyzing your organization's marketing performance, you can make data-driven decisions with confidence. To help you assess your marketing efforts, here are six key strategies to consider when evaluating your [marketing plan's](#) effectiveness.

Explore how to measure and improve your marketing strategy in the video below, and be sure to subscribe to our [YouTube channel](#) for more explainer content.

How to



KEY STRATEGIES FOR MEASURING MARKETING EFFECTIVENESS

1. Conduct a Digital Marketing Audit

It's vital to review past efforts and identify opportunity gaps to gain a clear understanding of your business's performance. Conducting a [digital marketing audit](#) provides a comprehensive evaluation of your marketing activities, helping you outline measurable objectives.

This process serves as a roadmap to keep you aligned with your goals. It also helps identify areas where you may need to adjust your [marketing budget](#) and ensures you focus on the right metrics to effectively measure success.

Related: [Conducting a Digital Marketing Audit: A Step-By-Step Guide](#)

2. Allocate Your Budget Wisely

Budgets are limited; without strategic allocation, assessing your marketing efforts' effectiveness becomes difficult. You must align your budget with company objectives to monitor performance.

"Measuring success and allocating budget are two sides of the same coin," Gupta says in [Digital Marketing Strategy](#). "In order to make wise budget allocation decisions, we must understand which efforts have been successful and which have not."

Leading cosmetic brand [L'Oréal](#) represents a [real-world example](#) of how budget restructuring is crucial for organizations facing new challenges.

As COVID-19 caused store closures, reduced social interactions, and lowered demand for cosmetics, the company took a cautious approach to its budget. Yet, the surge in demand for skincare and at-home self-care products created a key opportunity, driving a [62 percent increase in e-commerce sales](#) in 2020. In response, L'Oréal repositioned its marketing strategy and budget to better engage with digital consumers.

Projecting that half of its sales would come from online channels, L'Oréal significantly boosted digital marketing efforts, increasing online advertising spending [from 50 to 70 percent](#) of its total budget.

Related: Listen to Professor Gupta explain data analytics' pivotal role in digital marketing on [The Parlor Room podcast](#), or [watch the episode on YouTube](#).

3. Establish Relevant Key Performance Indicators

Once you've reviewed your marketing budget and defined company objectives, you must identify relevant, quantifiable metrics to assess your marketing performance—also known as [key performance indicators](#) (KPIs). Establishing KPIs involves evaluating prior initiatives and digital ad spend across channels over a set period.

"It's not enough to measure the final outcome alone," Gupta says in [Digital Marketing Strategy](#). "You also need to track intermediate metrics to understand where consumers might be getting stuck—essentially, bottlenecks in the marketing funnel."

Related: [7 Marketing KPIs You Should Know & How to Measure Them](#)

Your KPIs will shift based on the funnel stage and your marketing objectives. Here's a breakdown of some metrics you might monitor:

Awareness

If your business wants to analyze how familiar consumers are with your brand and assess the reach of your marketing efforts, you might measure:

- Unaided awareness: The percentage of consumers who recall your brand within a product category without prompting
- Aided awareness: The percentage of consumers who recognize your brand within a product category when prompted
- Impressions: The number of times your brand's ads are displayed to users

Consideration

Companies aiming to shape positive perceptions of their products or services and gauge potential customer interest can assess:

- Click-through rate (CTR): The percentage of ad impressions that lead to clicks, offering insight into marketing performance
- Cost per click (CPC): The amount paid for each ad click, helping assess your campaigns' cost-effectiveness

Conversion

Organizations focused on driving conversions to reach revenue targets can measure their efforts using metrics like:

- Customer acquisition cost (CAC): Refers to the amount a company spends to acquire new customers; it's vital to combine the CAC for each channel with the profit generated to measure marketing efforts' overall effectiveness in reaching potential customers
- Return on investment (ROI): Measures the profit generated from each marketing dollar, allowing businesses to examine the financial impact of their **paid media** campaigns and evaluate how ads influence consumer decisions
- Return on ad spend (ROAS): Evaluates the incremental revenue generated from each dollar spent on ads; ROAS is directly tied to ROI, as both assess whether the money allocated toward advertising validates its spending



4. Choose an Attribution Model

After establishing relevant KPIs, tracking attribution is vital for understanding purchasing decisions.

