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MASTER'S THESIS

THE ROLE OF MARKETING METRICS FOR ACHIEVING MARKETING ACCOUNTABILITY

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U skladu sa članom 54. Pravila studiranja za I, II ciklus studija, integrisani, stručni i specijalistički studij na Univerzitetu u Sarajevu, daje se

IZJAVA O AUTENTIČNOSTI RADA

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THE ROLE OF MARKETING METRICS FOR ACHIEVING MARKETING ACCOUNTABILITY

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ABSTRACT

This thesis investigates the concept of marketing accountability that is growing in importance day by day. In times of scares resources companies are required to justify spending on marketing. The demand for marketing accountability stems from the need to connect investments in marketing with measurable business outcomes. Thus, marketing managers need to go beyond the traditional, creative function of marketing and quantify their marketing activities. The use of marketing metrics is one of the most popular practices in establishing marketing accountability within an enterprise. This thesis explores the use of marketing metrics along with digitalization, and the role they play in enchasing marketing accountability in the context of business operating in Bosnia and Herzegovina. Additionally, besides assessing the current use of metrics, the thesis uncovers the managerial motivations behind metric selection and their impact on marketing effectiveness.

By employing a qualitative approach, in terms of telephone interviews, the research resulted in detailed insights and findings. The findings reveal how business in Bosnia and Hercegovina approach marketing metrics and marketing accountability, the use of marketing metrics and the practical challenges marketing managers face whilst implementing marketing accountability practices. Along with demonstrating the benefits of a systematic approach to marketing accountability, the thesis provides recommendations for businesses in Bosnia and Herzegovina aiming to enhance marketing accountability.

Keywords: marketing metrics, marketing accountability, marketing influence, performance measurement, financial metrics, metric selection, managerial motivation, digitalization, marketing accountability framework, attribution modeling

SAŽETAK

Ovaj završni rad istražuje koncept mjerljivosti marketinga koji svakim danom dobija sve više na značaju. Budući da se nalazimo u vremenu oskudnih resursa, od preduzeća se zahtjeva opravdanje troškova marketinga. Potreba za mjerljivost marketinga proizlazi iz toga da je neophodno povezati marketinške investicije sa mjerljivim poslovnim rezultatima. Stoga, pored tradicionalne, kreativne funkcije marketinga, marketinški menadžeri trebaju i kvantificirati svoje marketinške aktivnosti. Korištenje marketinških metrika jedna je od najpopularnijih praksi u uspostavljanju mjerljivosti marketinga unutar preduzeća. Ovaj završni rad istražuje upotrebu marketinških metrika i digitalizaciju, te ulogu koju oni igraju u poboljšanju mjerljivosti marketinga u kontekstu poslovanja u Bosni i Hercegovini. Osim procjene trenutne uporabe metrika, rad otkriva i motivaciju menadžera prilikom odabira metrika i njihov utjecaj na učinkovitost marketinga.

Koristeći se kvalitativnim istraživanjem u vidu telefonskih intervjua, rad je doprinio detaljnim uvidima i zaključcima. Rezultatima istraživanja su pokazali kako poduzeća u Bosni i Hercegovini pristupaju mjerljivosti u marketingu, upotrebi marketinških metrika i praktičnim izazovima s kojima se suočavaju prilikom implementacije praksi mjerljivosti marketinga. Osim što demonstrira prednosti sistematičkog pristupa mjerljivosti marketinga, rad nudi preporuke za poduzeća u Bosni i Hercegovini koja žele poboljšati prakse mjerljivosti u marketingu.

Ključne riječi: marketinške metrike, mjerljivost marketinga, marketinški utjecaj, mjerenje uspješnosti, financijske metrike, odabir metrika, motivacija menadžera, digitalizacija, okvir marketinške mjerljivosti, modeli atribucije

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LIST OF ABBREVIATIONS

AMA	American Marketing Association
B2B	Business-to-Business
BSC	Balanced Scorecard
CLV	Customer Lifetime Value
CPA	Cost Per Acquisition
CRM	Customer Relationship Management
CTR	Click-Through Rate
DCO	Dynamic Creative Optimization
KPI	Key Performance Indicator

MMMP	Model for Measuring Marketing Performance
NPS	Net Promoter Score
PR	Public Relations
ROAS	Return on Ad Spend
ROI	Return on Investment
ROMI	Return on Marketing Investment
SEO	Search Engine Optimization
SMART	Specific, Measurable, Achievable, Relevant, Time-bound
SWOT	Strengths, Weaknesses, Opportunities, Threats
VCR	Video Completion Rate

1. INTRODUCTION

1.1. Background and Context

Intense market competition, technological progress, and changing consumer preferences among multitude of other factors that have contributed to growing importance of marketing within the organization (Kumar and Venkatesan, 2005). Due to this spotlight on marketing, it's necessary for businesses to closely monitor and measure their marketing efforts to further increase market share and recognition of their brand. In response to these changes in the business world, the concept of marketing accountability has emerged, as a mean to determine the impact and value of marketing activities (Ambler, Kokkinaki, and Puntoni, 2004).

There is a lot of confusion regarding marketing accountability as it can be perceived from different perspectives: from functional to strategic (McDonald, 2010). But before discussing its importance for the marketing department and enterprise as a whole, we first need to understand why accountability is needed. The demand for marketing accountability stems from the need to establish a clear relationship between marketing investments and business outcomes. We are living in times where resources are scarce and the pressure to justify expenses is high. Therefore, marketing managers are required to demonstrate the return on investment of their marketing activities (Raghubir *et al.*, 2010). As such, they are challenged to align their efforts with measurable objectives to ensure resources are allocated for optimal results (Verhoef and Leeflang, 2009).

1.2. Description of the Problem

Marketing accountability is one of the means to address the challenges related to marketing's intangible nature. Marketing outcomes are often intangible in nature, such as brand perception and customer loyalty (Homburg *et al.*, 2017). By introducing marketing accountability practices, marketing managers can connect intangible marketing activities with tangible business results (McDonald, 2010). However, marketing accountability should not be understood as a one-size-fits-all concept, as its implementation varies across industries and organizations (Varadarajan, 2010). The level of accountability may differ based on factors such as company size, industry, type of product, goods vs. service firm orientation, type of consumer, availability of data, the product's life cycle stage and the strategic importance of marketing for the organization (Mintz and Currim, 2013). For instance, industries with longer sales cycles or companies with a high-value product require a more sophisticated approach to attribution and therefore advanced measurement techniques to accurately assess the impact of marketing activities (Rust and Huang, 2014).

Marketing accountability is a part of marketing performance management (Meffert and Bolz, 2010). This trend represents a shift from traditional marketing practices, which were often limited only to creative activities and branding to a more analytical and results-oriented approach (Berger *et al.*, 2012). Marketing performance management encompasses the entire process of planning, executing, measuring, and optimizing marketing activities to achieve tangible business outcomes (Rosenbaum-Elliott and Percy, 2016).

Besides measuring results, marketing accountability also involves attributing results to specific marketing activities or channels (Blattberg *et al.*, 2008). Attribution modeling is used to understand the contribution of each touchpoint in the customer journey towards achieving desired outcomes (Hollensen, 2020). Due to the challenges associated with successfully linking marketing activities and their outcomes, the attribution process requires sophisticated data analytics to accurately allocate credit to various touchpoints (Beck, Petersen, and Venkatesan, 2021).

Additionally, marketing accountability provides foundation based on which resources can be allocated to high-impact initiatives (Webster and Lusch, 2013). Namely, by identifying which marketing activities lead to the greatest return on investment, marketing managers can allocate budgets more effectively to maximize the company's outcome (Narver and Slater, 1990). As this approach is backed by numbers, it naturally supports making informed decisions about investment of resources.

With everything stated above it is evident that marketing accountability does not just represent a trend in marketing performance management, but a fundamental paradigm shift in modern marketing, a shift towards data-driven decision-making, results measurement, and continuous improvement (Gordini, 2010). The concept itself encompasses the need for systematic measurement and evaluation of marketing outcomes, contributing to strategic alignment, cross-functional collaboration, and informed resource allocation (Stewart *et al.*, 2016). Marketing accountability is necessary for any respectable enterprise, and its can be considered a cornerstone of effective marketing management (Day, 1994).

"Accountability in marketing is no longer an option. Marketing will be held accountable. The only question is whether marketers will take responsibility for that accountability, or whether accountability will be imposed upon them by others" (Stewart, 2009).

1.3. Purpose of the Thesis

Despite the growing importance of marketing accountability, marketing metrics and their development, there is limited understanding of what motivates managers to use specific marketing metrics, and whether their use is associated with improved marketing performance. Moreover, with the rise of digital marketing channels and tools, it's important to investigate how they contribute to marketing accountability, as well as their specific metrics and measurement approaches. The overall literature is very scarce on the Balkan region. Additionally, when looking at the broader literature there are some gaps in knowledge that yet need to be filled:

- There are no studies that put in comparison different frameworks for achieving marketing accountability
- Existing literature lacks comprehensive examination of how marketing accountability and metric usage vary across different industries
- There is very little coverage on challenges related to implementation of marketing accountability
- A lot of studies highlight the importance of both financial and non-financial metrics, however there is a lack of literature that explores how these two types of metrics can be effectively integrated
- There are no longitudinal studies that track changes in marketing accountability practices and metric usage over time. A longitudinal study would provide valuable insights into the long-term impact of these practices

Through its theoretical framework and qualitative research this thesis will fill in some of the discussed knowledge gaps and thereby contribute to the existing body of literature, while still leaving space for future research. The purpose of the thesis is to explore marketing accountability practices and challenges, managerial use of marketing and financial metrics, the impact of metric use on marketing performance, managerial motivation behind the use of metrics, and the role of digitalization in enhancing marketing accountability in Bosnia and Herzegovina

In order to address this purpose, the following research questions are posed:

RQ1: How do digital marketing channels and tools contribute to marketing accountability, and what metrics and measurement approaches are required to effectively measure their impact?

RQ2: What motivates managers to use marketing and financial metrics, and how does this impact marketing-mix performance?

RQ3: How important is marketing accountability for making business decisions in companies operating in Bosnia and Herzegovina?

RQ4: What marketing metrics marketing managers use the most while managing and monitoring their business performance and why?

By addressing above stated questions, this thesis aims to contribute valuable insights into the challenges and opportunities associated with marketing accountability, particularly within the context of Bosnia and Herzegovina.

1.4. Research Objectives

In response to research questions, we can set the following research objectives this thesis is designed to achieve:

1. To analyze the current practices and policies of businesses in Bosnia and Herzegovina on measuring marketing performance and accountability.

2. To identify the factors that drive managerial use of marketing and financial metrics, and to assess the impact of metric use on marketing-mix performance.

3. To investigate the role of digital marketing channels and tools in enhancing marketing accountability, and to develop metrics and measurement approaches to effectively measure their impact.

4. To identify the challenges faced by businesses in implementing marketing accountability practices, and to develop strategies to address these challenges.

Research of the current practices and policies for measuring marketing performance and accountability will help us understand the approaches, challenges, and gaps in effectively measuring the impact of marketing activities on business results faced by businesses in Bosnia and Herzegovina. With the second objective, we're going a step further to investigate what factors influence managerial use of marketing and financial metrics and the impact of metric use on marketing-mix performance. By examining the different factors, we can build on knowledge of metric-driven decision-making and marketing effectiveness. The third objective serves to illustrate how digitalization has transformed the measurement world, as well as the specific metrics used to assess the impact of digital marketing efforts.

As its final objective this thesis aims to provide recommendations for businesses in Bosnia and Herzegovina based on the research findings. We will address challenges and obstacles related to implementing accountability practices and metric utilization, as well as provide strategic solutions applicable for business.

By fulfilling these research objectives, we hope to reveal metric use and marketing accountability practices in Bosnia and Herzegovina and provide guidance for managers seeking to close the gap between marketing efforts and business results.

2. MARKETING ACCOUNTABILITY CONCEPT

2.1. Marketing Accountability: Concept and Importance

The concept of marketing accountability refers to the responsibility of marketers to demonstrate the impact and value of their efforts on business outcomes. Marketing accountability goes beyond just using marketing metrics, but rather encompasses a holistic approach to demonstrate the value of marketing to stakeholders (Ambler, Kokkinaki, and Puntoni, 2004). In fact, the ability to link marketing activities to business results enhances the credibility of marketing within the organization and facilitates collaboration between marketing and other departments.

Therefore, the importance of marketing accountability can be summarized in the following way. Firstly, it enables organizations to quantify the impact of marketing activities, so they can make informed decisions about allocation of resources (Wernerfelt, 1984). Secondly, marketing accountability provides a foundation for cross-team collaboration and communication between marketing teams and senior management, investors, and other stakeholders, thereby enhancing transparency and credibility (Karaosmanoğlu and Baş, 2015). Lastly, marketing accountability serves as a foundation for continuous improvement, allowing organizations to identify areas for optimization and innovation (Gordini, 2010).

2.1.1. Defining marketing accountability

Defining marketing accountability goes beyond financial measurements. It extends to a comprehensive understanding of the value marketing brings to an organization. The American Marketing Association (hereinafter AMA) defines marketing accountability as "The responsibility for the systematic management of marketing resources and processes to achieve measurable gains in return on marketing investment and increased marketing efficiency, while maintaining quality and increasing the value of the corporation" (AMA, 2023). This definition highlights the need for systematic management of marketing activities to achieve both financial gain and increased efficiency, and therefore increase the value of corporation.

2.1.2. The evolution of marketing accountability

The evolution of marketing accountability is closely intertwined with the broader trends in the marketplace. In fact, the concept of accountability has emerged in response to the challenges faced by marketing departments. Historically, marketing has often been perceived as a creative and qualitative field, difficult to quantify (Romaniuk and Sharp, 2016). However, as shareholders demand more transparency and accountability from every department, including marketing, there has been a growing need to develop metrics and measurement techniques for marketing activities (Gaskill and Winzar, 2013). Therefore, marketing professionals are now required to not only showcase their creativity and innovation, but also provide quantifiable evidence of how their strategies and campaigns contribute to the firm's value and thereby shareholders.

Moreover, digital technology and data analytics have revolutionized the way marketing data is gathered, analyzed and interpreted. Marketers are able to track user interactions more precisely than ever before and to adjust strategies in real-time. (Qurtubi *et al.*, 2022). In this way we can see that digitalization acted as a catalyst for data-driven decision-making.

Having said this, the background and context of marketing accountability are deeply rooted in the evolving business landscape, technological advancements, and the demand for transparency and measurable outcomes. All of these factors contributed to its growing importance, making it a crucial aspect of modern-day marketing. The following sections of this thesis analyze marketing accountability from multiple perspectives, such as advantages, challenges, frameworks, and models, shedding light on the implications of its implementation for businesses.

2.2. Advantages of implementing marketing accountability

The implementation of marketing accountability practices is associated with numerous benefits for organization, however most of the literature is focused only on justifying the existence of the marketing function (Gaskill and Winzar, 2013). We will discuss the additional benefits marketing accountability brings listed in literature. Systematic approach to tracking and evaluating marketing performance, has shown to improve decision-making and resource allocation which contribute to organizational growth (Kumar and Reinartz, 2016). The benefits are as follows: (1) enhanced decision-making, (2) increased marketing investments, (3) improved customer insights and (4) sustainable growth, which we will now elaborate individually:

Enhanced decision-making

Marketing accountability sets foundations for informed decision-making. By incorporating practices such as tracking and analyzing marketing metrics, marketing managers can make data-driven decisions instead of relying on their intuition or anecdotal evidence (Kumar and Pansari, 2016). Decisions made based on facts also help professionals pursue corporate actions with more confidence (Sinnaiah, Adam, and Mahadi, 2023). Moreover, organizations that practice marketing accountability can easily identify top performing strategies and allocate resources towards them. At the same time, they can limit wasteful spending by excluding unprofitable strategies. This way, the budget can be shifted among strategies to achieve optimal allocation of resources (Ambler, Kokkinaki, and Puntoni, 2004).

Increased marketing investments

With the ability to demonstrate impact marketing activities have on business outcome, marketing managers can effectively justify their efforts. Moreover, with an increase in transparency and by providing a clear link between marketing and its contribution to revenue growth, senior managers are more likely to support marketing activities by increasing the investment in marketing (Kumar and Pansari, 2016). In research on benefits of accountability by Gaskill and Winzar (2013, p.6), one of the interviewed managers by the researchers stated:

"If they (marketing) are accountable, then they can more easily show how if we gave them more dollars then they can generate a positive ROI for the organization"

On top of that, the increased visibility into the effectiveness of marketing can build trust and confidence in marketing as a strategic function, leading to greater support and advocacy for increased marketing budgets (Gaskill and Winzar, 2013).

Improved customer insights

Marketing accountability practices require collection and analysis of customer data, which contributes to deeper understanding of consumer behavior, preferences, and needs (Kumar and Pansari, 2016). Tracking and measurement of consumer interactions across multiple touchpoints sheds light to the customer journey opens the door for personalized engagement as well as highly precise targeting (Malthouse *et al.*, 2016). Organizations that track consumer behavior are able to enhance customer satisfaction, loyalty, and retention, which leads to long-term profitability and competitive advantage (Kumar and Reinartz, 2016).

Sustainable growth

Accountability fosters a culture of continuous improvement, encouraging marketers to experiment, learn from failures, and refine their strategies over time (Reichheld, 2003). Organizations that implement marketing accountability practices are more likely to achieve sustainable growth due to the ability to generate tangible business outcomes which deliver long-term value (Kumar and Pansari, 2016). Marketing departments of organizations that are working towards clear and measurable goals are more likely to hit their growth targets (Driedonks, Hostetter, and Paulowsky, 2021).

Figure 1: Advantages of Marketing Accountability

Source: Author's work

3. CHALLENGES IN IMPLEMENTING MARKETING ACCOUNTABILITY

While the concept of marketing accountability holds great promise, its implementation is not without challenges. One of the most prominent challenges is the following: How exactly can marketing activities be quantified to see their impact on business outcomes? Unlike other departments, such as finance or operations, where the cause-and-effect relationship between actions and outcomes is more straightforward, marketing involves a complex interplay of factors that can make measurement difficult (Romaniuk and Sharp, 2016).

