

Marketing *forum* 2011

e x e c u t i v e c i r c l e

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Workshop



Seminari



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Building a Marketing Effectiveness capability

State of practice and perspectives

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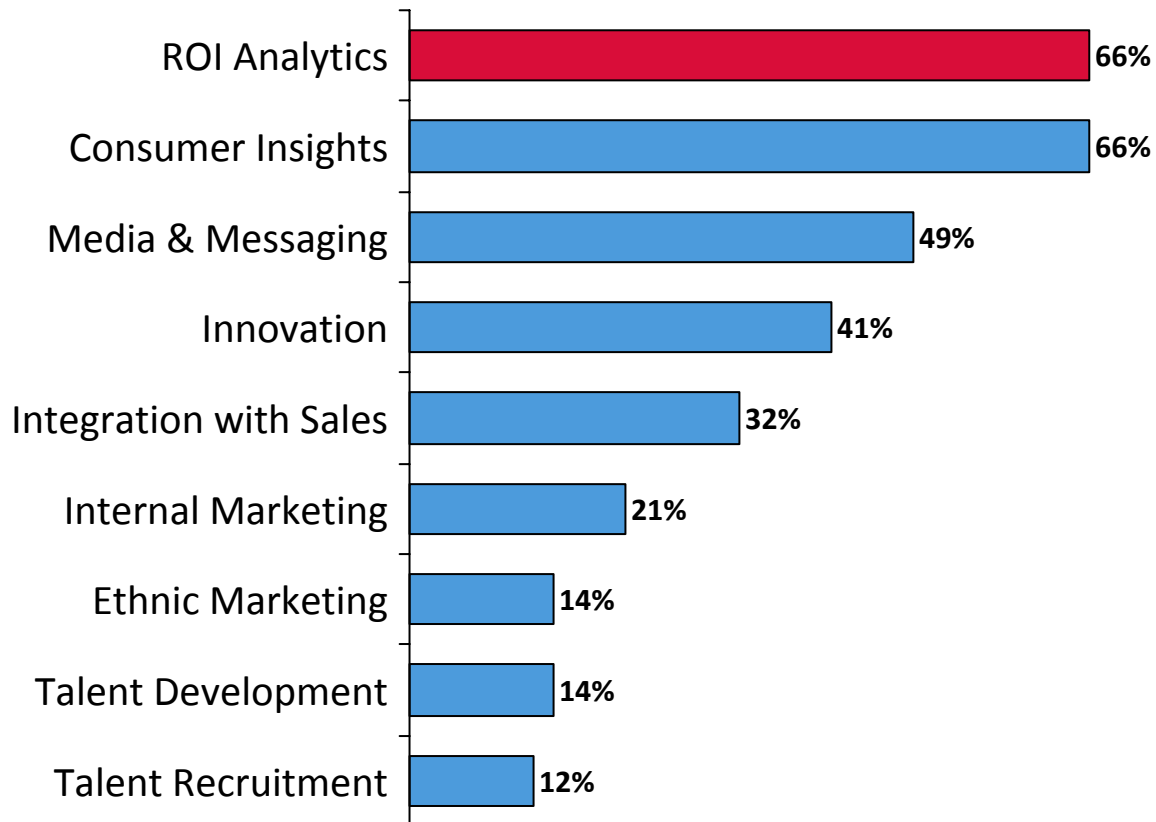
The stakes for marketing are increasing

Marketing is getting more important... ...but also more difficult

- Products and services converge and commoditize
- Innovations are copied by competitors...fast
- Competing on price is not the solution (for everyone)
- Marketing budgets are still increasing
- Consumers are more informed
- Ways to reach and engage with consumers grows fast
- From sending a message to interacting to interacting
- Pressure to prove success
- Tension between globalization vs local consumer needs