According to [Digital Marketing Strategy](#), attribution is the process of linking marketing efforts to customer acquisitions, helping you determine which strategies drive conversions.

Gupta emphasizes the importance of understanding the various attribution models and how they impact consumer behavior. Some common models include:

- First interaction: Attributes 100 percent of the sale to the first ad a customer encountered
- Last interaction: Credits 100 percent of the sale to the last ad a customer interacted with
- Linear: Distributes equal weight across all ads a customer was exposed to
- Time decay: Focuses on recent ads a customer experienced
- Position-based: Takes all ads into account but weighs the first and last ads higher

5. Utilize Quantitative and Qualitative Judgment

To determine the right attribution model for your company, start by analyzing your target audience and how they interact with your brand throughout the funnel. Identify the key ad touchpoints influencing conversions, ensuring your chosen model aligns with consumer habits and maximizes impact.

Though evaluating attribution can be complex, it provides invaluable insights that inspire businesses to refine budget allocation and accurately assess customer preferences in relation to their marketing campaigns.

Marketing success requires a balance between quantitative analysis and qualitative judgment. While key quantitative metrics like CAC and ROI pinpoint cost-effective channels, it's equally important to explore how marketing strategies affect purchasing habits.

In [Digital Marketing Strategy](#), Gupta highlights essential qualitative factors to consider:

- Variety of audience: Ensuring that the money budgeted toward marketing efforts brings in potential customers
- Volume of channel: How much potential business a channel can generate
- Quality of lead: The long-run value of customers acquired through a channel

These factors help align marketing strategies with [customer needs](#), whether the goal is building awareness, influencing consideration, or increasing conversions.

A prime example of analyzing the variety of audience is [The LEGO Group's](#) initiative to make its marketing more gender-inclusive. Through qualitative research, the company identified ways to better connect with female consumers.

As part of its "[Rebuild the World](#)" initiative, LEGO launched a campaign titled "[Girls Are Ready](#)." The campaign aimed to celebrate women's contributions at LEGO and the design world while empowering girls to embrace their creativity. The campaign featured video testimonials from young girls, showcasing how LEGO products positively influenced their aspirations.

To deepen understanding, LEGO conducted online surveys to examine how parents and children perceived creativity based on gender. These findings improved LEGO's marketing strategy and optimized its ad spending to reach a more diverse audience.

By combining quantitative metrics and qualitative insights, you can develop an effective marketing approach to enhance your target audience's experience with your brand.

Related: [3 Effective Methods for Assessing Customer Needs](#)

6. Optimize Your Marketing Strategies

The digital marketing industry is constantly evolving, and businesses must adapt to emerging trends to remain competitive.

"The only way to stay current in digital marketing is to continuously learn and update your skills," Gupta says in [Digital Marketing Strategy](#).

Effective digital marketing requires ongoing effort, time, experimentation, and feedback. After analyzing your KPIs, use the insights gained to determine which new tactics should be implemented in future campaigns.



ELEVATE THE EFFECTIVENESS OF YOUR MARKETING EFFORTS

By implementing these key strategies to optimize and assess your marketing effectiveness, you can uncover valuable insights into your campaigns' performance.

Evaluating effectiveness empowers you to make informed, data-driven decisions that refine your tactics—whether by reallocating your budget, pinpointing essential metrics, or choosing the right attribution model.

If you want to elevate your organization's marketing effectiveness, consider taking an online course like [Digital Marketing Strategy](#). Through interactive case studies and real-world examples from dynamic businesses, you'll learn how to measure your strategies' success and optimize them to reach, convert, and retain customers in an ever-changing online environment.

Do you want to adopt strategies to enhance your marketing effectiveness and bring company performance to the next level? Explore [Digital Marketing Strategy](#)—one of our [online marketing courses](#)—and download our interactive [online learning success guide](#) to discover the benefits of our programs and how to prepare for one.



About the Author

Ally Heinrich is a marketing specialist at Harvard Business School Online. With a diverse marketing background, Ally has developed and managed print and digital content for organizations ranging from education, nonprofits, and food and beverage to digital marketing agencies. She earned a B.S. in Public Communication from the University of Vermont. Outside of work, Ally enjoys exploring New England's food scene, singing her heart out at concerts, and curating playlists spanning all music genres.