This is just one of the challenges organizations may encounter in the attempt to successfully establish and maintain effective accountability practices. Different challenges associated with implementation of marketing accountability addressed in literature will be discussed and suggestions on how to overcome them will be made. Marketing managers must understand these challenges to truly reap all the benefits of marketing accountability.

3.1. Complexity of marketing activities

Market activities are complex and intangible in nature which can make implementing marketing accountability practices challenging. Unlike other organizational departments, where the path from action to outcome is mostly straightforward, marketing involves a broad range of activities that might be difficult to evaluate. Marketing activities may not have direct financial implications (Romaniuk and Sharp, 2016). Additionally, marketing campaigns often consist of multiple touchpoints, channels, and interactions, which makes it challenging to isolate the impact of a specific activity among all the others. It's also important to recognize that marketing activities can have both short-term and long-term effects, which additionally complicates the attribution of results (Xu, Duan, and Whinston, 2014). Further on, some marketing activities are connected, therefore the interconnectedness of various marketing and business efforts should also be accounted for.

The lack of standardized metrics and measurement approaches is another obstacle on the way of achieving marketing accountability (Kumar and Venkatesan, 2005). Even with availability of various marketing metrics, organizations still struggle to select the most relevant ones for meeting their specific objectives. The missing uniformity across and even within industries makes it challenging to compare performance across companies and organizations. Having that said, in order to quantify marketing activities, organizations need to implement sophisticated measurement approaches (Kumar and Reinartz, 2018). This requires investment in advanced analytics tools and methodologies, as well as employee training to effectively track and assess the performance of their marketing initiatives.

3.2. Data availability and quality

The availability of data is a precondition for accurate performance measurement of marketing activities. However, obtaining quality data can often be challenging for organizations due to several reasons (Gandomi and Haider, 2015). Data fragmentation, incomplete data sets, and data silos across different departments can all aggravate the collection of relevant and accurate data.

Accurate and timely data collection and data integration are the pillars for effective marketing accountability. However, these are complex procedures, as there are often multiple data sources of different formats and from different platforms that need to be consolidated into one (Quinn *et al.*, 2016). The incompatibilities between data sources can cause data discrepancies, which could then potentially turn to unreliable performance insights. Essentially, the process of data integration can be challenging, taking into account the quality and accessibility of data across various departments.

The challenge of data quality is highlighted by increased use of digital marketing channels, which generate mass amounts of data. While on one hand this solves the problem of data availability, all that data needs to be processed and interpreted effectively which is complicated by overabundance of data (Chaffey and Smith, 2022).

It's important to recognize that inaccurate or incomplete data cause false conclusions and thereby lead to ineffective decision-making. Therefore, organizations should invest in data collection and integration methods that will help consolidate data from multiple sources into a single and cohesive view. Additionally, data quality and data validations are measures that increase accuracy and reliability of data, so there is no ambiguity in its interpretation.

3.3. Alignment with business objectives

A first step to marketing accountability is making sure marketing goals align with business goals. Without proper alignment, organizations may end up measuring metrics that do not correlate with their desired objectives. Misalignment between metrics and business objectives can lead to ineffective decision-making, and thereby misguided resource allocation (Katsikeas, Morgan, Leonidou, and Hult, 2016).

However, this can be difficult to achieve in practice, as marketing campaigns are often targeting more than one goal such as brand awareness, brand consideration, customer acquisition and retention. Therefore, marketing management requires careful planning and coordination that would ensure different goals contribute to business objectives.

A collaboration between marketing teams and other departments such as finance and operations is needed to bridge any informational gap. That is, an organization needs to first establish clear communication channels and coordination mechanisms across departments to ensure that marketing goals are in harmony with broader business direction. Additionally, marketing managers should guide their choice of marketing metrics by a deep understanding of how each metric contributes to the organization's strategic goals (Zahay and Griffin, 2010).

3.4. Organizational resistance

Another prominent challenge in implementing marketing accountability is overcoming an organizational resistance to change. Companies that have established conventional practices and processes are not as likely to adopt new measures. A shift towards a data-driven and metric-oriented approach can cause resistance from employees and management (Quinn *et al.*, 2016). The incorporation of marketing metrics and performance measurement may require changes within the organization including roles and responsibilities, which can potentially disrupt established hierarchies and workflows.

Marketing managers and employees may feel threatened with increased emphasis on quantitative data and metrics, particularly if they lack the necessary analytical skills (Libai, Muller, and Peres, 2009). Additionally, there might be concerns that a metrics-driven approach could neglect the qualitative aspects of marketing, such as creativity and innovation. Training, clear communication and fostering a culture that values both quantitative insights and creative thinking can help with employee resistance towards qualitative marketing practices.

3.5. Technological infrastructure and know how

The rapid technological advancement marked by the continuous emergence of new marketing channels and tools create an ongoing need to for further adaptation of measurement techniques (Moorman, Finch, Day, and Boisi, 2016). What has worked in the past may no longer be relevant today. Therefore, marketers need to stay up to date with the latest trends and technologies.

Leveraging advanced marketing channels and tools such as customer relationship management systems, analytics tools and marketing automation platforms are all necessities for performance marketing today. Seamless integration of these tools and systems into existing organizational procedures can pose a significant technological challenge for the company, which requires both IT expertise and investment (Clark, Abela, and Ambler, 2005).

Namely, with numerous innovative ways to process information, it must be understood that humans comprehend information in a way that can be misleading. Therefore, marketing managers should be aware that even advance analytics use data, opposed to information, as an input (Spais, and Veloutsou, 2005). In order to keep up with advancements in technology, organizations must have both the technological infrastructure and know how needed to collect, process, analyze, and visualize data effectively.

3.6. Ethical and privacy concerns

Collecting and analyzing large amounts of consumer data for accountability purposes raises questions about data security, consent, and transparency. With ethical and privacy concerns arising, organizations must ensure compliance with data protection regulations in order to maintain customers' trust (Braun and Garriga, 2018). Marketing managers may find challenging to leverage data for performance measurement and at the same time protect customer privacy.

All these challenges collectively contribute to the complexity of implementing marketing accountability in practice. After we've addressed different challenges marketers face when implementing marketing accountability practices, it's clear why organizations need to adopt a strategic and holistic approach. Overcoming challenges related to resistance, data collection, metric alignment, technology integration, and ethical considerations is a precondition for organizations to fully realize all benefits of marketing accountability. Marketing managers need to foster data-driven culture and require a comprehensive understanding of the organization's unique context and objectives.

In the subsequent section, we will present the models and frameworks developed to overcome the challenges described earlier in order to ensure successful implementation of marketing accountability.

4. MODELS AND FRAMEWORKS FOR MARKETING ACCOUNTABILITY

Different models and frameworks have been developed and perfected over time to incorporate marketing accountability as a regular marketing practice. Essentially, a marketing accountability framework is a structured approach for measuring and demonstrating the impact of marketing efforts on business outcomes (Ambler, Kokkinaki, and Puntoni, 2004). Although the focus of this thesis are marketing metrics as a mean to achieve marketing accountability, it's important to discuss other dimensions as well. Even marketing metrics are important, they're not the only element to marketing accountability (Arslanagic-Kalajdzic and Zabkar, 2015). Instead, accountability should be perceived comprehensively, through different dimensions to ensure effective evaluation of marketing strategies.

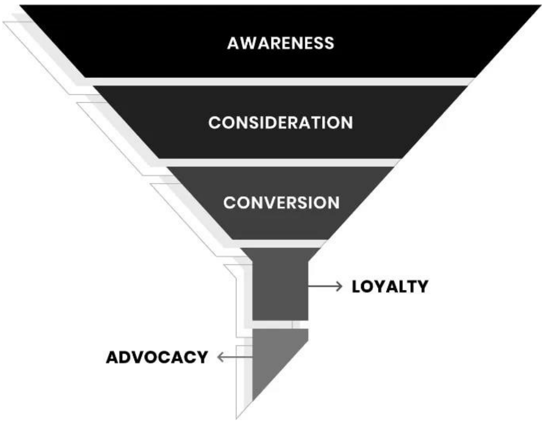
A framework can effectively be seen as a roadmap for organizations seeking to incorporate an all-around approach to marketing accountability. We'll present several models and frameworks that serve as a systematic and strategic management of marketing accountability. Firstly, we'll cover prominent customer-centric models, marketing metrics and marketing audits, which will be followed by discussing marketing accountability frameworks. Afterwards, we'll review different models and frameworks and compare them to clearly understand their similarities and differences, as well as benefits of their application for the enterprise.

4.1. Customer-Centric Models

Customer-centric models, as the name suggests, put customer experience as the focus of the marketing equation. Several customer-centric models have been developed over the years, with one of the models being the Customer Value Journey. While the idea of mapping the customer experience and understanding the different stages a customer goes through in their relationship with a brand has been around for decades, Customer Value Journey has been popularized by DigitalMarketer (2023). This model maps the stages a customer goes through, from initial awareness to becoming a loyal advocate. It involves tracking the consumer across different touchpoints through the journey, with the purpose of understanding how certain marketing activities affect the consumer at each stage. Different activities are then curated to best reach the customer at each stage. While at the beginning of the customer journey the focus is on branding, as consumer is becoming more and more familiar and educated about the brand, marketer can implement strategies aiming to deliver conversions at latter stages.

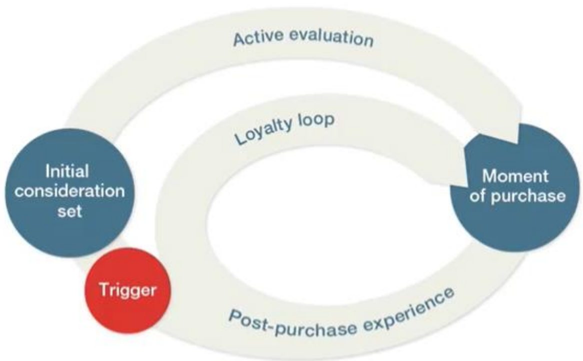
Another customer-centric model with similar principle is the Customer Decision Journey, introduced by McKinsey and Company (Court *et al.*, 2009). Similarly, to Customer value journey this model advocates for tracking consumers and measuring the impact of various marketing touchpoints - both online and offline have on decision making process. However, this model challenges the traditional linear approach to consumer decision-making, and instead depicts the dynamic nature of the customer journey.

Figure 2: Customer Value Journey



Source: (Flow Marketing, 2023)

Figure 3: The consumer decision journey



Source: (McKinsey, 2009)

4.2. Marketing metrics

While using marketing metrics is not an established framework on its own, it's a common approach marketers use to achieve marketing accountability frequently mentioned throughout literature and commonly used in practice. This approach acknowledges that selecting the right metrics is necessary for accurately assessing the effectiveness of marketing activities. It highlights the need for systematic measurement and the analysis of key performance indicators, commonly known as KPIs, that directly reflect the impact of marketing efforts on business outcomes (Zahay and Griffin, 2010).

Since the responsibility of marketing managers is to set clear objectives and goals, marketers should claim ownership of their initiatives and commit to delivering value to the organization by defining key performance indicators and success criteria. From the accountability perspective the implementation of metrics fosters a results-oriented mindset, as metrics are continuously assessed against their benchmarks.

According to `The definitive guide to measuring marketing performance` by Farris et al., (2010), in order for marketing metrics to contribute to marketing accountability they need to be:

a) measurable

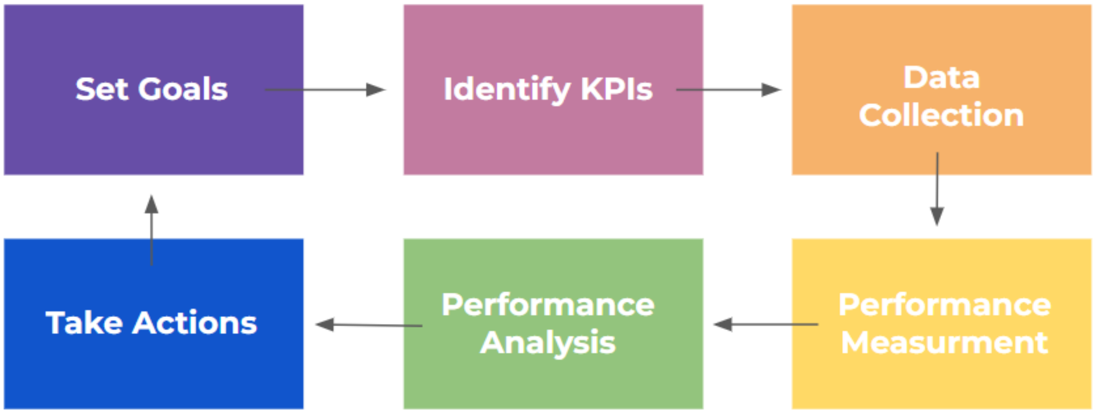
b) aligned with marketing and organizational objective

Therefore, before metric selection, marketing managers first need to define specific marketing objectives that are aligned with business objectives (Farris *et al*., 2010). Only after that condition is satisfied, comes choosing the KPIS that accurately reflect the progress of marketing initiatives towards set objectives. Each KPI selected should have a benchmark to accurately evaluate the success of a marketing activity it represents.

Having that said, there are series of steps to using marketing metrics as a means to achieve marketing accountability. The first step consists of setting specific and measurable marketing goals that align with business objectives. When setting these goals, marketing managers need to make sure that each goal is in accordance with the S.M.A.R.T. criteria, that is, each goal needs to be specific, measurable, achievable, relevant, and time-bound (Doran, 1981). In this stage of the process, target audiences should be identified, as well as a clear roadmap for measuring success in subsequent stages.

With goals set in place, marketing managers can proceed to the second stage - identifying KPIs. As discussed in earlier in this thesis, metrics chosen as KPIs need to be in aligned with predefined objectives. This is the most important step in the process, as there are so many metrics to choose from, so it's important to track those that best align with organizational goals. (Patterson, 2007). KPIs selected should encompass both quantitative financial and marketing indicators for a comprehensive overview (Hauser and Katz, 1998). A metric portfolio should consist of different metrics ranging from revenue and cost metrics to customer engagement and acquisition. Nonetheless, it's important to recognize that the selection of KPIs is a strategic decision that reflects the unique goals and priorities of the organization.

Figure 4: Flow of using marketing metrics for achieving marketing accountability



Source: Author's work

In this stage following KPI selection, data is collected and performance is measured against the benchmarks. Marketing managers are advised to use a wide array of tools and technologies to measure marketing performance against the selected KPIs. These include, but are not limited to data collection mechanisms, such as web analytics, customer relationship management systems, and social media monitoring tools which all enable the collection of real-time data (Kotler and Keller, 2021). Data is then transformed into meaningful insights that offer a quantitative overview of activities run by the marketing department. Data collected during the measurement stage is analyzed to uncover trends and patterns.

During the analysis stage, marketing managers can pinpoint any areas for improvement of current strategies and recognize opportunities and threats for the organization (Moorman and Day, 2016) By using advance data analysis techniques such as advanced data analytics, predictive modeling and sentiment analysis marketing managers are now able to gain deeper understanding of consumer behavior (Clark, Abela, and Ambler, 2005). The analysis stage yields results into which marketing activities are delivering value.

The final step is taking action according to the performance findings derived from analysis. By incorporating the metric-based approach, marketing managers are ready to make data-driven decisions, and adjust their strategies. This results in a continuous improvement loop, as strategies are adjusted, but also builds ground for innovation (Camilleri, 2020). After going through a series of described steps, marketing managers have insured they're making data-informed actions, that align with business objectives.

4.3. Marketing audits

To achieve its fullest potential, every company needs to first reassess its current situation and identify areas for improvement (Patterson, 2007). Marketing audits represent a comprehensive approach to achieving marketing accountability through the evaluation of marketing activities, strategies and environment (Kotler and Keller, 2016). This approach recognizes both external and internal factors that contribute to marketing performance. Marketing audits involve an in-depth analysis of an organization's strength, weaknesses, opportunities and threats (Pickton and Broderick, 2004). They can be done in-house, or by a 3rd party provider for an objective assessment. By conducting regular marketing audits, organizations can identify gaps and areas for improvement, assess competitive landscape, industry trends and customer perceptions of the brand. This information can be used to uncover patterns and make informed adjustments to their marketing strategies. Additionally, marketing audits support cross-functional collaboration by involving various organizational departments in the evaluation process, which promotes a holistic approach to achieving marketing accountability (Pickton and Broderick, 2004). Marketing audits should be conducted on a regular basis to track changes in performance over time, respond to industry trends and to be ready to capitalize on potential opportunities.

4.4. Customer feedback and satisfaction surveys

This framework places the customer at the center of the marketing accountability equation. It relies on the power of customer feedback and satisfaction surveys to enhance marketing accountability. According to this approach, customers' perceptions and experiences play a pivotal role in determining the success of marketing efforts (Morgan and Hunt, 1994). As the focus of marketing campaigns should be on the customers' experience, gathering direct feedback from customers enables companies to gain valuable insights into consumer preferences and needs.

By using customer feedback and satisfaction surveys, performance of marketing is assessed from the customer's perspective. Although consumer sentiment is extremely difficult to measure, metrics such as net promoter score and customer satisfaction represent a way to quantify it (Keiningham *et al.*, 2007). If they incorporate these metrics into the accountability framework, marketing managers can see if the approach they are using matches customer expectations. Having that said, they can tailor strategies accordingly leading to enhanced customer loyalty and advocacy.