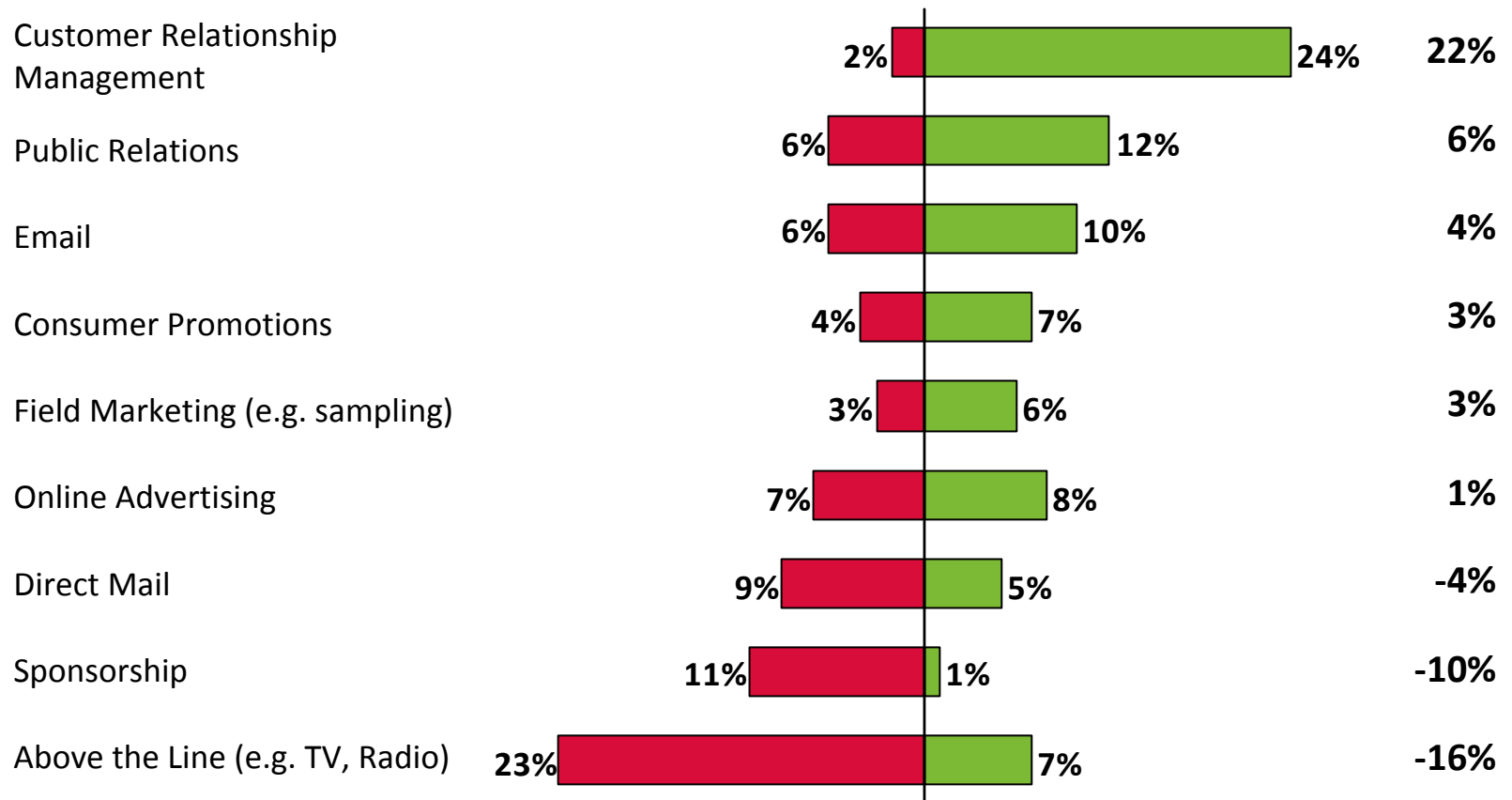
Most marketing executives acknowledge the need for mastering marketing ROI

What New Capabilities Does Marketing Require?



Interestingly, lowest ROI is expected where most of the marketing budget is spent (i.e. ATL)

Which One of These Activities Do You Believe Delivers the Worst/Best ROI?



Most organizations struggle with Marketing Effectiveness, but for different reasons

- Struggle getting transparency in how much is spent on what
- Financial data not available/accessible: inconsistent spend buckets, spend not classified accurately
- Marketing does not keep track of activities/spend in a systematic way
- Activity tracking not measured/provided by external agencies

Most organizations struggle with Marketing Effectiveness, but for different reasons

- Struggle getting transparency in how much is spent on what
- Struggle to get consistent view on outcome of activities: sales, behaviors, attitudes
- No consistent tracking of campaign results, channel activity,
- Different statistics for different media

Most organizations struggle with Marketing Effectiveness, but for different reasons

- Struggle getting transparency in how much is spent on what
 - Struggle to get consistent view on outcome of activities: sales, behaviors, attitudes
 - Cannot get ROI calculated
- No common definition/metric
 - Struggle with analytics: too simple techniques, lack of conceptual knowledge of how marketing works

