

Moving Along the Marketing Accountability Curve

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Marketing
Management
Analytics

The logo features the word "FORRESTER" in a white, serif, all-caps font, centered within a dark green oval. The oval is set against a dark blue background with subtle, curved, lighter blue lines radiating from the left side.

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Project Methodology

- Developed research questions for an online survey jointly with MMA Technologies and the ANA to research how the market leverages marketing analytics
- Fielded a quantitative online questionnaire that surveyed approximately 143 US marketers
- Conducted 10 follow-up qualitative interviews with opt-in respondents from various industries (i.e., consumer electronics, home goods, food and beverage, financial services, etc.)
- Synthesized both quantitative and qualitative data

This is who we surveyed:

By revenue range:

\$5 Billion or more	29%
\$500 Million to \$5 Billion	32%
\$25 Million to \$500 Million	24%
Less than \$25 Million	9%
Don't know	7%

By marketing and advertising budget::

\$200 Million or more	24%
\$50 Million to \$200 Million	18%
\$15 Million to \$50 Million	17%
Less than \$15 Million	36%
Don't know	5%

The story last year . . .

- Measurement is the hardest part of marketing
- Defining “marketing ROI” is the first barrier
- Good measurement creates new challenges: rapidly responding and changing established practices
- Market mix modeling will rapidly gain adherents
- Measurement will move to external, third-party organizations

. . . the findings this year

50% are dissatisfied

51% are dissatisfied

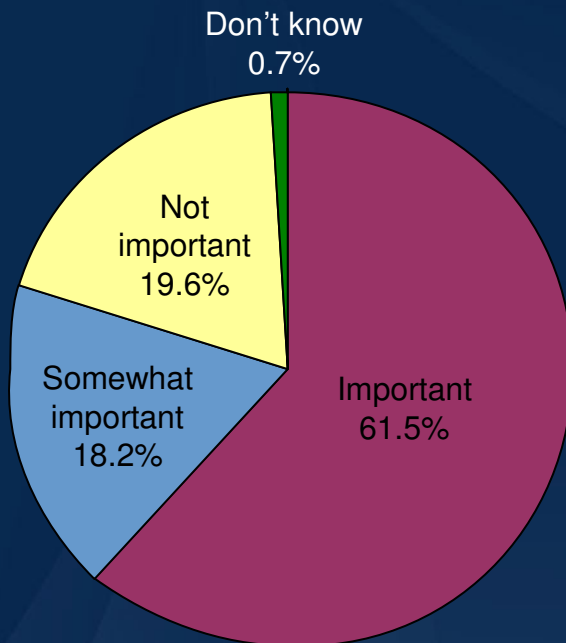
46 - 56% are
dissatisfied

23 – 41% use
various models

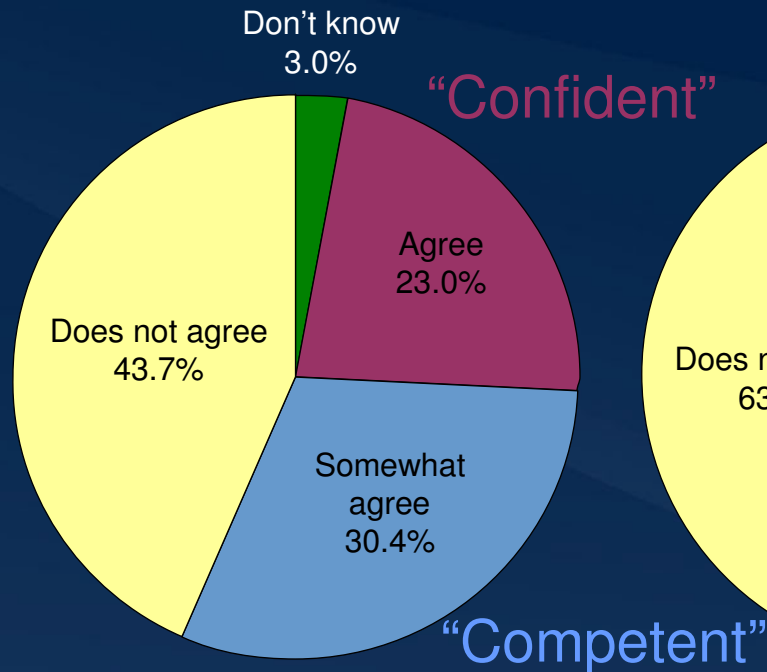
18% expect to
increase use

Marketing Can't Deliver a Key Metric with Confidence

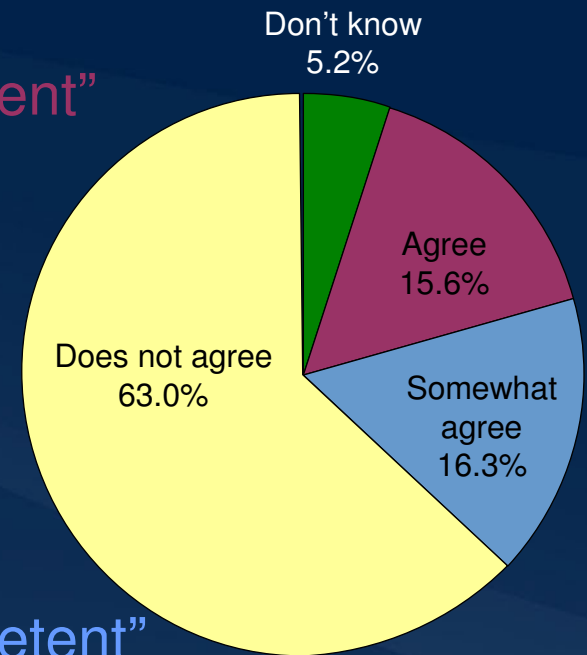
How important is measuring marketing's impact on total sales?