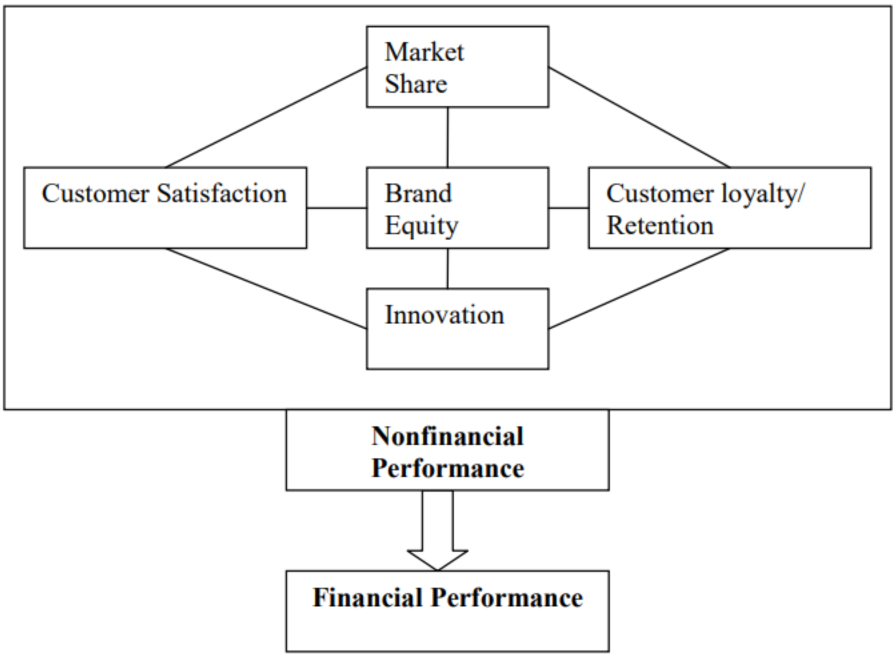
This framework advocates for real-time responsiveness, since the organization can swiftly adjust strategies according to customers' responses as soon as feedback and satisfaction scores are received. The benefit of the real-time approach is that it enables marketing managers to act swiftly and direct resources to emerging opportunities in the marketplace.

The integration of customer feedback into marketing strategies fosters a customer-oriented culture which has shown to drive better results, compared to business that are mostly revenue oriented (Kumar and Reinartz, 2018).

4.5. Model for Measuring Marketing Performance

The next model worth discussing is the Model for Measuring Marketing Performance. Similarly, to marketing audits, this model also offers a comprehensive approach to assessing marketing performance across multiple dimensions by using both financial and non-financial metrics that are in accordance with strategic goals and customer-centric objectives. MMMP involves first linking marketing activities to desired outcomes, and then establishing clear cause-and-effect relationships (Gao, 2010). Since it considers customer behavior, market share, innovation, and brand equity, and the effect of all of these elements on financial performance, the MMMP is considered a holistic approach for achieving marketing accountability.

Figure 5: Model for Measuring Marketing Performance (MMMP)



Source: (Gao, 2010)

4.6. The Balanced Scorecard Framework

The Balanced Scorecard framework has been derived from the field of strategic management, first time published by Kaplan and Norton in 1992 for Harvard Business

Review and afterwards it has been adopted for marketing accountability purposes. As the name suggests, The Balanced Scorecard considers a balanced approach to performance measurement by incorporating various perspectives: financial, customer, internal process, and learning and growth perspective (Kaplan and Norton, 1992). As this is a multidimensional framework, it provides a structured way to assess the impact of marketing activities on both short-term financial results and long-term strategic goals. Since it involves the use of both financial and non-financial metrics, it is considered a comprehensive evaluation framework. We'll go through each of the four perspectives of the BCS approach and briefly explain how each of the perspectives contributes to marketing accountability.

1. Financial perspective: The focus is put on creating value or the financial outcome. Therefore, accountability is achieved through the use of financial metrics such as sales, profitability, and ROMI. These metrics reveal the department's contribution to the financial result. Through a financial perspective, marketing's role in revenue generation and cost management can be closely monitored.

2. Customer perspective**:** As the name suggests, this perspective focuses on customer satisfaction and loyalty. Marketing metrics such as customer retention, market share, and customer lifetime value, along with customer feedback and satisfaction surveys are used for measuring performance of marketing activities. Through customer perspective, managers can effectively assess the company's customer relationship management practices.

3. Internal processes perspective: This perspective assesses the operational efficiency of the marketing department. It is necessary for refining marketing operations since well-functioning internal processes directly influence the value delivered to both consumer and shareholders.

4. Learning and growth perspective: Here the emphasis is on the organization's capacity to innovate, employee skill sets, learning and development and intellectual capital. An organization that possesses these capacities and is oriented towards continual learning and development is able to achieve sustainable growth. This is backed up by the fact that progress stems from innovation.

Having in mind the perspectives discussed it can be concluded that the Balanced Scorecard can be used a strategic approach for ensuring marketing accountability that goes beyond mere financial measures. By deep-diving into multiple dimensions and how they resonate with organizational strategy and contribute to organizational goals, it offers a 360' approach to assessing the influence of marketing on various dimensions of business performance.

4.7. Other

Some other approaches worth mentioning are Business Accountability Index, Marketing Mix Modeling, and Attribution Models. While these are not exactly comprehensive frameworks on their own they can be a useful tools marketing managers can incorporate into marketing accountability practices to enrich their approach.

Business Accountability Index is a composite index that combines various business performance metrics into a single score (FasterCapital, 2023). Even this approach requires a multitude of metrics, by combining them into one score it provides a clear and simple understanding marketing accountability and business performance.

Marketing Mix Modeling involves analyzing separating and changing a single marketing variable, such as the price, promotions, and distribution, and monitoring the affect the change had on sales, as well as any other relevant outcomes (Kannan, Reinartz, and Verhoef, 2016). Statistical techniques are used to quantify the individual contributions. Therefore, by using this approach, marketing managers can see the contribution of each element to overall performance (Pauwels, 2018). With this knowledge, organizations can make more informed decisions regarding their marketing mix strategy.

Attribution Modeling is a part of customer journey modeling, as it represents different models to attribute credit to different touchpoints in the customer journey that lead to a conversion (Anderl *et al.*, 2016). While not a standalone method, this approach enhances marketing accountability by determining which marketing channels or interactions are most influential in driving results. Attribution modeling is essential for modern day marketing, as it enables precise attribution for digital marketing channels, so will be further discussing it through this thesis.

4.8. Comparative analysis of the models and frameworks

While the models and frameworks discussed share some similarities like the use of metrics and making data driven actions, they each offer a distinct approach to tackling marketing accountability. Therefore, we'll review these approaches to find common patterns, and identify differences among them. Through comparative analysis we'll also discuss advantages and shortcomings related to certain frameworks. The goal of this analysis is to provide marketing managers with knowledge of different frameworks and models, and their attributes, so they can best decide which one aligns the best with their interests and resources.

Common themes:

1. Alignment with business objectives – A common pattern that can be found in all frameworks and models discussed is the alignment of marketing activities and goals with overall business objectives. This alignment is necessary in order for all marketing activities to directly contribute to desired business outcomes, whether that is brand awareness, customer satisfaction, increase in sales, etc.

2. Data-driven decision making – Since each framework and each model described earlier is using data as a foundation, all of them highlight the importance of collecting data with the purpose of analyzing effectiveness of marketing strategies. This data-

driven approach enables organizations to make informed decisions based on concrete evidence rather than on intuition or a feeling.

3. Continuous improvement – Each of the discussed frameworks share openness to learning and development, while highlighting continues refinement of strategies based on derived knowledge. This culture makes it possible for companies to adjust their strategies when market conditions change and new data becomes available. Marketing managers that foster a culture of learning and development can ensure they are always up to date with marketplace trends and picking up on sudden changes in consumer behavior.

Differentiating factors:

1. Scope and focus – The models and frameworks discussed vary in terms of scope and focus. While certain frameworks like MMMP and BSC represent a complete guide for approaching marketing accountability from an organizational standpoint, other focus on certain aspects of it like customer feedback or marketing metrics. Although the more detailed frameworks obviously benefit the enterprise due to their comprehensiveness, implementing some of the basic accountability models also has its advantages. For a smaller organization, with less time, resources and knowledge, opting for these might be a better approach to start practicing marketing accountability.

2. Methodology: Similarly, to scope, frameworks also vary in terms of methodology employed. Certain frameworks list a series of steps to follow, like the implementation of marketing metrics, or series of phases, like the Customer Journey Model. On the other hand, some models and frameworks are less linear and instead represent certain perspectives from which accountability should be reviewed. Example of former include the BSC, MMMP frameworks and marketing audits. While some frameworks represent a continuous approach to marketing accountability that never stops, like customer feedback and satisfaction surveys and the use of marketing metrics, others should be conducted in a timely manner, such as bi-weekly, monthly quarterly or annually. Examples of these include Marketing Audits and MMMP. Taking into account these differences, marketing managers should decide whether they prefer having marketing accountability practices integrated in the daily processes, rather than done on schedule. However, the best approach would be to implement both.

3. Integration of digitalization**:** As organizations operate in an increasingly digital landscape, the importance of including aspects of digitalization in the marketing accountability practices ensures up to date implementation and yielding the numerous benefits digitalization offers. Most of the frameworks listed acknowledge the role of digital marketing channels and advance data analytics in enhancing marketing attribution and accountability. These frameworks recognize that

digitalization provides opportunities to collect real-time data and measure the impact of digital initiatives. While the marketing audits, BSC and MMMP frameworks are not directly incorporating digitalization, they offer universal principles that still lay strong foundations for achieving marketing accountability.

Choosing the right framework:

The choice of framework does not just depend on the organizational goal, but in order to choose the right approach, marketing managers should consider the industry business is operating in as well as resources they have at disposal. Some managers might opt for combination of mentioned frameworks and models to practice accountability at a level that best suits their organizational needs. Different accountability models and frameworks discussed in the thesis all share a common goal of demonstrating the value of marketing. Marketing managers can only draw inspiration from their recommendations and create their own customized marketing accountability framework that will serve as a guideline for accountability practices within the company.

5. THE ROLE OF DIGITAL MARKETING CHANNELS AND TOOLS IN ENHANCING MARKETING ACCOUNTABILITY

The evolution of digital technologies started a new era of marketing, forever changing the way organizations interact with their target audiences. Digital marketing channels and tools have played a determining role in enchasing marketing accountability by offering innovative approach for interaction with consumers, precise measurement, and finally by layering new foundations for data-driven decision-making (Chaffey and Smith, 2022; Brown and Williams, 2018)

With introduction of digital marketing channels and tools, organizations gained access to an unprecedented amount of data that can be leveraged to measure the impact of marketing activities in real-time (Chaffey and Smith, 2022). However, some marketing managers may not follow up with changes in the digital environment, and thereby fail to understand the value digitalization brings to the enterprise (Slater *et al.*, 2010). Therefore, it is important to recognize all the benefits from incorporation of digital marketing platforms to stay ahead in the competitive marketplace.

5.1. Contribution of digital marketing channels

Digital Marketing channels include social media, search engine optimization, email marketing, content marketing, and more. They provide organizations with the opportunity to engage with consumers across various touchpoints during the consumer journey. Organizations most often tab into all channels to achieve extensive digital presence. That is, some channels are best used for push, while others for pull marketing strategies. While social media is used for building brand loyalty through real-time consumer interactions, paid online advertising is essential for delivering conversions. Online communication with consumers on social media has a positive effect on stock value (Edeling, Srinivasan, and Hanssens, 2021). SEO is best used for increasing brand exposure as it helps drive organic traffic by ensuring the brand is ranking high in online searches. On the other hand, personalized communication with customers is achieved through e-mail marketing (Charlesworth, 2014). All of these channels allow organizations to monitor, measure, and optimize digital campaigns in real time and thereby contribute to a higher degree of marketing accountability.

The integration of digital marketing channels with marketing accountability practices has led to an increase of transparency and a more accurate assessment of marketing performance. Since marketers can now track key performance indicators in real-time, they can immediately adjust strategies and tactics based on feedback (Wirtz *et al.*, 2013). This real-time measurement capability not only enhances marketing efficiency, but also enables companies to optimize their marketing investments by allocating resources to high-performing campaigns.

Along with digital marketing channels, a wide range of digital tools have emerged with the purpose of analyzing marketing efforts. Social media analytics platforms, Google Analytics, email marketing software and customer relationship management systems all help integrate the use of KPIs and performance measurement (Chaffey and Ellis-Chadwick, 2019; Hoffman and Fodor, 2010).

Incorporating digital marketing channels and tools in the marketing mix results in numerous benefits that help elevate marketing accountability on a new level. Besides real-time insights into consumer behavior, and precise measurement of digital metrics as click-through rates, conversion rates, and return on advertising spend, there are several other benefits to incorporating digital marketing channels and tools into marketing strategy such as cost efficiency, tailored content and data-driven decision making, that we will discuss in more detail.

By utilizing digital platforms marketers can deliver tailored content to specific audience segments, enhancing relevance and engagement (Chaffey and Smith, 2022). Digital marketing channels are often an effective lower cost alternative to traditional advertising methods (Kumar and Mirchandani, 2012). Data accumulated by digital channels and tools enchases informed decision-making as it can be useful for uncovering trends and patterns in consumer behaviour (Shaw and Ellis-Chadwick, 2019)

We will elaborate the top benefits of digital marketing channels and tools further in the following sections: 1) real-time analytics and immediate insights, 2) data abundance, 3) unique targeting capabilities and 4) enhanced measurement and attribution.

1. Real-time analytics and immediate insights

A unique advantage of digital marketing channels is the availability of real-time metrics and analytics. Digital marketing platforms often come with built-in analytics capabilities, which allow marketers to track campaigns and measure the performance during the campaign’s duration (Chaffey and Smith, 2022). With the option of real-time monitoring, organizations can make timely adjustments, optimize campaigns, and seize opportunities as they arise.

For example, a retail company running an online advertising campaign can monitor KPIs such as viewability, click-through rates, conversions and many others. In case the campaign is underperforming, marketers can adjust targeting, creatives and ad frequency during the campaign’s flight. This level of agility and responsiveness is a key advantage of digital marketing channels.

2. Data abundance

A vast amount of data is generated in real-time interaction with consumers, including data on consumer behavior and preferences. All this data provides marketers with useful insights based of which they can make business decisions and elevate marketing (Shaw and Ellis-Chadwick, 2019). For example, social media platforms provide user engagement data such the number of likes, shares, comments, and clicks. These measures are then transformed into social media metrics which are used to measure the success of social media campaigns. Programmatic advertising platforms perform in a similar manner, just instead of serving ads on social media, they are served on a wide network of sites. Paid search advertising offers insights into consumer search behavior and an opportunity to target specific keywords to drive traffic. All these platforms collect data, and this data abundance enables businesses to optimize their online presence to maximum extent during the campaign's duration.

3. Unique targeting capabilities

Digitalization has paved the way for personalized marketing efforts. With use of digital marketing channels and tools, organizations can now tailor messages and content to individual consumers based on their preferences and online behavior (Kumar *et al.*, 2019). Implementing personalization strategies requires extensive analysis of consumer data, which results in a deeper level of understanding of consumer needs and preferences (Chaffey and Smith, 2022). However, with digital advertising, firms can now more easily than ever achieve personal advertising, as can select specific 3rd party data audiences curated towards their specific product or a service. These audiences are created by data management platforms based on user online behavior. Marketers can also retarget users who have interacted with their ads or website before and create retargeting campaign to reach these users few more times and incentivize a purchase decision.

On top of this, marketers can curate creatives towards a specific marketing persona by using Dynamic Creative Optimization or DCO. The possibility of creating DCO creatives is available through numerous advertising platforms, where specific version of creatives is served to different user groups (Amazon Ads, 2023). With these unique targeting possibilities and enchased personalization firms are able to align their strategies with individual customer requirements, thereby contributing to marketing accountability.

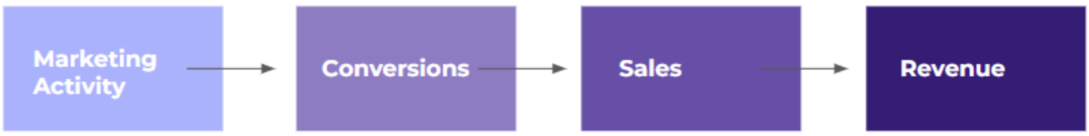
4. Enhanced measurement and attribution

Digital marketing channels also provide a solution on one of the main challenges of marketing accountability - measuring the impact of marketing activities on business result. With the capabilities of advanced tracking and attribution models, organizations can now link specific marketing activities to revenue growth, customer acquisition, and other quantifiable results (Gaur and Bharti, 2020). The ability to demonstrate a clear cause-and-effect relationship between marketing efforts and business outcomes plays a key role in enchasing marketing accountability.

For instance, a company using e-commerce platforms can incorporate the use of advanced attribution models to determine the influence of marketing activities through the customer journey on conversion rates, which directly affects sales and revenue. By being able to prove a certain activity contributed to an increase in sales, marketers can excel in allocating resources to the most effective channels and optimizing their marketing mix.

To build on top of this example, let’s say that a marketer does a creative swap, changing a certain element of creatives – for instance using better image assets. After implementing these new creatives to the platform, marketer can measure the change in the number of conversions and the conversion rate. An increase in conversions then contributes to an increase in sales, which of course has a positive effect on the company's revenue. Thereby, marketer has proved how a specific marketing activity contributed to sales and effectively practiced marketing accountability.

Figure 6: The contribution of a marketing activity to sales



Source: Author’s work

Of course, this example is a bit simplified as there could have been another change implemented to the campaign. Therefore, we will elaborate different measurement approaches used for assessing impact of digital marketing campaigns: attribution modeling, A/B testing, social listening and marketing automation platforms. We’ll go on and discuss each of these approaches in a bit more detail in the next part of the thesis.

5.2. Metrics and measurement approaches for digital marketing channels

Metrics and measurement approaches are essential components in the process of evaluating the effectiveness of digital marketing campaigns. By utilizing the right metrics and adopting suitable measurement approach, marketers can make informed decisions and optimize their strategies for improved results (Shaw and Ellis-Chadwick, 2019).