Most organizations struggle with Marketing Effectiveness, but for different reasons

- Struggle getting transparency in how much is spent on what
 - Struggle to get consistent view on outcome of activities: sales, behaviors, attitudes
 - Cannot get ROI calculated
 - Can't transform ROI into working knowledge and deploy it
- No insight in how to influence ROI
 - Do “blank sheet” development every time they develop a new campaign
 - If ROI is high, it's a result of luck more than skill
 - Analytical insights not aligned with marketing development and execution process

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- Struggle getting transparency in how much is spent on what
 - Struggle to get consistent view on outcome of activities: sales, behaviors, attitudes
 - Cannot get ROI calculated
 - Can't transform ROI into working knowledge and deploy it
 - Can't muster the organizational support/alignment needed
- Each team uses own (incompatible) system
 - ROI insights not accepted by business and marketing (for different reasons)

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- Can't muster the organizational support/alignment needed
- They are unwilling to undertake the journey
- Fear of unclear process with uncertain outcomes
- Not able to mobilize resources for it

Discussion -

Where are you? What are your experiences?

- Getting transparency in how much is spent on what
- Getting consistent view on outcome of activities: sales, behaviors, attitudes
- Getting ROI calculated
- Transforming ROI into working knowledge and deploy it
- Gathering the organizational support/alignment needed
- Undertaking the journey to transform

A “checklist” of what you need

Transparency in how much is spent on what

Outcomes of marketing activities: sales, customer behavior, attitudes

ROI Analytics: how input (spend) links to outcomes

Understanding of how ROI changes due to campaign settings and environment

Transformation of ROI into working knowledge

Get the basics in place

Develop insights framework

Embed into process

Marketing Effectiveness should look at all relevant factors that impact return on marketing

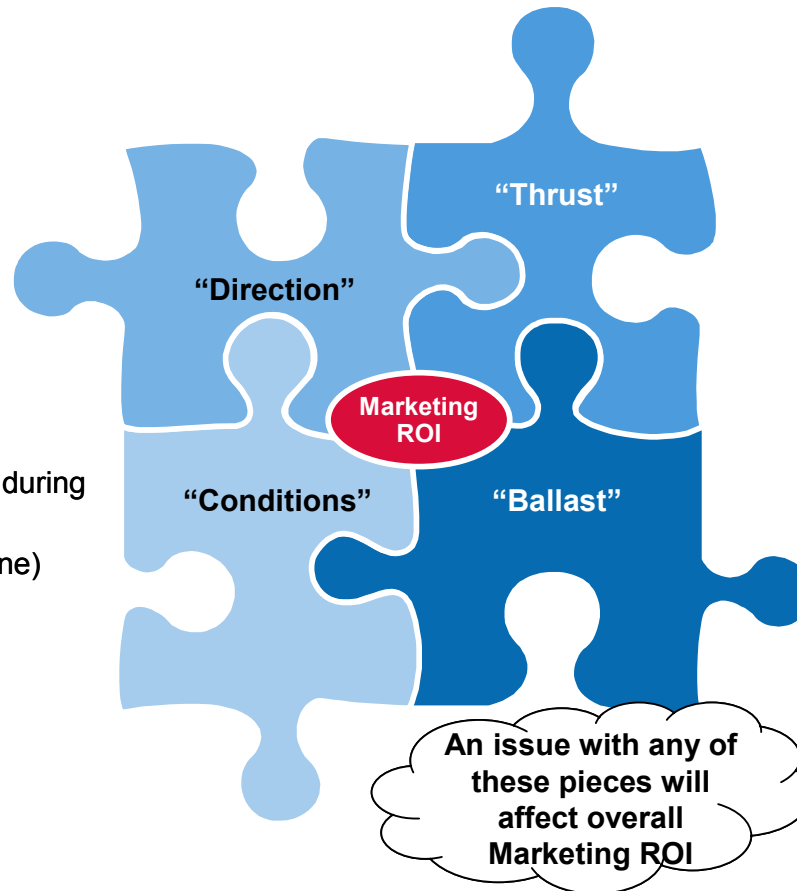
Marketing Spend Effectiveness Framework

Covers all content-related and structural campaign aspects, e.g.:

- Creative concept and theme
- Communication message
- Brand image and associations
- Call to action
- Target and media audience

