Having experienced the real world of selling products – in particular, alcoholic drinks, Tim Ambler was driven to develop marketing metrics and ultimately demonstrate the impact of marketing. His 2000 book *Marketing and the Bottom Line* was hailed for “promoting the role of science in marketing” and had testimonies from marketing professionals and leaders of IBM, Kraft Foods, VISA, Shell, Vodafone, Centrica and Sainsbury’s. In 2007, the industry newspaper *BrandRepublic* called Ambler “the UK’s leading marketing academic.”

Vodka drinkers

Ambler, who’s now retired, had a series of successes as Marketing Director for International Distillers and Vintners, which became Grand Metropolitan and later Diageo. He remembers an advertising campaign he oversaw for Smirnoff Vodka in the 1970s with lines like “Accountancy was my life until I discovered Smirnoff”. Another advert had a picture of a woman reading a book and the racy line: “I thought the Kama Sutra was an Indian restaurant until I discovered Smirnoff”. With its promise of a more exciting life than the somewhat bleak world of seventies Britain, people thought Smirnoff was worth drinking and sales soared.

The terrible truth

In 1991 Ambler decided he’d like to teach international marketing and joined London Business School, but he admits the transition to academia was harder than he expected. “I thought I would just teach what I did,” he said. “But over time I found I was less good at teaching, and the reason I was bad was that I was too iconoclastic. Students want to be taught conventional wisdom, while my style is to tell people what’s wrong.”

And there was no hiding what Ambler really thought was wrong: “The terrible truth is that very few marketing academics or practitioners understand what marketing is,” he says. “We are all clear what selling is. But in marketing you build the demand, and then you supply it and sell it. You build the asset.”

Think about the market

In Ambler’s view marketing comes first. If you want to sell something, you need to know your market. If you want to grow your business, you need to look at the market. And his research shows that companies that think about the market are more profitable.

But he was living in a world where the leaders of most companies still didn’t really value marketing. Any money given to marketing was seen as spare cash to be put back into the company somehow. “There was a vague recognition that if you were spending a lot on marketing you should find out if it was doing any good, but believe it or not, people didn’t really ask,” says Ambler. “When I was marketing director I just asked for what money I needed.”

How to measure marketing

But as a trained accountant, Ambler was already concerned about how to measure the value of what he and his colleagues were doing. Back in 1973, while still working for GrandMet, he wrote a paper called ‘Measurement and Control in Marketing’ that was published in *Omega, The International Journal of Management Science*. It examined “the comparative lack of success of management science in marketing”.

Ambler thought the few attempts that were being made to measure marketing performance were wrong: “They either looked at the return on investment from marketing, which is fallacious because that only looks at the profit line and ignores the marketing asset, or they depended on forecasts that were just made up.”

Ahead of the curve

But he found little take up for his ideas about ‘marketing metrics’. “I couldn’t get any top journals to publish articles on the subject as they said there was no field called marketing metrics,” he says. “Whether you introduce a new product or an academic idea it’s the same thing, when you start, people say there’s no demand for it.”

In 1990, a book by the American organisational theorist Professor David Aaker, *Managing Brand Equity*, started a new wave of thinking about how to make marketing more credible. Marketing was all about building brand equity, where brand equity is the demand for your product. So Coca Cola’s brand equity is the demand for Coca Cola. The selling bit comes second.

Prove yourself

But while brand equity gave some new clues about the value of marketing there was still nothing clear about its effectiveness. Then pressure started to grow from finance people who said marketing departments had to justify what they were spending.

In 1997 Ambler was asked to do a 30-month research project sponsored by the Marketing Council among others, to find out what firms were doing about measuring the return they got from marketing. And the results turned into his book, *Marketing and the Bottom Line*.
Ambler and his team found a host of different marketing measures in use – the most common six were market share, perceived product quality, customer loyalty/retention, customer/segment profitability, relative price, and actual/potential customer or segment lifetime value.

Ambler says there are probably 150 different marketing measures and each company has to decide on the ones it wants to concentrate on. A large company may choose about 20, a medium-sized company needs about 12 and a small business may have to settle for half that because of the cost of managing the data. These can provide top executives with a broad enough picture of market performance.

Then it’s up to management to enforce consistency over the years, because while finance directors can’t choose their measures, marketers can, and the danger is that anyone would prefer to have figures that suit them.

Part of the language of business

“I think it’s surprising but pleasing how much influence marketing metrics have had,” says Ambler. “This kind of thinking is now adopted formally and informally around the world. It’s become part of the terminology. It’s not an expression that would have been used in 1990 and now it’s a common way of talking about marketing.”

And he points to the host of books and seminars all based on marketing metrics, including his own which received a tongue-in-cheek accolade from Simon Waugh when he was marketing director of the leading energy company Centrica. “This book drives the thinking at the heart of marketing’s credibility (or lack of it),” he wrote.

Tim Ambler was at London Business School from 1991 to 2011 where he was a Senior Fellow.