Digital marketing platforms offer built-in analytics capabilities, thereby allowing marketers to monitor and evaluate the performance of digital campaigns with a high degree of accuracy (Chaffey and Ellis-Chadwick, 2019). This level of granularity provides useful insights into consumer behavior, preferences, and interactions with the brand. Based on these insights marketers can make data-driven decisions. But in order to benefit from digital marketing channels to the full extent, marketers first need to understand the metrics and measurement approaches curated for digital marketing. Thus, this part of the thesis analyses various metrics and measurement approaches used to evaluate the performance of digital marketing channels and campaigns.

5.2.1. Measurement Approaches for digital marketing channels

Performance measurement for digital marketing channels goes beyond just analyzing individual metrics. A comprehensive measurement approach is crucial for gaining a complete understanding of campaign performance (Ryan and Jones, 2012). One of the challenges in digital marketing is accurately attributing conversions across various touchpoints.

Attribution modeling is used to allocate credit of a conversion across different touchpoints during customer journey (Gaur and Bharti, 2020) Different attributing models, such as first-touch, last-touch, and linear attribution offer insight into contribution of each channel to a conversion. These models can help answer the question which digital marketing channels contribute the most conversions.

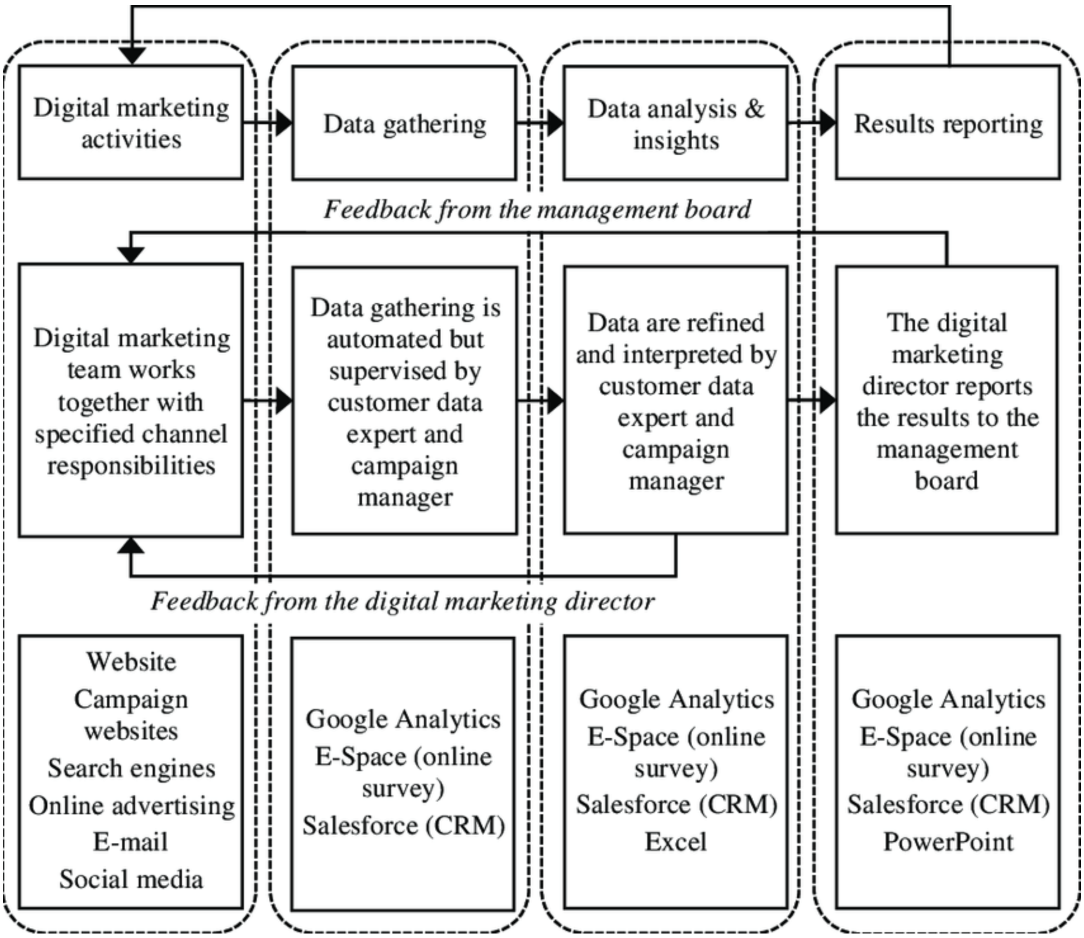
A/B testing involves the creation of two different variations of digital assets, for example using different creatives, audiences, landing page, CTA, while keeping all other aspects constant (Kohavi and Thomke, 2017). After campaigns with different assets are set up, their performance can be compared in terms of selected KPIs and based on that, marketers can see which version delivers the optimal results.

Social listening, as the name suggests, entails listening to online conversations about the brand using social listening tools. Social listening is used to discover online sentiment about brand and its competitors (HubSpot, 2023). Based on these discoveries, marketing managers can identify areas for improvement or pinpoint which strategies should they continue running.

Marketing automation platforms are designed to collect data and are often equipped with predictive analytics (HubSpot, 2023). Predictive analytics represents the use of data, statistical algorithms and machine learning techniques to identify the likelihood of future outcomes based on historical data. The goal is to go beyond knowing what has happened, to provide a best assessment of what will happen in the future (SAS, 2023). This means marketing automation platforms not only provide insights into consumer behavior based on past actions, but can actually predict future consumer actions with a high degree of accuracy.

Lastly, a comprehensive approach to measuring digital marketing performance available in literature is the framework depicted in figure 5: "Digital Marketing Performance Measurement Process and Tools in Use". This model consists of several stages as defining objectives, selecting appropriate metrics, collecting relevant data, analyzing performance, and drawing actionable insights that collectively contribute to a systematic assessment of digital marketing activities (Mero and Karjaluoto, 2015).

Figure 7: Digital Marketing Performance Measurement Process and Tools in Use



Source: (Mero and Karjaluoto, 2015)

5.2.2. Metrics for digital marketing channels

We have discussed the importance of digital marketing channels earlier in the thesis, and now we will explore the metrics used to assess their performance. Digital marketing metrics should be consistently used for measuring the success and impact of digital marketing campaigns. Different digital channels use distinct metrics that mark campaigns' performance (Ryan and Jones, 2012). We'll go through key digital marketing metrics and their use.

5.2.2.1. Programmatic and social media metrics

Social media platforms have built in capabilities to track numerous engagement metrics, such as reach, likes, shares, comments, and click-through rates. All of these metrics provide valuable insights into the effectiveness of social media campaigns, helping marketers understand audience engagement, content performance, and overall social media ROI. (Ngai, Tao, and Moon, 2015)

Similar to social media, programmatic advertising uses multitude of metrics to assess performance, which are often different for different campaign objectives such as awareness, consideration and conversion (Kommuri and Arumugam, 2020). While top funnel metrics include measures that grasp impressions, clicks and reach, mid-funnel and lower-funnel metrics are more focused on engagement and interactions (Chaffey and Ellis-Chadwick, 2019).

Regarding KPIs for awareness campaigns the focus is on click-through rates and reach as the key metrics to measure the interest the campaign has generated. Ultimately, clicks deliver traffic and build towards consideration. The higher click rate equals to more users visiting the site. Reach metrics measure exposure or how many users has the created content reached (Kommuri and Arumugam, 2020). For consideration campaigns, specifically audio and video campaigns, an important engagement metric is the completion rate, as the goal is to educate the user and % of content consumed to the end would reflect that. Additionally, by tracking detailed page views marketers can measure user's interactions on the website along the decision-making process. Finally, the key performance indicators for conversion campaigns would be conversion rate, cost per acquisition and ROAS – ROAS being the primary KPI for the campaigns focused on sales methods.

5.2.2.2. Search engine metrics

SEO or Search Engine Optimization metrics measure the brand's ranking and visibility in online searches (Search Engine Journal, 2023). In order to get assessment for them, SEO specialists use the following metrics organic traffic, keyword rankings, indexed pages, referring domains and click-through rates, among numerous other metrics The insights gained from analyzing SEO metrics performance can be used for content optimization, as well as improving search engine rankings, or essentially the brand's online visibility.

5.2.2.3. Email marketing metrics

Email Marketing Metrics serve to assess the impact of email marketing campaigns. They provide insight into the health of the email list, subscriber engagement and the effectiveness of email content. Metrics used for these assessments include open rates, list growth rates, click-through rates, bounce rates, and conversion rates, and many more (Chaffey and Smith, 2022).

5.3. Overcoming challenges of digitalization

As technology develops, numerous innovative ways are introduced to process data. At the same time, all information can contain errors that can be misleading to limited human understanding. After all, mathematical calculations use just data, not complete information (Spais, and Veloutsou, 2005). We've already touched upon the challenge of digitalization and how it contributes to the complexity of marketing activities. In this part we'll discuss these challenges to meet our research objective.

Digitalization amplifies already existing challenges of marketing accountability, the most relevant ones being data processing, data privacy and security concerns. These issues arise since digital marketing channels gather vast amounts of consumer data (Chaffey and Smith, 2022). Therefore, to maintain consumer trust and safeguard their privacy, companies need to ensure they are compliant with data protection regulations (Braun and Garriga, 2018). Additionally, marketing managers who have are more senior and have not been following up with changes in the digital environment can demonstrate a lack of understanding for the value digitalization brings to the enterprise (Slater *et al.*, 2010).

We can summarize challenges that pose concerns for firms wanting to seek advantages of digital marketing channels and tools in the following way:

Figure 8: Navigating challenges of digital marketing channels

Data privacy	Organizations must adhere to data privacy regulations to ethically handle consumer data (Braun and Garriga, 2018).
Adapting to new technologies	The dynamic nature of digital technologies requires continuous learning and adaptation (Moorman, Finch, Day, and Boisi, 2016).
Information overload	The abundance of data requires efficient management to avoid information overload (Chaffey and Smith, 2022)
Audience segmentation	With possibility of targeting segmentation, tailored strategies are needed for distinct platforms and audiences (Kumar *et al*., 2019).
Measurement complexity	Selecting relevant metrics and metric interpretation with complexity of digital analytics is a challenge (Spais, and Veloutsou, 2005)

Source: Author's work

Digital marketing channels and tools have revolutionized marketing accountability. Through real-time insights, precise measurement, and personalized targeting opportunities, businesses are able to demonstrate the impact of their marketing activities to shareholders.

Despite challenges, the benefits and transformative possibilities of digital marketing are shaping modern marketing practices (Chaffey and Ellis-Chadwick, 2019; Hoffman and Fodor, 2010). The integration of digital marketing channels and tools into marketing strategies signifies a proactive approach to accountability, enabling firms to remain competitive in an evolving digital world.

6. MARKETING METRICS AND PERFORMANCE MEASUREMENT

The challenge marketing managers face is not just limited to the creation of marketing strategies, but to effectively demonstrate their value for the company. As a result of this need for marketing accountability, marketing and financial metrics have emerged. One of the most effective ways to showcase the impact of marketing in the organization is utilizing the marketing metrics (Ambler, Kokkinaki, and Puntoni, 2004). However, marketing managers can measure a never-ending list of metrics that all consume energy, time and resources (Patterson, 2007). Therefore, the job of a marketing manager is to select which marketing metrics are the best reflection of business performance from the plethora of metrics available.

This part of the thesis will focus on elaborating diverse marketing metrics commonly employed by marketing managers, rationale behind choosing a set of marketing metrics and how effective these metrics are for assessing business performance. After discussing types of metrics, this thesis will proceed to elaborate on the motivation of marketing managers to embrace marketing and financial metrics, as well as the process of metric selection.

6.1. Definition and purpose of marketing metrics

Marketing metrics, often referred to as key performance indicators, are quantifiable measurements used to assess and analyze the outcomes of marketing initiatives (Farris *et al.*, 2010). They encompass a wide range of data points, such as customer behavior, sales figures, engagement rates, and return on investment (Hauser and Katz, 1998). Marketing metrics serve as benchmarks used to adequately assess the success of marketing efforts, in that way enabling organizations to understand their marketing performance in quantifiable terms.

6.1.1. Definition of marketing metrics

As the quantifiable measures of marketing activities, marketing metrics provide insights into various aspects of marketing performance, and in that way allow organizations to track progress of their marketing strategies (AMA, 2023). Organizations that utilize marketing metrics are able to make informed decisions, adequately allocate resources and optimize their marketing strategy to full potential. They're able to identify the most successful strategies, as well as any areas for improvement (Pauwels, 2018).

Marketing metrics can be observed in two ways to evaluate:

a) The company's performance over time

b) The company's performance compared to competitors

By monitoring and comparing marketing metrics over time, companies are able to track and quantify their progress identifying trends and patterns that can be used for future strategies (Zahay and Griffin, 2010). For instance, brand awareness, consumer engagement and conversion rates can all be tracked over time to quite literally see the direction the company is moving in.

As a standardized way to measure and compare the outcomes, marketers can use publicly available metrics of competitor firms to assess their performance compared to industry standards. Internally, marketing metrics can also be used within a firm to compare the effectiveness of two or more strategies used at the same time, and select the optimal strategy based on the outcome (Zahay and Griffin, 2010).

In order to be meaningful for the organization, marketing metrics should be relevant, measurable, and aligned with specific goals (Farris *et al.*, 2010; Doran, 1981). They should be able to answer goal-related questions such as "Are our marketing efforts generating leads?" or "Is our social media engagement translating into sales?". In order to be relevant, a selected marketing metric should be having enough data to support its measurability (Pauwels, 2018) As discussed in the beginning of this thesis, after setting objectives and metrics that align with business goals, marketing managers can approach the collection and analysis of data related to metrics selected as KPIs. These steps require use of advance analytics tools and methodologies with capabilities of transforming raw data into meaningful insights. (Chaffey and Smith, 2022). Data is then analyzed to recognize trends, patterns and areas based on metric performance for improvement based on which marketing managers can make informed decisions and refine their strategies. Having that said, marketing metrics help foster a culture of accountability and data-driven decision-making within marketing teams and the company or organization employing them (Gaskill and Winzar, 2013).

6.1.2. Purpose of marketing metrics

The purposes behind the implementation of marketing metrics are similar to the overall advantages of implementing marketing accountability within the enterprise. The overlap is logical, because marketing metrics are one of the main measures of marketing accountability. That being said accountability itself is one of the main purposes for implementing marketing metrics. We will quickly go through remaining purposes or reasons to implement marketing metrics that are presented in the table below:

Figure 9: Purposes of Marketing metrics

Performance evaluation	By comparing actual results with predefined targets or benchmarks, companies are able to adequately assess performance (Farris *et al.*, 2010).
Accountability	Marketing metrics foster a culture of responsibility within organization (Raghubir *et al.*, 2010). Having clear and measurable goals holds marketing teams accountable for achieving them.
Insights into customer behavior	Tracking interactions with brand across various touchpoints leads to better understanding of customer behavior which enables businesses to tailor their marketing strategies to match customer needs and preferences more precisely (Kumar and Reinartz, 2016).
Resource allocation	By identifying high-performing strategies and campaigns, organizations can allocate their budgets and resources to initiatives that yield the highest return on investment (Ambler, Kokkinaki, and Puntoni, 2004).
Continuous improvement	By continuously tracking and reassessing marketing metrics over time, marketers are fostering a culture of continuous improvement. (Reichheld, 2003). Regular monitoring and analysis of metrics allow companies to identify trends, patterns, and opportunities for enhancement in real-time.

Source: Author's work

6.2. Types of marketing metrics

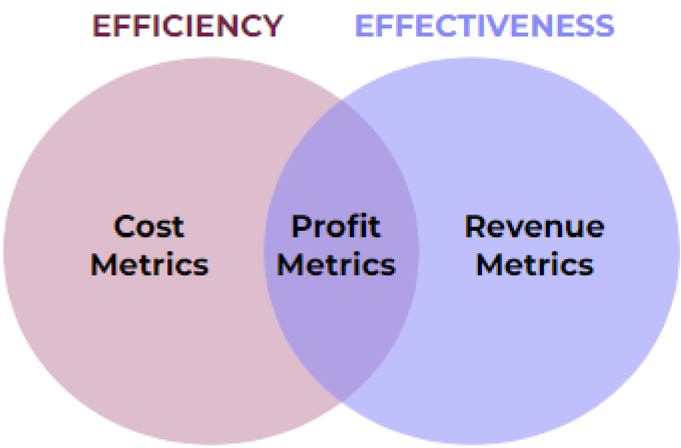
Marketing metrics encompass a wide range of measures that are used to quantify different aspects of marketing performance. These measures go from traditional financial metrics like return on marketing investment to customer-centric metrics that provide insights into consumer behavior (Hauser and Katz, 1998). By tracking and analyzing various metrics, organizations can gain a comprehensive view of their marketing efforts and their impact on business outcomes. However, despite the link between marketing metrics and marketing accountability, it is still unclear which exact marketing metrics are the most representative for demonstrating the accountability (Gaskill and Winzar 2013).

The existing literature provides a wide range of marketing metrics that organizations can use to grasp different aspects of organizational performance. Nevertheless, there is little guidance on prioritizing metrics to achieve accountability. Therefore, it is important to understand different metrics, their purpose and how to combine contrasting metrics for a comprehensive marketing overview.

6.2.1. Financial metrics

Financial metrics provide a direct insight into the financial contribution of marketing activities. These metrics are further divided into revenue metrics, cost metrics and profit metrics. In general revenue metrics are more concerned with marketing effectiveness, that is how effective is the department at generating new leads and sales, while cost metrics are concerned with efficiency of marketing processes. Finally, profit metrics take into account both efficiency and effectiveness of marketing activities. This division is best visually presented through Venn's Diagram on the figure 10. Some of the most popular financial metrics in the marketing world include marketing attributed revenue, return on investment, cost per acquisition (hereinafter CPA) and cost per lead (hereinafter CPL). In marketing, ROI is used to calculate the ratio of net profit to marketing expenses, providing an information on both efficiency and effectiveness of marketing investments. (Farris *et al.*, 2010). CPA, on the other hand, measures the cost of acquiring a new customer through marketing efforts (HubSpot, 2023). CPL helps marketers estimate the cost of every new lead. It is extremely helpful to grasp the efficiency of customer acquisition strategies. These useful insights can then be used optimize budget allocation for various marketing channels, depending on the ability to generate revenue and acquire customers on relatively low cost (Berger *et al.*, 2012). Financial metrics are often crucial for demonstrating the value of marketing to stakeholders and senior management (Gupta and Zeithaml, 2006).