Prerequisites for realizing sales results during the marketing campaign, e.g.:

- Product availability (in-store and online)
- Attractive value proposition
- Price and discounts
- Competitive marketing and offerings



Amount of pressure or weight put behind the campaign, e.g.:

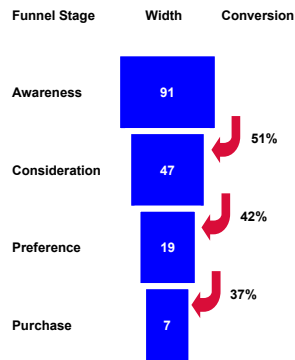
- Media spend, reach and frequency
- Value of consumer incentive (promotion)
- Number of media touch points

Efficient use of marketing resources:

- Media and creative buying efficiency
- Effective agency briefings
- Efficient internal process with minimal "waste"
- Working ratio

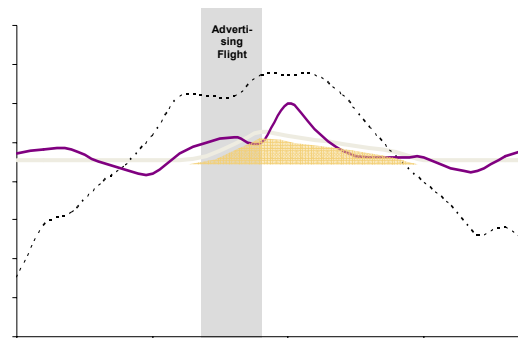
There are different ways to calculate ROI

Implied ROI



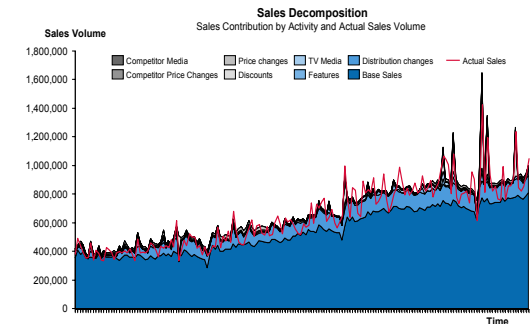
- Sales impact is derived from shifts in tracking metrics, e.g. brand funnel, image, attitude
- ROI is calculated as “implied” return from advertising and promotions
- In this way, specifically long-term A&P impact is included in ROI

Residual Sales



- Sales is adjusted for trends, seasonality and other major drivers
- Residual sales is assigned to advertising and promotions
- ROI is biased towards short-term impact on sales

Sales Decomposition



- Full breakdown of sales into its drivers (plus “unexplained”)
- Incremental sales is calculated for advertising and promotions
- ROI is based on incremental sales in short-term, and separate modeling constructs can reflect long-term impact (through shifting baseline)

While others use measurement as a “safety net” to prevent disasters

ROI Driver	Qualifying Criteria	Metric				
Creative Copy 	1.1 Does our ad break through the clutter?	Ad Recall %	Green	Green	Green	Green
	1.2 Do people remember [brand] as the messenger?	Campaign Brand Recall %	Green	Red	Green	Red
	1.3 Do consumers pick up the right cues from the ad?	Key Message Takeout %	Red	Red	Red	Red
	1.4 Do people believe what we say?	Level of Agreement %	Red	Yellow	Yellow	Green
	1.5 Is there interest in the product?	Purchase intent %	Yellow	Green	Green	Green
Media Plan 	2.1 Do we have competitive spend during the campaign period?	Share of Spend	Green	Green	Green	Green
	2.2 Do we get the right exposure for our level of spend?	Media spend per Impression	Green	Red	Green	Red
	2.3 Do we efficiently reach who we want to reach?	Overlap media vs. brief target	Yellow	Yellow	Yellow	Yellow
	2.4 Do we follow an optimized media implementation process?	Media Implementation Score	Red	Yellow	Red	Red
Local Activation 	3.1 Do we get sufficient availability?	Weighted distribution	Grey	Grey	Grey	Grey
	3.2 Do we have in-store excellence?	In-Store Excellence Score	Grey	Red	Grey	Grey
	3.3 Do we have online excellence?	Online Excellence Score	Grey	Red	Green	Yellow
	3.4 Do we communicate in a consistent way across touch points?	Consistency through the line	Red	Red	Green	Yellow

Numbers not shown for confidentiality reasons



Thank You

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