Figure 10: Division on Financial Metrics



Source: Author's work

6.2.2. Non-financial metrics

While with financial metrics the focus is put on marketing result, non-financial metrics show the drivers behind these results. Financial metrics showcase the outcome, but not the factors that contributed to achieving that outcome. On the other hand, non-financial metrics depict the factors that contributed to business result, but they don't yield data on profitability. The term non-financial metrics and customer-centric metrics are sometimes used interchangeably in literature, however there are some metrics that can both give data on customers and financial performance like cost per acquisition. It both gives data on acquiring customers and the financial aspect of it. This is just one of the examples of metrics that put into perspective both customer and financial performance, thereby bridging the gap between the two.

Customer-centric metrics, as the name suggests encompass aspects of consumer behavior and engagement. They provide insight into effectiveness of marketing to drive customer actions, that is, they help build a link between of marketing materials and customer interactions, which leads to better understanding of consumers, and more fitting strategies towards consumers' preferences (Kumar and Reinartz, 2016; Homburg et al., 2017). Numerous metrics fall into this category including, and we will discuss some of the most prominent subcategories, along with corresponding marketing funnel stages.

- Brand metrics are used to assess the contribution of marketing activities to brand awareness, perception, and loyalty. Metrics like brand recall, brand recognition, and net promoter score all offer insights into consumers' perceptions of the brand and their likelihood to recommend it to others (Kumar and Reinartz, 2016; Kotler and Keller, 2016). Brand metrics are of high importance during the awareness stage of costumer journey, as these metrics are used to measure the impact of branding initiatives**.** As brand is one of the more difficult marketing aspects to measure, brands often use brand lift studies along with brand metrics to effectively measure the impact of a certain campaign on branding.

- Engagement metrics, as the name suggest evaluate the level of customer engagement with marketing content and campaigns (Chaffey and Smith, 2022). Engagement metrics are crucial during the consideration stage of customer journey, when the customer is consuming content and building interest towards the purchase. The most popular engagement metrics are customer satisfaction score, catalogue and e-book downloads, but also a numerous digital marketing metrics as click-through rates, social media engagement, and time spent on a website. These metrics depict how exactly the customers are interacting with marketing materials. They help marketers understand the effectiveness of their messaging and content strategy.

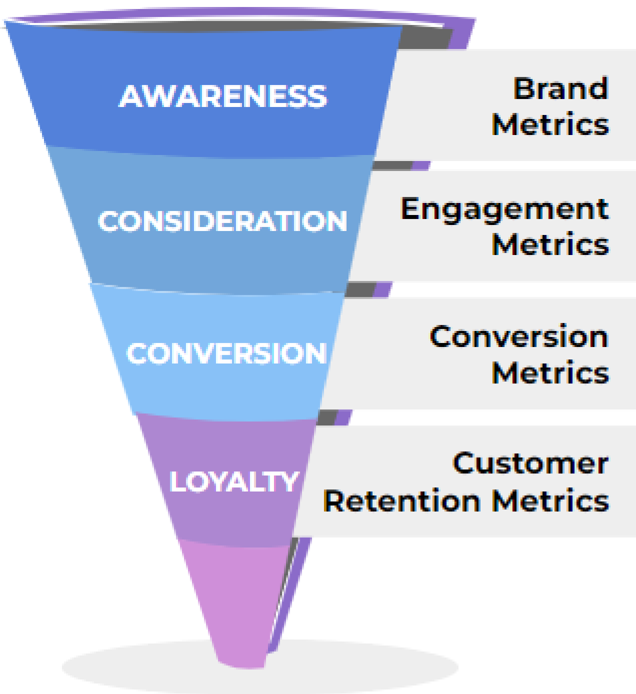
- Conversion metrics are used to forecast the firm's ability to transforming potential customers into actual purchasers. There are many different variants of conversion rate, depending which measures are out into perspective. It generally depicts a number of people that have completed a certain action in relation to the total audience. As the action or a conversion is chosen by the marketing department, conversion rate can be unique to a certain industry or even a certain department. Depending on what exactly the desired action is, conversion rates are best used to assess the effectiveness of mid-funnel and lower funnel strategies.

- Customer acquisition metrics demonstrate how well is the business attracting new customers (Camilleri, 2020). Most common example of customer acquisition metrics includes customer acquisition cost and customer conversion rate. With implementation of these metrics, it's possible to how effective are the marketing campaigns aimed at acquiring new customers.

- Customer retention refer to the ability of a business to retain its existing customer base (Reichheld, 2003). Metrics that fall under this category are customer churn rate and customer lifetime value, as well as numerous other metrics that help organizations assess the loyalty and long-term value of their current base of customers. For instance, churn rate is used to quantify the percentage of customers who stop using a product or service over a specific time period (Fornell *et al.*, 2016). Higher customer retention rates lead to increased customer lifetime value, which is often followed by sustained revenue growth. Customer Lifetime Value or CLV is used to assess the net value a customer brings to a business over their entire relationship (Blattberg *et al.*, 2008). As a result, Churn rate and CLV are especially valuable for assessing customers' loyalty.

The figure presented below depicts which marketing metrics are best used for which stage of the marketing funnel:

Figure 11: Marketing Metrics through the Marketing Funnel



Source: Author's work

6.2.3. Digital marketing metrics

Digital marketing metrics are used for assessing online performance of marketing efforts (Ryan and Jones, 2012). Generally, digital marketing metrics don't fall under a specific category or under just financial or marketing metrics, but are used to assess both financial performance of digital marketing campaigns, as well as factors that contributed to it. Instead of a subcategory, they are marketing metrics narrowed down to measuring performance of digital marketing campaigns. For instance, ROAS is both a digital marketing metrics and a financial metric, as it is used to measure financial performance of digital marketing campaigns. Similarly, marketing metrics such as conversion rate are used to assess performance of both traditional and digital marketing campaigns. The importance of digital marketing metric was already discussed in the previous part of the thesis, so we'll just list some of the most important ones to avoid repetition. Metrics such as website traffic, bounce rates, social media engagement, and email open rates are commonly used for assessing the success of digital marketing campaigns. For example, Click-Through Rate or CTR is a metric that measures the ratio of clicks to the total number of impressions. As it measures generated traffic, it is helpful to determine how relevant and appealing ad creatives are (Ngai, Tao, and Moon, 2015). In the context of digital marketing, conversion rate stands for percentage of visitors that have taken a desired action, such as making a purchase or signing up for a newsletter (HubSpot, 2023). It is an effective indicator for comparing success of different landing pages, various CTAs, and overall user experience (Li and Kannan, 2014). Digital marketing metrics serve as a guide for organizations to optimize their online presence and tailor content to resonate with digital audiences.

6.3. Motivation driving managers to adopt marketing metrics

In the previous chapter of the thesis we focused on defining marketing metrics, their importance and benefits as well as listed some of the most commonly used ones. Marketing metrics are essential in achieving marketing accountability as they provide quantifiable information into the brand's performance, customer acquisition, customer retention, engagement, and revenue generation (Farris *et al.*, 2010). Marketing metrics are the foundation for data-driven decision making and most importantly communicate the value of marketing to key stakeholders. Now, we'll dig deeper into selection of marketing metrics, marketing manager's motivation behind selection of specific metrics and challenges associated with the selection process, as well best practices related to the use of marketing metrics for achieving marketing accountability.

The following reasons are the main motivators that push marketing managers to implement a metric portfolio:

1. Quantification - The primary motivation for implementation of marketing metrics is the ability to demonstrate return on investment of marketing activities. As highlighted through the thesis every business expenditure needs to be justified,

including marketing, which puts marketing managers under pressure to establish a transparent link between their contribution and business outcome. Metrics are able to do just that - be the link between a strategy and its result, as they provide a quantifiable basis for validating marketing activities (Farris *et al*., 2010). With use of metrics, marketing managers are able to quantify the impact of marketing efforts on revenue growth, market share, and profitability which can lead to increase in both marketing budgets and their own salary (Homburg *et al.*, 2017).

2. Communication - Metrics can also serve as a communication mean within the organization, as well as with external partners. By using metrics, marketing managers can effectively communicate the value of their strategies to top management, external and internal stakeholders including different organizational departments within company. Many financial and operational managers and directors that are not creatives do not understand qualitative aspect marketing, but they can understand numbers. Metrics can be considered a common language among different departments, facilitating clear communication and fostering collaboration towards shared goals (Verhoef and Leeflang, 2009).

3. Resource allocation agility - Marketing metrics play a key role in the process of resource and budget allocation. Besides resource allocation on a higher level, marketing metrics facilitate allocation of resources within the marketing department. By analyzing metrics compared to their respective benchmarks, marketing managers can shift resources from underperforming to their top performing strategies to yield the highest return (Kannan, Reinartz, and Verhoef, 2016). With successfully implemented resource allocation, organizations can achieve cost savings while maximizing the impact of their marketing investments (Kumar and Venkatesan, 2005).

4. Competitive benchmarking – A strong driver behind the use of metrics is the desire to compare performance against industry competitors. Benchmarking enables companies to stay competitive (Ambler, Kokkinaki, and Puntoni, 2004). Additionally, managers can this way prove they are outperforming competitors which can lay foundation for promotions.

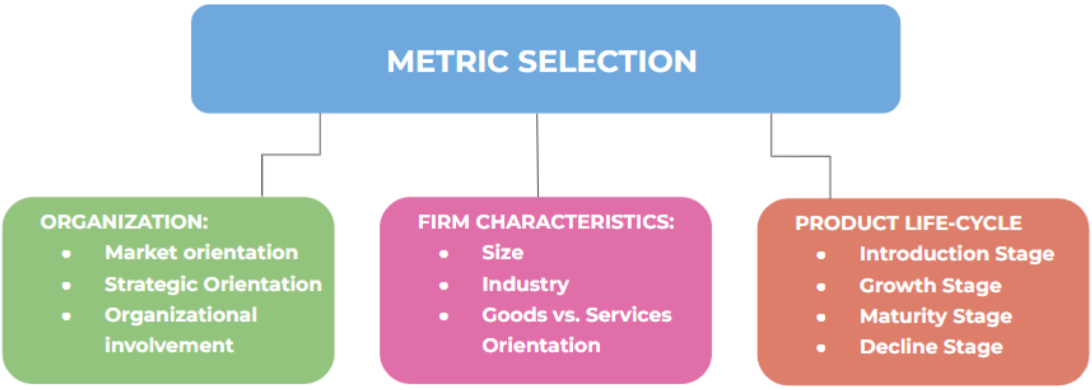
5. Compensation and rewards – Lastly, marketing managers are highly motivated to use metrics, as performance evaluation is often linked to compensation and rewards. Since metrics provide a quantifiable basis to evaluate manager’s performance and contributions, they are incentivized to reach predefined targets (Mintz and Currim, 2013). If there is a link between metric usage and performance appraisal, manager’s motivation and behavior can be shifted towards a more diligent approach to metric selection and analysis.

6.4. Factors influencing the metric selection

Marketing managers are responsible for managing and overseeing business performance through the lens of marketing metrics (Zahay and Griffin, 2010). However, the selection of marketing metrics that best represent business performance across multitude of different metrics available can be challenging. This choice depends on a great number of factors, each resonating with distinct aspects of marketing performance. The chosen metrics should mirror organizational aspirations, industry yardsticks, and patterns of consumer behavior.

Since there are so many metrics to choose from when deciding on which ones to use as benchmarks of business performance, the process of picking the most representative metrics goes beyond a superficial analysis. Factors like market orientation, organizational involvement, company characteristics, and product life-cycle all collectively shape the metric selection (Mintz and Currim, 2013). Having in mind that the marketing function varies across different industries, this highlights importance of metrics selection for successful marketing performance evaluation.

Figure 12: Factors influencing metric selection



Source: Author's work

6.4.1. How does the company's organizational orientation impact metric selection?

The influence of firm organizational orientation on managerial decision-making process has been extensively explored in literature, especially literature regarding organizational behavior and strategy (Finkelstein *et al.*, 2009). In order to gain insight how the role of firm organizational strategy shapes the choice of preferred metrics, we'll delve into three well-studied strategic concepts within the marketing literature:

1. Market Orientation: Kirca, Jayachandran, Bearden (2005) and Kohli and Jaworski (1990) have thoroughly studied market orientation and the impact it has on firms. Namely, knowing how firms prioritize customer needs and market intelligence can help us understand its influence on metric adoption and usage.

2. Strategic Orientation: The works of Olson, Slater, and Hult (2005) and Walker and Ruekert (1987) studied how strategic orientation affects firms' competitive positioning. By exploring how firms align their marketing efforts with strategic objectives, we can shed light into firm's metric selection.

3. Organizational Involvement in Decision Making: The research by Noble and Mokwa (1999) and Palmatier, Dant, and Grewal (2007) highlights the importance of organizational involvement in managerial decision-making. Understanding how this involvement affects metric usage can give us insight on the dynamics of accountability.

By examining these strategic concepts, we aim to uncover the underlying factors that drive the use of certain metrics by marketing managers and their potential implications for enhancing marketing accountability.

6.4.1.1. Market orientation

The study conducted by Ambler, Kokkinaki, and Puntoni (2004) showcased that top managers in market-oriented firms prioritize marketing metrics over financial metrics in decision making process. The focus is on marketing metrics since market-oriented firms prioritize assessing customer satisfaction. Accountability is demonstrated in the relationship between satisfaction and brand assets, that is, how marketing efforts influence customer satisfaction instead of just focusing on financial metrics. Consequently, market-oriented firms are anticipated to prioritize use of marketing metrics and compared to financial metrics in their marketing decisions. This leads to conclusion that greater market orientation of the firm leads to prioritization of marketing metrics to deliver marketing accountability (Mintz and Currim, 2013).

6.4.1.2. Strategic orientation

According to framework proposed by Olson, Slater, and Hult (2005), companies are categorized into four strategic orientations: prospectors, analyzers, low-cost defenders, and differentiated defenders. Taking into account prospectors are innovation-driven, and less resilient shifts in customer behavior and market competition, the use of both marketing and financial metrics may not be the right approach for prospectors, as it may be too early to use metrics to achieve marketing accountability. Firms that are categorized as analyzers or defenders face less market uncertainty concerning consumers and competition. Therefore, using marketing and financial metrics may be less challenging for these firms.

While prospectors have innovation-based organizational cultures, analyzers and defenders use a cost-benefit approach which naturally makes it easier to incorporate marketing and financial metrics in their decision-making processes. Having this said, the strategic orientation of a firm impacts the use of marketing and financial metrics, where analyzers and defenders demonstrate a higher need for these metrics as opposed to prospectors.

6.4.1.3. Organizational involvement and metric-based compensations

In the research conducted by Palmatier, Dant, and Grewal (2007) various theoretical perspectives have been explored, revealing that commitment-trust relationship plays a vital role in exchange performance among different parties involved in a decision-making process. "Commitment" is referring to a persistent desire to uphold a valued relationship, while "trust" refers to confidence in the reliability between partners. In order to build trust and maintain commitment between different functions of corporations, the marketing function needs to consider the specific goals and metrics relevant to them. That being said in order to build and maintain trust of the finance and accounting units, marketing managers may be prone to using more financial metrics. The higher level of organizational involvement in marketing-mix decision making leads to increased use of financial metrics.

According to agency theory (Fama, 1980) pay incentive aligns the interests of agents to principals. However, in order for pay incentive to occur, a high level of accountability is needed. The development of metric-based compensation incentives influence managers to incorporate a higher degree of metric use in their managerial decisions. Coles, Daniel, and Naveen (2006) have researched the relationship between of compensation-based pay incentives and firm value, leading to conclusion that managers with greater metric-based compensation are expected to incorporate more metrics in their marketing-mix decisions.

6.4.2. How do firm characteristics affect metric selection?

The firm’s characteristics play an important role in a manager’s priorities and decision making (March, 1991; Wernerfelt, 1984). Naturally, the firm size is a key factor. Larger firms typically have access to greater financial and marketing managerial resources and databases, owing this to their previous marketing activities (March, 1991). This enables marketing managers in larger firms to employ a more extensive array of marketing and financial metrics in their decision-making process. Besides the firm size, recent business performance also plays a crucial role in business decision making. When performance decreases below the expected levels, firms are more likely to hold employees more accountable by emphasizing the use of financial metrics. On the other hand, when times are tough, businesses may seek new riskier ventures and promote innovation to increase their scope of work, which makes employing marketing and financial metrics more challenging as measuring them for new projects is more difficult and less accurate. When business performance is steady or surpasses expectations, managers experience less pressure to undertake new projects and risky investments and are thus more likely to employ metrics, as for continuing already established investments yields to more precise and easier metric calculation. It's important to acknowledge that selection of marketing metrics highly depends across industries. (Sinnaiah, Adam, and Mahadi, 2023). Other than that, in order to achieve different business objectives a different set of metrics is needed. Therefore, the metric portfolio is often readjusted until it resonates with firm specific characteristics and objectives (Kumar and Pansari, 2016).

The firm's goods versus service orientation is also one of firm characteristics that influences the manager's choice to demonstrate marketing. Namely, Coviello *et al.* (2002) found that managers in goods-oriented firms prioritize transactions more than those in service-oriented firms. This implies that managers in goods-oriented firms may rely on metrics to demonstrate marketing accountability, more than their counterparts in service-oriented firms.

Knowing how the firm's product orientation influences selection of metrics is essential for optimizing marketing strategy and performance evaluation (Rust and Huang, 2014). The selection of metrics is based on the characteristics of a product compared to services. Namely, while products are tangible, standardized and can be easily quantified in terms of production and distribution metrics, services are intangible, personalized, and require more qualitative approach to assess customer perceptions and interactions (Lovelock and Wirtz, 2011). Understanding the key differences between the two can lead to enchased decision making based on the business model (Kotler and Keller, 2016).

Companies that primarily focus on selling tangible products are driven by metrics that revolve around production, distribution, and customer engagement. These companies gain the most benefits and useful insights when using metrics such as inventory turnover, order fulfillment rates, and demand forecasting (Block, 2021). The following metrics are crucial for assessing supply chain efficiency and meeting customer demand. Consumer-centric metrics including customer acquisition cost and lifetime value can help measure brand loyalty and lead to repeat purchases (Farris *et al*., 2010). Additionally, fundamental financial metrics, such as profit margin and sales revenue represent a foundation for assessing the success of product-centric businesses, as the mentioned metrics provide insights on cost-effectiveness of production process, pricing strategy and profitability (Edeling, Srinivasan, and Hanssens, 2021).

In contrast, firms focusing on services prioritize metrics that emphasize customer experiences, engagement, and outcomes (Rust and Huang, 2014). Metrics related to customer satisfaction, service quality, and responsiveness are central to assessing the effectiveness of service delivery. Customer feedback metrics, such as the net promoter score help measure the likelihood of customer recommendations and overall satisfaction (Keiningham *et al*., 2007).

Product-centric firms prioritize the optimization of production processes and cost efficiencies. On the other hand, service-centric firms prioritize customer-centric metrics that reflect the quality of their service offerings. It's important to note that numerous companies offer both products and services. For those firms it's necessary to incorporate both operational and consumer focused metrics for an all-around comprehensive approach.

6.4.4. How does the Product Life-Cycle affect metric selection?

According to contingency theory, managers tailor their decisions to align with industry conditions due to the influence of these conditions on their priorities, information needs and abilities (Homburg, Workman, and Krohmer, 1999). Primarily, managers make decisions according to the product life cycle. The product lifecycle is one of the fundamental marketing concepts. It outlines the different stages a product goes through from its introduction to eventual decline. Each stage is characterized with its unique challenges and opportunities, to which marketing managers should tailor their strategies (Chinonso, 2021) Since different stages have different business goals, they require different KPIs to measure performance. (Zahay and Griffin, 2010).

During the introductory and growth stages of the product life cycle, managers are mainly focused on customer acquisition and growth (Kotler and Keller, 2016) which means they rely more on marketing metrics. Conversely, in the maturity and decline stages, where the market is not experiencing significant growth, managers are shifting focus to financial metrics, return on investment and cost efficiencies (Morgan, Anderson, and Mittal, 2005).

Having that said, the selection of metrics heavily depends on product life cycle, and this interconnection will be further discussed in this thesis.

Introduction stage:

Since the introduction stage is characterized by the introduction of a new product to the market, marketers focus on building awareness expanding reach. So naturally metrics that matter the most in this stage include metrics related to brand awareness, reach, and customer engagement (Homburg and Jensen, 2007). Tracking metrics like website traffic, social media impressions, and unique reach give insight into how well the product or service is gaining attention and sparking interest among consumers. Additionally, cost metrics like customer acquisition cost are often used in the introduction stage to assess the efficiency of marketing efforts in driving initial sales (Santora, 2023).

Growth stage:

The growth stage is when the product gets widely accepted, and there is a noticeable growth in sales. Metrics in the growth stage should reflect that, so focus is shifted on market penetration and customer satisfaction. Key metrics include market share, ROAS from initial sales, customer acquisition rate, and customer retention rate, with purpose to assess the product's competitiveness in the market and its ability to attract and retain customers over time (Fornell *et al.*, 2016). Additionally, metrics as customer lifetime value and net promoter score are also essential to this phase, as they focus on the value of company’s customers (Kumar and Mirchandani, 2012).

Maturity stage:

During the maturity stage, market saturation becomes a concern, so marketing managers prioritize maintaining market share. Therefore, metrics such as customer churn rate, cost per conversion, and average order value become crucial for evaluating marketing efficiency and effectiveness (Kumar and Mirchandani, 2012). Metrics related to customer satisfaction and loyalty are still used as much as in the growth phase, since they play a key role in retaining customers with an increase in market competitiveness (Kumar and Reinartz, 2016). Adjusting strategies based on insights these metrics provide ensures sustained customer engagement and revenue over time (Kumar and Pansari, 2016; Moorman and Day, 2016)

Decline stage:

As the name suggests, the decline stage begins when there is a noticeable decrease in demand for the product, which is followed by the decrease in sales. Metrics shift to assess if the product is still profitable and if there is a potential for revitalization. Cost per acquisition and cost per conversion become more critical, as minimizing expenses becomes a priority (Berger *et al.,* 2012). Additionally, metrics related to customer feedback and sentiment are used to identify potential reasons for the decline and explore opportunities for product improvement or repositioning (Kumar and Pansari, 2016).

6.5. Convergence of metrics for business excellence

We are currently in an era defined by information abundance. Since marketing managers can choose among hundreds of different metrics, how can we know which metrics are the most important? Well, the selection of metrics cannot be observed onedimensionaly, as metrics would have to work well together in order to deliver synergized insights. Only with adequate metric convergence, marketing managers can fully harness the full potential of their marketing strategies, and access performance with precision.

That being said, we've discussed that the key to marketing management lies in the comprehensive assessment of marketing performance from multiple angles. Marketing managers must choose a portfolio of metrics that collectively provide a 360-degree view of business performance (Bendle, Farris, Pfeifer, and Reibstein, 2010). By integrating financial metrics, customer-centric metrics, and digital marketing metrics into their strategy, marketing managers can successfully develop a complete understanding of performance from different standpoints. But in the field of marketing accountability, more isn't always better – utilizing as many metrics as possible doesn't necessarily correlate to success. The importance lies in the selection of key metrics that depict the performance the most accurately (Edeling, Srinivasan, and Hanssens, 2021)

The main challenge in the selection process is making sure that a set of chosen metrics align with business objectives (Patterson, L. 2007). Marketing managers may struggle to choose the right set of metrics that would accurately reflect the performance and strategic goals of the business. If a misalignment between chosen metrics and business objectives occurs, it can lead to misguided decision-making as well as resource allocation (Kotler and Keller, 2016). So in order to define clear and relevant KPIs one would need to possess a comprehensive understanding of the organization's marketing strategy and objectives.

One of the selection strategies includes using opposite metrics to develop business agility and ability to easily adapt to changes in the business environment (Verhoef and Leeflang, 2009). For instance, by juxtaposing metrics such as customer lifetime value and conversion rate, marketing managers can identify high-value customer segments that exhibit both strong engagement and propensity to purchase. This approach is beneficial to tailor marketing strategies that resonate with specific customer's needs, thereby elevating marketing effectiveness.

Therefore, this convergence or the right combination of diverse metrics serves as a compass guiding marketing managers toward business excellence. The integration of various contrasting metrics, that are in accordance with marketing goals and broader business objectives is the imperative for metric selection (Patterson, L. 2007). This approach to selection of marketing metrics goes beyond immediate success and paves the way to long-term sustainability.

7. EMPIRICAL PART

7.1. Empirical approaches employed in existing literature

Before diving into the methodological part of this thesis, we will discuss empirical approaches and results employed in existing literature. There is a high level of diversity in research approaches tackling the topic of marketing accountability and marketing metrics. So, we will compare these approaches for better understanding of the body of existing literature on the subject. The majority of articles are employing quantitative data collection methods, as survey questionnaires. For instance, Ling-yee, Li. (2011) in their study "Marketing metrics' usage: Its predictors and implications for customer relationship management" used a structured online questionnaire that was distributed to marketing managers with aim to explore the predictors and implications of marketing metrics' usage in customer relationship management. Edeling, Srinivasan and Hanssens (2021) took a similar approach, as they conducted a survey questionnaire to investigate how marketing activities affect the shareholder value. In order to find the metrics that matter the most to senior marketing managers, Bendle, Farris, Pfeifer, and Reibstein (2010) conducted a survey where managers would rank metrics in terms of importance. Moreover, Mintz and Currim (2011) designed a survey questionnaire in a similar manner to assess the extent of metric use in marketing-mix decisions. The questionnaire consisted of questions related to metrics used, the organizational involvement in marketing-mix decisions, and the level of metric-based compensation and training.

On the other hand, researchers that wanted to gain in-depth understanding on the topic with retrospect on managerial motivation, employed qualitative data collection methods, which consisted of in-depth interviews. For example, Ambler, Kokkinaki, and Puntoni (2004) conducted research on marketing performance measurement with the focus of understanding the reasons behind metric selection in a broader context. Therefore, their study used in-depth interviews with senior marketing and finance managers, rather than an online questionnaire. Gaskill and Winzar (2013) also employed qualitative data collection in the form of interviews to assess the use of different marketing and financial metrics in the technology sector, as well as to research benefits related to implementation of marketing accountability. Additionally, some of the researchers like Verhoef, Neslin, and Vroomen (2007) employed a mixed-methods approach, by combining the quantitative surveys and qualitative in-depth interviews, to study the use and importance of different marketing metrics in strategic decision-making.

Most researchers chose a purposive sample which involves marketing managers from various industries who are responsible for marketing decision-making. Details such as their exact roles, years of experience, and positions are assessed further into articles. The collected data was analyzed using appropriate statistical methods and techniques. Moreover, some researchers went a step further, and made sure the sample consists of diverse industries, as well as mix of companies od different sizes.

In the research „What Drives Managerial Use of Marketing and Financial Metrics and Does Metric Use Affect Performance of Marketing-Mix Activities?“ Mintz and Currim in (2013) discovered a large variation in the use of marketing metrics among firms. Specifically, while some companies use marketing metrics extensively, others use them sparingly. The research also revealed several predictors of marketing metrics usage, including the size of the firm, presence of a marketing director, and strategic orientation. The study encourages marketing managers to consider both consumer-focused metrics and financial metrics as a mean to achieve marketing accountability and improve business performance.

The study by Hacioglu and Gök published in 2011 highlights the importance of knowledge management practices for leveraging marketing metrics for strategic decision-making. Companies that foster learning culture demonstrated better use marketing metrics in sense that they have more successful strategic outcomes. Furthermore, Ling-yee Li (2011) found that marketing metrics usage appears to positively influence customer relationship management, which leads to better customer understanding and relationship building. The author argues that managers should be able to link the customer relationship metrics to financial outcome.

There may be a disconnect between marketing managers' usage of metrics and their perceived importance, according to a study „Metrics that Matter – to Marketing Managers“ (Bendle, Farris, Pfeifer, and Reibstein, 2010). The findings of this study revealed that metrics that link marketing efforts directly to financial performance, such as ROI, net profit and sales metrics have been assigned a higher level of importance than customer metrics.

On the other hand, research by de Haan, Verhoef, and Wiesel published in 2021 links customer feedback metrics and financial outcomes by establishing that enhancing customer satisfaction and loyalty can lead to tangible business results. Therefore, the findings of this study imply that marketing managers should establish KPIs based on customer feedback metrics to which will indirectly boost return on marketing investments. Another study yielding similar results is the „Marketing Metrics That Contribute to Marketing Accountability in the Technology Sector" study conducted in 2013, where authors Adam Gaskill and Hume Winzar identified that both financial metrics as return on marketing investment (hereinafter ROMI) and revenue per customer, and non-financial metrics, as market share and brand awareness metrics are highly valuable for assessing marketing performance in technology companies.

The research „Troubled waters: the transformation of marketing in a digital world" conducted in 2016 by Quinn, Dibb, Simkin, Canhoto, and Analogbei identifies several key themes that emerged from the interviews with marketing professionals. The interviews were aimed to capture rich, contextual insights into the experiences, perceptions, and practices of marketing professionals amidst the digital transformation. The most significant theme from this research is the impact of digitalization on customer engagement and interaction. Marketing managers discussed the growing importance of digital channels, such as social media and online communities, in fostering direct and real-time communication with customers. They highlighted the need to adapt marketing strategies to meet customer expectations for seamless digital experiences.

7.2. Marketing metrics and accountability in the Balkan region

While the concept of marketing accountability has been explored in numerous researchers, there is very little practical research on the implementation of accountability and marketing metrics in firms operating in the Balkan region. Having that said, studies on marketing metrics usage in Bosnia and Herzegovina may be limited, however broader research on trends and practices in the neighboring countries can shed light onto the matter. Similar studies have been conducted in the Balkan region, including Montenegro, Slovenia and Turkey. For instance, research conducted by Jovanović, Džafić, and Tadić, (2010) in Montenegro revealed that that financial and market-based metrics are more commonly used than non-financial metrics in the region. However, the study also highlights that non-financial metrics, such as consumer metrics, are considered important indicators of success particularly in service-oriented companies.

A Slovenian study by Todorović, and Trobec, (2017) researched metrics used to assess marketing performance, including financial metrics as return on investment (hereinafter ROI) and profitability, as well as non-financial metrics as brand awareness and customer satisfaction. The findings of this study indicate that many Slovenian companies lack a clearly defined marketing strategy, which leads to difficulties in measuring marketing efforts. The study identified challenges in implementing marketing performance measurement, such as a lack of resources, inadequate data collection, and difficulties in linking marketing activities to financial outcomes. These challenges are common on the Balkans, as firms operating in emerging economies struggle with accountability practices due to lack of transparency and unavailability of data (Arslanagić-Kalajdžić and Žabkar, 2017).

Croatian businesses predominantly use digital metrics as social media engagement metrics, website traffic and customer acquisition cost (XYZ Lab, 2023). Similar to Croatia, metrics predominantly used by Serbian business are digital marketing metric such as social media impressions, click-rates and conversion rates (Stanojević *et al.*, 2023) The research conducted Hacioglu and Gök (2013) in Turkey investigated performance measurement and specific marketing metrics commonly used in Turkish firms. It also studied how various companies value different metrics, and how this importance is influenced by factors such as the firm's sector and the industry they operate in. The findings reveal that Turkish firms mainly prioritize customer metrics and brand metrics, followed by sales metrics, and finally, profitability metrics. However, the importance put on metrics depends on the sector. The findings are similar to the results from Montenegrin study, conducted by Jovanović, Džafić, and Tadić, (2010). This study also revealed that the service sector places more emphasis on brand and sales metrics, while the industrial sector prioritizes profitability metrics. Additionally, firms operating in dynamic markets are more likely to use a wider scope of marketing metrics than those operating in stable markets. Due to the similarities between the usage of metrics on the Balkan region, we can expect similar approach to the use of metrics taken by companies operating in Bosnia and Herzegovina.

This brief literature overview on studies conducted in the Balkan region reveals businesses in the Balkans are trending upwards with the implementation of marketing measurement and accountability practices and highlights that awareness for the need for data-driven marketing strategies is increasing.

7.3. Methodology

The methodology for this research has been designed with the aim of providing a rich and comprehensive research on marketing accountability. The goal is to assesses current marketing accountability practices and the use of marketing metrics as a mean to achieve it in the context of marketing managers in Bosnia and Herzegovina. The structure of the methodology is set up as an organized approach to gather, analyze, and interpret data in order to address the research questions and objectives (Leedy and Ormrod, 2010).

The selected methodology approach for this research, including data collection, sampling and data analysis has foundation in studies already conducted on the topic and that have been discussed through empirical approaches employed in existing literature. Therefore, to provide in-depth answers to research questions a qualitative data collection approach has been implemented in the form of telephone interviews. A qualitative approach that has been employed to address the research questions and objectives in a less constraining way

(Creswell and Creswell, 2017). In this thesis we already discussed how different scholars conducted research within the field of marketing metrics and marketing accountability through a review of empirical approaches employed in existing literature. We will build on top of this knowledge, by providing a clear roadmap for how this research had been conducted, the way data had been collected, and the sampling technique. Finally, an analysis will be carried out to gain insights into the research questions:

RQ1: How do digital marketing channels and tools contribute to marketing accountability, and what metrics and measurement approaches are required to effectively measure their impact?

RQ2: What motivates managers to use marketing and financial metrics, and how does this impact marketing-mix performance?

RQ3: How important is marketing accountability for making business decisions in companies operating in Bosnia and Herzegovina?

RQ4: What marketing metrics marketing managers use the most while managing and monitoring their business performance and why?

7.3.1. Research Design

The research design outlines the overall strategy that will be used to conduct the study, including the data collection methods, sample selection, and data analysis procedures (Bryman and Bell, 2015). As discussed in the earlier in the thesis, a qualitative research design is the best approach to research with goal to gain in-depth insights, explore complex phenomena and to understand the underlying motivations and behaviors of individuals (Creswell and Creswell, 2017). Therefore, a qualitative research approach had been adopted to reveal marketing managers' perspective on the research questions.

To be more specific, the research involves conducting telephone interviews with marketing managers in various companies. The questionnaire used for the interview process is created to deliver rich answers on the use of marketing metrics, the alignment of marketing activities with firm strategy, the role of digital marketing in enhancing marketing accountability and the assessment of marketing impact on overall business performance.

Ethical considerations have been taken into account for every step of the research. Participants were informed about the purpose of the research and their participation was voluntary. Informed consent was obtained from all participants, as well as permission to record the interview. Before committing to the interview, all participants had been guaranteed the confidentiality of their responses. The data collected during the interviews has been used only for the purpose of this research.

7.3.2. Data Collection Procedure

The data collection procedure involves the steps taken to gather data that will answer the research questions and fulfill the research objectives (Bryman and Bell, 2015). For this research, telephone interviews have been used as the primary data collection method. The questions created for the interview had been designed to gain perspective regarding the research questions from marketing managers in businesses operating in Bosnia and Herzegovina.

The interviews had been conducted as individual telephone interviews on a purposive sample of marketing managers between the August and September of 2023. The sample consists of ten marketing managers from various industries. It is anticipated that a sample size of approximately 10 participants will be sufficient to reach data saturation and gather rich and diverse insights into the research questions. (Guest *et al.*, 2006). The questionnaire used for conducting interviews consisted of close-ended questions to gather demographic information and open-ended questions to capture detailed qualitative insights. This approach allows participants to provide nuanced responses, enabling a deeper understanding of the research questions. The open-ended nature of the questionnaire will facilitate the collection of rich qualitative data that can be analyzed thematically.

The questionnaire comprises a total of 16 questions and is split into three main parts. First part is designed to gather demographic data. For the second part, the questions are designed to uncover current accountability practices in the company, as well to what degree do marketing managers employed in these companies use marketing metrics and which ones. Respondents were also asked about the challenges they face in implementing marketing accountability practices within their organizations. Lastly, the third part of the questionnaire serves to uncover the motivation for the use of marketing metrics, challenges regarding implementation of accountability practices and the role digitalization plays in achieving it.

The interview participants were approached through email invitations and online professional networks, such as LinkedIn. Participants were provided with clear instructions and were assured of the confidentiality and anonymity of their responses. The questionnaire used for the interview is inspired from previous research in the field by Bendle, Farris, Pfeifer, and Reibstein (2010), Hacioglu and Gök (2013), and Gaskill and Winzar (2013).

7.3.3. Sampling Technique

The sampling technique chosen for this research has been purposive sampling, a non-probability sampling method that involves selecting individuals with specific characteristics or experiences that are relevant for answering the research questions (Creswell and Creswell, 2017). This sampling technique has been used to select participants who hold a relevant job title and possess experience in marketing management. In this case, the sample consists of marketing managers working in businesses operating in Bosnia and Herzegovina. By opting for this sampling approach, we can ensure that the participants have the necessary expertise and experience to provide valuable insights into the research questions.

The sample size consists of 10 participants, from seven different industries, that can be seen in the table below. Given the fact that gathering participants for a purposive sample is more challenging that random sampling, and that marketing managers consenting to be interviewed for this research have an extremely busy schedule, the number of participants is limited to 10 marketing managers. While the sample size may appear small, qualitative research aims to achieve depth rather than breadth of understanding (Creswell and Creswell, 2017). Marketing managers of large and medium enterprises were more represented in the sample compared to small enterprises. The representation of small enterprises is expected to be lower as companies in this category may not have well-developed marketing sectors and may not require extensive use of marketing metrics due to budget constraints (Milichovský and Simberova, 2015).

By engaging in in-depth individual interviews with the selected participants, the research can gain detailed insights into their perceptions, motivations, and practices related to marketing accountability.

Figure 13: Description of participants

Industry	**Current role within the company**	**Years of experience in Marketing**	**Key interests/Area of Expertise**
Telecommunications	Head of marketing and communications	6	Digital marketing, Commercial marketing
Advertising	CMO	30	Agency work
Advertising	Marketing manager	5	Digital marketing
B2B producer	Marketing manager and PR manager	8	Digital marketing
Entertainment/ Cinema	Marketing manager	3	Digital marketing
Information Technologies	Head of marketing	14	PR, Social Media and Sales
Wholesale	Trade marketing activities	5	Trade marketing, PR
Banking	Marketing manager	4	Digital Marketing, PR, Sales
Advertising	Marketing director	7	Advertising, Digital Marketing

Tourism	Marketing and product manager	6	Product Marketing

Source: Author's work

7.4. Data Analysis

The collected qualitative data has been analyzed using a thematic analysis approach. Thematic analysis involves identifying patterns, themes, and meanings within the data based on which conclusions can be extracted (Leedy and Ormrod, 2010). Firstly, the recorded interviews have been transcribed. Transcribed text has been reviewed several times to identify patterns, themes, and meanings, based on the principle of familiarization, where data vas reread until it leads to familiarity with overall content. Meaningful segments of the data have been separated in order to capture key concepts and ideas. Afterwards, main ideas were grouped together to form themes that capture patterns in the data. We uncovered four prominent themes that each correspond to one of the research objectives:

- Current practices and policies in measuring marketing performance
- Factors influencing use of marketing and financial metrics
- Digital marketing channels and tools used to enhance marketing accountability
- Challenges faced by businesses in implementing marketing accountability practices

Themes have then been further refined to drive meaningful conclusions. In response to the uncovered patterns, we will later provide curated list of recommendations for business operating in Bosnia and Herzegovina, as well as individually address each of the listed challenges.

7.4. Results and Discussion

The following chapter presents the results of the research and discusses the findings in the context of the research questions and objectives. The data collected through interviews had been analyzed to identify themes, patterns, and insights to shed light on the marketing accountability and the use of marketing metrics in Bosnia and Herzegovina. The chapters in findings each correspond to a specific theme, with the aim of providing answers to research questions as well as and providing practical solutions. A brief overview of concepts summarized from participants' responses per each of the discussed themes can be outlined in the meta-matrix below:

Figure 14: Meta Matrix

Respondents / Themes	Theme 1: Current Accountability Practices	Theme 2: Influencing Factors	Theme 3: Digital Channels	Theme 4: Challenges
Respondant 1	Marketing metrics and internal tools	The need to demonstate results	Digital channels as Google Ads, Meta Ads etc.	Attribution from different channels
Respondant 2	Partner measurments	Performance based compensation	CRM platfroms	Mapping data across platforms
Respondant 3	Metrics, Customer Feedback & Internal Tools	Management and Shareholders	B2B metrics and conversion tracking	Attribution for B2B products
Respondant 4	Marketing Metrics, Sales, Customer Surveys	Requirements by the management	Integrates digital and traditional metrics	Attribution for products with longer sales cycles
Respondant 5	Marketing Metrics, Publisher estimates	Justification of results	Cross-channel digital marketing metrics	Struggles with integrating digital and traditional metrics
Respondant 6	Social Media Metrics	More projects, higher budgets	Social media analytics, conversion tracking	Difficulty quantifying branding
Respondant 7	Marketing Metrics, Seasonal Audits	Marketing mix, specially product and price	Digital marketing tools like SEO, SEM, and social media	Attribution period, seasonality of the product, the effect of competition
Respondant 8	Market Share, Financial Metrics	Communicating Value	CRM platfroms, Social media	Quantifiying traditional marketing campaigns
Respondant 9	Marketing Metrics, Internal Models	Leadership and Organization	Digital marketing metrics	Measutring attribution from synergy efforts
Respondant 10	Sales data, Internal measurments	Rewarded performance	Social media metrics	Attribution and quantifing leads

Source: Author's work

7.4.1. Demographics and background

Regarding the demographics, the respondents in the research were predominantly female, with various roles in marketing such as marketing managers, head of marketing, PR manager, digital marketing managers or trade marketing managers. The age of participants varied from 25 to 50 years, with most of the participants falling within 30-45 range. They have varying years of experience in marketing, ranging from 3 to 30 years of experience within their roles.

Key areas of interest were predominantly digital marketing, although various different subfields have been mentioned such as commercial marketing, PR, social media, sales, trade marketing and agency work.

The participants mostly come from service oriented industries, as it can be seen in more details in the table under figure: 11 in the chapter 7.3.3 of this thesis. Although there is just one participant from a B2B company, it is beneficial to have this type of company represented in the sample as well and to hear their perspective on the research topic.

7.4.2. Theme 1: Analysis of current practices and policies in measuring marketing performance

The analysis of the data revealed valuable insights into the current practices and policies that marketing managers in Bosnia and Herzegovina employ as marketing accountability measures. By reviewing data, it was possible to uncover several key themes. Most of the participants highlighted the use of a diverse range of metrics to assess marketing performance, with non-financial metrics being prioritized over financial metrics. Social media metrics such as impressions and CTR were commonly mentioned, indicating the importance of utilizing digital marketing channels for modern day marketing.

The respondents use a mix of both internal and external tools to measure the effectiveness of their marketing campaigns. The dominant trend across responses is the use of internal marketing tools such as marketing metrics to evaluate the success of digital marketing campaigns, while for traditional marketing campaigns most of the responses rely on external measures such as estimates provided by partners. Most participants agreed that measuring success of traditional marketing campaigns is more difficult due to inability to collect enough data to draw conclusions, and collecting data being timely and costly compared to digital marketing activities, where data is available at ease.

Therefore, in order to measure digital marketing campaigns participants mostly highlighted that the use the following digital marketing metrics: impressions, clicks, CTR, conversion rate, e-mail open rate and social media indicators. Some of the participants expressed they use digital marketing metrics but didn’t specify which ones. The digital marketing tools that the participants mentioned using are Google Ads and Meta ads. For traditional channels, the most prominent response was the use of external measuring, most often including an estimate of impressions and/or viewability provided by partner firms.

Those, on the other hand that preferred to do their measuring in house, measured effectiveness of their marketing campaigns by using sales, revenue, customer satisfaction and brand awareness metrics. Some respondents went into details of exactly how their measure the impact of their traditional marketing campaigns, which is by measuring in store purchases in a certain period, reach from promoters in store, by using primary and secondary positions, and finally measuring the lift of the campaign by comparing how many customers bought the product or a service after the promoter has finished promotion of it.

Additionally, some of the managers used the combination of both internal and external practices to comprehensively measure the impact of their marketing campaigns.

When asked to specify on how do they track brand awareness and consumer engagement, the two most dominant answers were conducting consumer research and the use of marketing metrics. Regarding the consumer research the answers that stood out the most are the use of focus groups and customer surveys. Moreover, the most common metrics used to assess brand awareness and consumer engagement were impressions and reach (brand awareness) and CTR and VCR (consumer engagement). Social media metrics are used to assess both, while other metrics worth mentioning include catalogue downloads, and information provided by the sales team.

Most participants use both short-term and long-term marketing goals that align with the overall business strategy. All their activities are the means to achieve these goals. Some of the participants gave us examples of these goals as market share growth, or sales target. At this point, they also emphasized the use of marketing metrics, as goals are often set in terms of marketing metric benchmarks. As they need to be measurable, marketing metrics are used to reflect if goals are met or not, and therefore showcasing if the company and its marketing activities are moving towards the right direction.

Marketing managers of larger companies highlighted that the procedures they use are set corresponding to the long-term marketing plan. Some managers admitted that aligning marketing activities within business objectives is not within their scope of work, as goals they need to achieve are communicated to them from C-suite. Marketing managers with more experience emphasized that they use strategic planning, as well as cross-team collaboration to set meaningful objectives for their department. One of the participants highlighted how incorporating marketing into strategic planning leads to better financial outcomes:

"Marketing is not a cost, it's an investment! Marketing is a firm's stratigic activity, it is more than just advertising. By strengthening the brand we can overtake more projects and increase our revenue."

When participants were asked on how in particular do they assess the impact of marketing activities on revenue growth and market share the most common approach was sales analytics, or simply put comparing sales and revenue before, during and after a specific campaign has finished. One of the managers added on that this process has been simplified since the introduction of an online store, therefore emphasizing the incorporation of online marketing to enchase marketing accountability. Essentially marketing managers assess the impact of marketing activities by measuring market share and revenue for each of the brands, key accounts and products, by measuring first and third-party data.

In order to answer 4th research question: "*What marketing metrics marketing managers use the most while managing and monitoring their business performance and why?*", participants where asked what KPIs do they use and to explain the reasoning behind their selection. According to the responses, the impact of marketing activities is measured through various metrics such as ROI, revenue from business activities, profit and cost analysis, customer satisfaction, and market share. The KPIs are chosen based on the goals set to align with the long-term plan of the company. For example, one of the participants highlighted that they are most interested in increasing customer awareness, therefore they use metrics such as impressions, CTR, VCR and social media indicators. A manager from a company that carters towards businesses explained that the nature of the company requires for her to use B2B metrics, as well as the attribution window she uses to assess KPI performance is often longer than in consumer marketing.

As aligning marketing activities and business objectives is a dominant theme for this master thesis, it was important to grasp how exactly marketing managers of domestic companies achieve this. Participants noted the need for alignment between marketing objectives and business goals. In words of one of the participants:

"Everything needs to be aligned with strategic objectives in the long term, but to actually meet these objectives and set goals we need a winning mentality."

Besides emphasizing the need for alignment and strategic goals, this answer also highlights the role mindset, organization and culture play into achieving set goals.

These rich insights provide answer to 3rd research question: *How important is marketing accountability for making business decisions in companies operating in Bosnia and Herzegovina?* Some participants explained in detail how marketing activities correspond to strategic business objectives in their enterprise. However, in most cases no exact framework has been specified, as a structured approach to accountability. It is evident that companies are on the right track with incorporation of metrics, however marketing accountability is still observed as a theoretical notion rather than a continuous practice that strengthens the marketing function. This is in accordance with research findings by Arslanagic-Kalajdzic, and Zabkar where they state that managers regard marketing accountability as an additional effort or an internal task, while still lacking to demonstrate their concrete efforts on business results (2015).

7.4.3. Theme 2: Factors influencing use of marketing and financial metrics

The second part of the interview shifts focus from the application of marketing accountability to deeper understanding of factors that go into selection of metrics. Analyzing responses given through it will help us answer the 2nd research question: *What motivates* *managers to use marketing and financial metrics, and how does this impact marketing-mix performance?* The analysis of factors that influence managerial choice regarding the selection of marketing and financial metrics revealed several motivators and barriers. The participants recognized that using metrics can lead to more informed resource allocation, optimization of marketing strategies, and improved performance evaluation. Participants shared that the highest motivator for incorporation of metrics is demonstrating the value of marketing activities to senior management and stakeholders.

When a marketing manager is simultaneously a member of the company's top management, there is less friction in communicating the value of marketing department for the organization (Coles, Daniel, and Naveen, 2006). However, if this is not the case marketing managers need to find a way to pinpoint how exactly the department contributes to business results. This naturally plays a pivotal role in the use of marketing metrics, therefore we aimed to first check if the interviewed participants are members of top management, and if not how exactly do they justify marketing expenses to top management.

Only a small percentage of interviewed participants (10%) represents the top management, while some are a part of the company's middle management (20%). Effective communication of the value of marketing activities to senior management is crucial, therefore we wanted to investigate how the selected participants deal with it, and which elements of marketing mix are prioritized in value communication process.

According to participants, communication of value to senior management and clients (in case of agencies) is often done through research, written reports and presentations which serve to demonstrate the correlation between marketing results and established goals. The use of measurements and metrics is a prominent approach to establish the value of marketing for the organization, as according to words of one of the participants:

„Every activity is backed up by marketing metrics, every cost needs to be justified by result, every detail is planned beforehand, every month we have a deep analysis and plan for the following month".

Besides the use of marketing metrics, some participants put emphasis on cross team collaboration, especially with the sales team to communicate their joint efforts to upper management. Another important factor that leads to the higher use of marketing metrics listed in the literature is the metric-based compensation. So naturally, the participants have been asked whether they are incentivized to use marketing metrics by metric-based compensation. While most respondents' compensation is not directly tied to metrics, increased sales or overall business performance may lead to bonuses.

Most marketing managers confirmed that all variables of the marketing mix are equally important, while some, specializing in trade marketing highlighted that price is prioritized compared to other elements, followed by promotion. However, they also stressed that it depends on the product being introduced to the market. Since directions are communicated from global company directions, each product requires an analysis before introduction to the market, and different elements of marketing mix are then prioritized according to the strategy.

Through further analysis of responses, it was evident that the organizational culture and leadership play the most important role in promoting the use of metrics in Bosnia and Herzegovina. Namely, organizations with a strong culture of data-driven decision-making were found to encourage managers to utilize metrics for evaluating marketing performance. These findings are aligned with the results of the research conducted by Hacioglu and Gök in on marketing accountability practices in Turkish businesses (2013). This study states the importance of knowledge management practices for leveraging marketing metrics for strategic decision-making. According to the study, companies that foster learning culture demonstrate better use marketing metrics along with having more successful business outcomes.

7.4.4. Theme 3: Digital marketing channels and tools used to enhance marketing accountability

As mentioned in the previous section, the role of digital marketing channels and tools in enhancing marketing accountability emerged as a prominent theme in the data analysis. By having in depth discussion with participants we have answered the 1st research question: *How do digital marketing channels and tools contribute to marketing accountability, and what metrics and measurement approaches are required to effectively measure their impact?* The majority of participants highlighted how the incorporation of digital marketing channels and tools can enhance marketing accountability. This showcases that marketing managers in Bosnia and Herzegovina have recognized the benefits of digital marketing such as real-time data, precise measurement and targeting, and the value they contribute to informed decision making. Some of the more experienced participants expressed the need for standardized measurement approach to ensure consistency and comparability among traditional and digital marketing channels.

Most participants agreed that incorporation of digital marketing channels and tools into the marketing mix facilities the use of marketing metrics, and thereby promotes a higher degree of accountability within the organization. When asked about specific aspects of work they benefit the most from incorporation of digital marketing tools and channels, participants listed the following fields: customer relationship management, tracking data, targeting capabilities, data measurement and connecting in store and other activities.

Some participants listed the benefits of digitalization, including an abundance of data that can be used to measure and track marketing activities in real-time (Chaffey and Smith, 2022). Participants recognized the ability of digital platforms to track customer behavior, which opens a door to targeted marketing campaigns. Some participants emphasized how the use of digital channels can enhance customer engagement, as well as their potential. One of the participants emphasized the following benefits:

"With digital marketing channels we can track pretty much anything online, from the number of clicks and site visits, to any action performed on the website. Later with this data, we can retarget users that are interested in our products."

Digital marketing channels such as social media, email marketing, and online advertising have been mentioned the most, while search, programmatic advertising and SEO have not emerged during the conversations with the participants.

When asked about the metrics they use to measure the impact of digital marketing activities, the participants listed CTR, VCR, the conversion rate, and social media engagement rates as crucial for evaluating the effectiveness of digital marketing campaigns. This is in accordance to the use of digital marketing metrics use in Serbia and Croatia, as the same metrics continuously pop up when researching digital marketing trends in the mentioned countries. Digital marketing metric such as social media impressions, click-rates and conversion rates are commonly used to assess digital presence and performance of Serbian businesses (Stanojević *et al*., 2023).

7.4.5. Theme 4: Challenges faced by businesses in implementing marketing accountability practices and strategic solutions

As the last question in the interview, participants have been asked to describe the challenges they face when implementing marketing accountability practices within their organization and if it is more challenging to use marketing metrics during a specific phase in the product lifecycle.

All participants highlighted some type of barrier to metric use, including data complexity, intangibility of marketing activities, resource constraints, and attribution from synergy efforts. Participants also acknowledged challenges related measurement such as demand forecasting and seasonal changes. Some participants expressed concerns about attribution modeling, particularly in the context of B2b marketing.

The challenges listed by participants partially overlap with the challenges acknowledged by marketing managers in a Slovenian study by Todorović, G. and Trobec, A. (2017). Namely this study lists the following obstacles to performance measurement: the lack of resources, inadequate data collection, and difficulties in linking marketing activities to financial outcomes.

7.4.5.1. Challenges faced by businesses in Bosnia and Herzegovina in implementing marketing accountability practices

In general, the answers to the question about challenges regarding accountability and metric implementation varied the most across responses, as different marketing managers focused on different challenges. This could be due to them coming from different industry backgrounds. However, attribution modeling and complexity of marketing activities were mostly identified as challenges that can hinder the adoption of accountability practices. Most of the marketing managers did not highlight any additional challenges specific to the product lifecycle stages, but those that did highlight that attribution modeling becomes more demanding and complex in the later stages. One of the participants explained why attribution of results can be challenging, especially during the initial stages of the marketing funnel:

"It's difficult to measure branding. We can measure numerous metrics, but at the end we cannot know if the campaign had an effect on a psychological level. A click alone does not indicate that a person will make a purchase decision. We are not in people's heads; we cannot know if their opinion of our brand has improved. Until we can read thoughts, there will be a gray area, an inability to link actions to results."

We'll now list prominent challenges mentioned by the participants by going into more detail and providing strategic solutions to tackling these challenges. The challenges listed by the participants in this stage of the interview include but are not limited to:

- Attribution was one of the most repeated challenges, as joint effort of different departments makes it is harder to pinpoint which of these departments contributed the most to the conversion event

- Difficulty to quantify impact and forecast success of traditional marketing campaigns that are conducted in partnerships with different publishers, as results are not guaranteed

- Inability to access the impact branding has on consumers, even in digital marketing campaigns where measurement is more accessible. This is because a click does not necessarily mean a user will make a purchase decision, and measuring consumer intention is still highly limited.

- Stock problems affecting demand measurement – In words of one of the participants: *"How can we accurately assess consumer demand for the product if we were not able to meet it?"*

- Seasonal changes – demand as well as performance fluctuates during seasons making measurement more difficult

- Competition – One of the participants described this challenge as follows: "*External forces such as competitor pricing may adversely affect performance of our own campaign making it difficult to determine if the campaign was successful or not"*

- Attribution from synergy efforts is difficult to quantify, as explained by one of the participants: „*If attributions are contributed based on last touch attribution model which can sometimes be sales – no credit goes to marketing department"*

- Mapping and measurement of data through different platforms

- B2B efforts and products with large price points often require large attribution window, and sometimes even fall out of the attribution window, especially for B2B campaigns as sometimes decision making lasts more than one-year period

7.4.5.2. Recommendations and strategic solutions to listed challenges

As one of the most prominent challenges were concerns with conversion attribution, along with the difficulty to quantify the impact of cross-team efforts. Here we recommend implementing a multi-touch attribution model that considers all touchpoints in the customer journey, not just the last touch. This way credit of a conversion is distributed to each department involved. By using advanced analytics tools it is possible to track and analyze customer interactions across channels to get a better understand the contribution of each touchpoints (Beck, Petersen, and Venkatesan, 2021).

In order to improve the use of metric for traditional marketing campaigns, we recommend to first set up clear objective and KPIs that performance can be measured against. Afterwards, if a partner or a publisher is used for measurement it would be best to negotiate using performance-based agreements whenever it is possible. This approach ensures accountability for both parties involved.

Since difficulty in measuring the effect of branding was one of the challenges marketing managers expressed during the interview, we've prepared recommendations on how to address this challenge. By implementing brand lift studies, organizations can effectively measure the impact of branding efforts on consumer perception and intent. With inclusion of digital marketing tools, brand lift studies are easily implemented as it is a feature that many online platforms come integrated with. Additionally, tools like sentiment analysis and social listening are extremely useful to understand brand sentiment and consumer engagement.

For managers that find it troubling to map data from different sources, we recommend to invest in an integrated marketing analytics platforms that allows for seamless data mapping and measurement across different platforms and channels, like Google Analytics, Salesforce Marketing Cloud or Adobe Analytics. On top of this, data visualization tools like Google's

Looker Studio can be helpful to create detailed dashboards for tracking and analyzing marketing performance.

One of the challenges often represented in B2B marketing is the duration of attribution window not being suitable for product and services that require extensive decision making. Besides extending the attribution window to account for longer sales cycles, we suggest the implementation of lead nurturing strategies which help maintain engagement with prospects throughout the extended buying journey. CRM platforms like Hubspot are an excellent way to track interactions and attribute conversions accurately over time.

Through the responses collected, it was evident the importance experience, training and education hold in increasing the use of marketing metrics. Marketing managers who had more experience and training on metric interpretation and analysis provided were more likely to effectively leverage metrics to assess marketing effectiveness and identify areas for improvement (Gaskill and Winzar, 2013). The findings shed light on the strategies that need to be adopted to overcome these challenges, as well as highlighted the need for marketing accountability in driving decision-making processes within enterprises in Bosnia and Herzegovina.

7.5. Limitations of the study

The research contributed to extensive knowledge on the topic of marketing accountability, and uncovered accountability practices in Bosnia and Herzegovina. However, there are certain limitations that should be acknowledged. Firstly, the findings are based on a relatively small sample size of ten marketing managers, which may limit the ability to generalize the results and apply assumptions to the larger scale. Secondly, participant responses may be influenced by social desirability bias or memory recall bias, affecting the accuracy of the collected data. For example, participants themselves did not list education or the lack of training as a challenge hindering the adoption of marketing metrics.

Finally, the qualitative nature of the research means that the findings are context-specific and may not be applicable to all organizational settings. For instance, the research findings may be context-specific only to businesses operating in Bosnia and Herzegovina and may not be applicable to other regions. The research focused on exploring the use of metrics for marketing accountability, but it did not investigate the exact portfolio of metrics marketing managers use when evaluating business performance and effectiveness of marketing.

8. IMPLICATION OF FINDINGS

The results of the research provide valuable insights into marketing accountability practices, managerial motivation and the use of marketing and financial metrics, the role of digital marketing in enhancing marketing accountability and challenges related to its practical application. The analysis highlights the importance of organizational culture, leadership support, and training and education in promoting the effective use of metrics for decision-making.

In the next section will summarize insights drawn from the research findings, discuss their implications, and provide recommendations for businesses in Bosnia and Herzegovina to enhance their marketing accountability practices.

8.1. Summary of findings

The findings reveal that marketing accountability is growing in importance, as the research has confirmed highlighted need for accountability in the context of business operating in Bosnia in Hercegovina. A vast majority of businesses are under pressure to justify their marketing investments regardless of the specific industry they operate in. Furthermore, it’s evident from the research that digitalization plays a key role in enhancing marketing accountability alongside the use of metrics.

Participants' perspectives uncovered challenges faced by businesses in Bosnia Herzegovina in measuring marketing performance and accountability. The thesis has provided answers to all research questions along with practical solutions to address these challenges. The findings also contributed to practical knowledge of motivations behind the use of marketing and financial metrics by managerial professionals.

Having this said, the research has satisfied all four initially set objectives, as it has analyzed the current practices and policies of businesses in Bosnia and Herzegovina on measuring marketing performance and accountability, identified the factors that drive managerial use of marketing and financial metrics, investigated the role of digital marketing channels and tools in enhancing marketing accountability, and identified the challenges faced by businesses in implementing marketing accountability practices, along with strategies to address these challenges.

8.2. Implications of findings

The implications of the findings extend to both academia and industry. From the academic point of view, this research contributes to the existing body of literature by providing insights into different frameworks and metrics that can used for achieving marketing accountability, managerial motivation for implementing these solutions, as well as current accountability practices employed in Bosnia and Herzegovina. Since research on the topic of accountability conducted in Bosnia and Hercegovina is scarce, this research builds a foundation on top of which additional knowledge can be built upon. Additionally, vast theoretical framework ensures a comprehensive view into the array of strategies organizations can adopt enchase marketing accountability practices.

From a practical perspective, the thesis almost represents a guide the managers can use to implement marketing accountability. It showcases reasons why marketing accountability is important, and explains how can the implementation of marketing accountability practices strategically benefits them. Several accountability frameworks are reviewed and compared, so marketing manager may choose the one that best fits the organizational needs. The thesis also presents various marketing metrics and their specific purpose, so marketers can identify which metrics should be selected as desired KPIs. Additionally, different challenges that a marketing manager may encounter when trying to implement marketing accountability are discussed. By examining both the challenges listed in literature, as well as challenges marketing managers in Bosnia and Hercegovina listed in the conducted interviews and potential solution to these challenges, we may help managers that are discouraged from accountability practices due to fear of obstacles they may encounter on the way.

Essentially, by incorporating relevant marketing metrics, conducting marketing audits, collecting customer feedback, and/or establishing their own marketing accountability framework, marketing managers can improve their decision-making processes and achieve better results, and most importantly provide quantifiable evidence how their effort contributed to those results.

8.3. Recommendations for businesses in Bosnia and Herzegovina

Several recommendations can be made based on research findings for businesses in Bosnia and Herzegovina to enhance marketing accountability:

1. Embrace data-driven decision-making as organizational culture

In order to successfully implement marketing accountability into business practices, business would first need to establish an organizational culture that values data-driven decision-making. This creates an environment where managers are incentivized to use relevant marketing metrics to assess the impact of marketing efforts on business outcomes management (Quinn *et al.*, 2016). Objectives should be clear and measurable, so it the marketing's contribution in the business equation can be measured.

2. Implement a structured approach to accountability

Business in Bosnia and Herzegovina could greatly benefit from adopting a structured approach to measuring marketing performance or essentially by incorporating a marketing accountability framework. We recommend the use of relevant marketing and financial metrics along with the use of customer feedback for a framework that provides a comprehensive overview of marketing effectiveness. This systematic approach to assessment of marketing activities can demonstrate the value of marketing and its impact on business goals (McDonald, 2010).

3. Invest in data analytics

Since the collection of data is a prerequisite for data driven decision making, we encourage business to invest in data analytics tools and technologies to effectively collect, integrate, and analyze data from different sources.

4. Develop a Comprehensive Metrics Portfolio

For a comprehensive performance overview, businesses should leverage both financial and nonfinancial metrics. Incorporating brand metrics, cost metrics, customer acquisition metrics and digital marketing metrics into the strategy provide insights into different aspects of marketing performance. Managers should curate a metric portfolio that works well for their organizational needs – as the same portfolio of metrics will not work for every company. Advocating for diverse use of metrics that are in harmony with both marketing strategies and organizational objectives can enhance business decision making.

5. Provide Training and Education

As the results of this research have shown, several marketing managers approach marketing accountability as purely theoretical. Educating marketing teams about the role marketing metrics in the area of marketing accountability, their interpretation and strategic importance for success is necessary for making the best use of resources available. Knowledge and information resources are essential for implementation of marketing accountability (Arslanagic-Kalajdzic and Zabkar, 2015).

6. Foster Cross-Functional Collaboration

Collaboration between marketing, finance, and other relevant departments is necessary to make sure they're all working jointly towards the same goals. Thereby this collaborative approach is needed within the organization to establish well-functioning accountability practices.

7. Listen to Customers

Since according to this research utilizing customer feedback and satisfaction surveys wasn't a prominent theme, it would be beneficial to incorporate these mechanisms to gain insights into customer preferences and needs. Listening to customers is essential for marketing managers that want to tailor marketing strategies to consumer needs to enhance customer satisfaction (Morgan and Hunt, 1994). Additionally, customer-centricity enhances brand loyalty, which contributes to organic grow and amplified market share, which can withstand market fluctuations (de Haan, Verhoef, and Wiesel 2021).

8. Leverage Marketing Audits

If an enterprise doesn't have employable resources to approach marketing accountability with consistency and continuity, we advise to regularly conduct marketing audits. Assessing marketing performance through marketing audits is a necessity to evaluate the effectiveness of marketing strategies and identify any areas for improvement (Pickton and Broderick, 2004). This practice can lead to more informed decisions and enhanced marketing accountability, without needing to invest in advanced data analytics techniques and employing additional resources.

9. Embracing digital marketing channels and tools

Businesses should further invest in digital marketing channels and tools, so they can harvest all benefits from real-time data and insights. Quickly adapting to new digital solutions can help them reach new audiences, precisely target them and track them throughout customer journey, which facilities implementation of remarketing strategies. While businesses operating in Bosnia and Hercegovina use social media extensively, incorporating numerous other digital marketing channels and tools into the marketing mix can help them bring marketing accountability to a whole new level.

10. Regularly Review and Update Metrics

Lastly, business should keep up with changes in the marketplace and regularly revisit their metric framework to reflect them. This also applies to benchmarks that should be reviewed and adjusted to ensure growth and competitiveness. This way, marketers can make sure metrics stay relevant over time. Measuring marketing performance should be seen as a journey, and not a single output (Wyner 2004).

8.4. Suggestions for future research

This research yields valuable insights into marketing accountability practices and metric use. However, there are areas that can be further analyzed in future research. One potential area is shifting focus to the challenges and barriers organizations face in implementing marketing accountability. Investigating the ways organizations overcome these challenges can provide guidelines for marketing managers encountering them in the future. Additionally, it could be valuable to investigate how different industries approach marketing accountability and specific marketing metrics they use. As discussed in this thesis, type of industry, company size, good vs service approach, and the stage of company lifecycle are all factors that play a role in metric selection. Hence, it could be beneficial to focus on a specific factor, or a set of factors as a criteria and explore the metrics employed by companies that fit the criteria. This would lead to deeper understanding of metric selection and measurement practices.

Moreover, further research could separate financial from non-financial outcomes, when analyzing the impact of marketing accountability, to see the effect it has on each. This would help to increase overall knowledge of the relationship between accountability and organizational success.

When talking about business outcomes, another area worth exploring is the relationship between marketing accountability and long-term business results. Analyzing how organizations that consistently practice marketing accountability achieve sustained success over time could provide practical lessons for businesses.

Some other areas worth investigating include how emerging technologies such as artificial intelligence and machine learning affect marketing accountability. With the depreciation of cookies announced for 2024, data collection via digital marketing channels will be adversely affected. However, as artificial intelligence is rapidly evolving, it can pose a solution to this issue by filling in any gaps in data by utilizing predictive analytics.

Lastly, it could be worth investigating how cultural and contextual factors influence managerial decisions and motivations regarding the selection of metrics. Exploring the relationship between the manager's background and the set of chosen metrics could provide more context from a more socio-economical perspective.

9. CONCLUSION

Marketing accountability has reshaped the way marketing function is perceived within enterprise, shifting its role from a creative function to a strategic function necessary for sustainable business growth. The thesis explored the concept of marketing accountability from the theoretical standpoint to practice, from its importance, implementation, models, frameworks, challenges, to the use of marketing metrics for performance measurement and the motivation behind metric selection. The research findings contribute to a deeper understanding of how businesses in Bosnia and Herzegovina practice marketing accountability and to what extent do they use marketing metrics. Moreover, the thesis presents recommendations based on findings for enterprises on how to approach marketing accountability and thereby drive better business results.

This thesis highlights that the use of not just marketing metrics, but relevant marketing and financial metrics that align with business objectives, is crucial for demonstrating the value of marketing efforts. The focus should be on identifying metrics that capture both short-term and long-term outcomes, considering both financial and non-financial aspects. Marketing managers should address barriers to metric use by providing training and support for their teams. Education on the importance of metrics and how to interpret them can help overcome resistance to metric adoption.

Furthermore, the thesis emphasizes the importance of a holistic approach to marketing accountability. Marketing managers should consider implementing a structured accountability framework that fits their unique needs to comprehensively assess marketing performance. By combining different and contrasting metrics, organizations can gain a well-rounded view of their marketing activities and their impact.

Essentially by adopting a data-driven approach, embracing digitalization, and leveraging metrics businesses can elevate their marketing performance and contribute to organizational success. The theoretical aspect, insights and findings of this thesis can all serve as a valuable resource for marketing managers and business executives seeking to navigate the field of marketing accountability, demonstrate the value they and their teams bring to the company and, last but not the least, enchase their business results.

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APPENDIX

QUESTIONNAIRE

The following is the questionnaire used for interviews with marketing managers in businesses operating in Bosnia and Herzegovina:

Part A: Respondent Background:

a. How old are you?

b. Gender:

   - Male
   - Female
   - Would prefer not to disclose

c. What is your current role in the company?

d. How many years of experience do you have in marketing management?

e. What are your key areas of marketing interest/experience?

Part B: Assessing Marketing Accountability

1. How do you currently measure the effectiveness of your marketing campaigns, both online and through traditional channels?
2. In which way do you track brand awareness and customer engagement, if you use marketing metrics which ones do you use?
3. How do you align your marketing activities with the firm's strategic objectives?
4. What do you use to assess the impact of your marketing activities on revenue growth and market share?
5. How do you measure the impact of digital marketing channels on overall performance?
6. What key performance indicators (KPIs) do you use when evaluating marketing performance and why?

Part C: Factors Influencing Metric Use

1. How does your organization prioritize and emphasize different elements within the marketing mix in its decision-making process?

2. In your experience, has the incorporation of digital marketing channels in the marketing mix facilitated the use marketing metrics?

3. Does your compensation include metric-based incentives?

4. a) Are you a member of the top management team (e.g., CMO), and how does your role influence the use of marketing metrics?

   b) If not, how do you effectively communicate the value of marketing activities to senior management?

5. a) What challenges do you face when implementing marketing accountability practices within your organization?

   b) Do you find it more challenging to use marketing metrics in certain stages of the product life cycle (introductory, growth, maturity, or decline stages)?