Senior management is confident in the forecasts of how marketing activities will impact sales



If marketing spending were cut by 10% I would be able to forecast the impact on sales.



(On a scale of 1 to 6, 1-3 equals "Not important," 4 equals "Somewhat important," and 5-6 equals "Important")

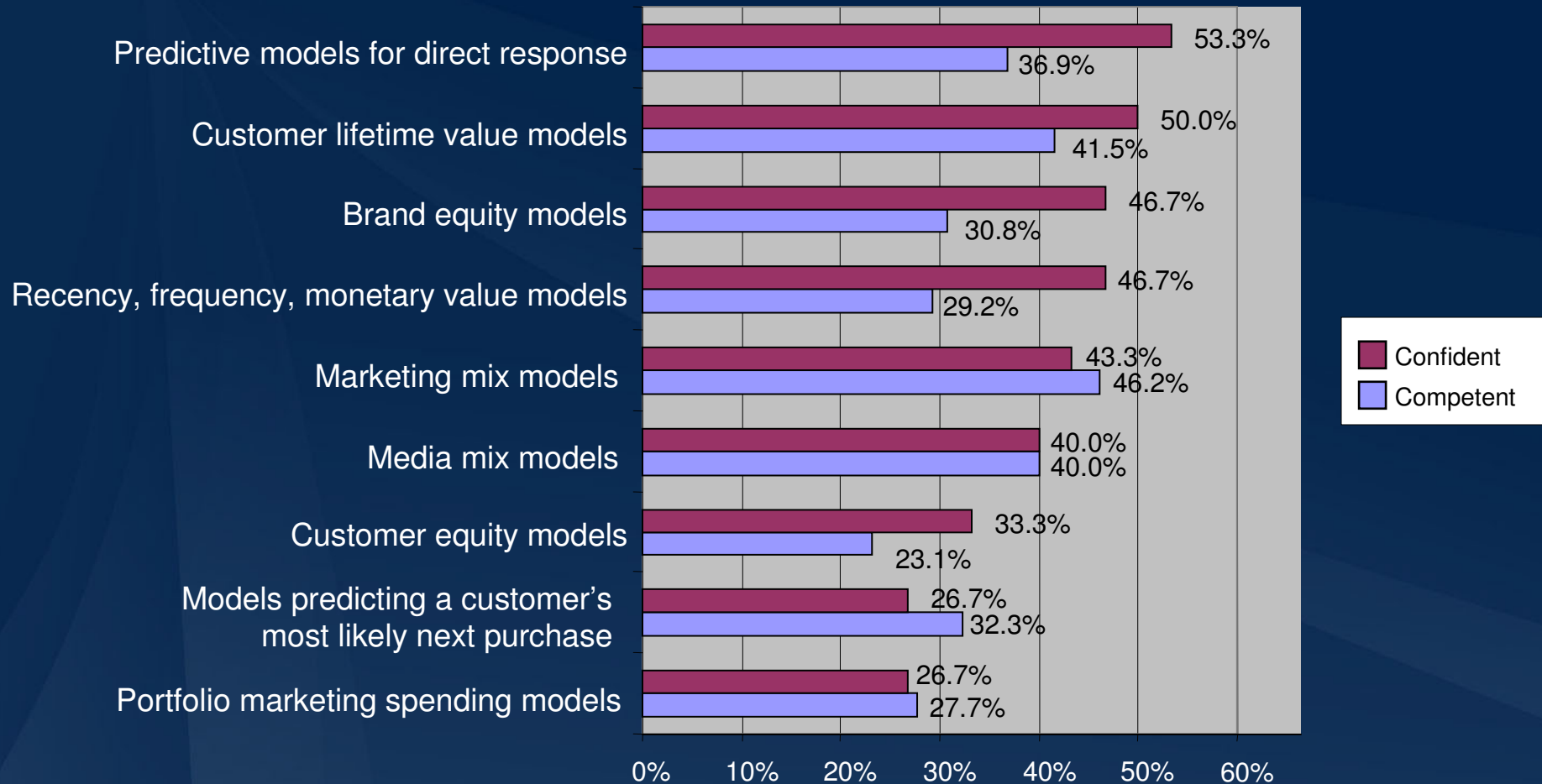
(On a scale of 1 to 6, 1-3 equals "Does not agree," 4 equals "Somewhat agree," and 5-6 equals "Agree")

Base: US Marketers

Source: Forrester Consulting study commissioned by MMA Technologies

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Confident marketers use all kinds of models

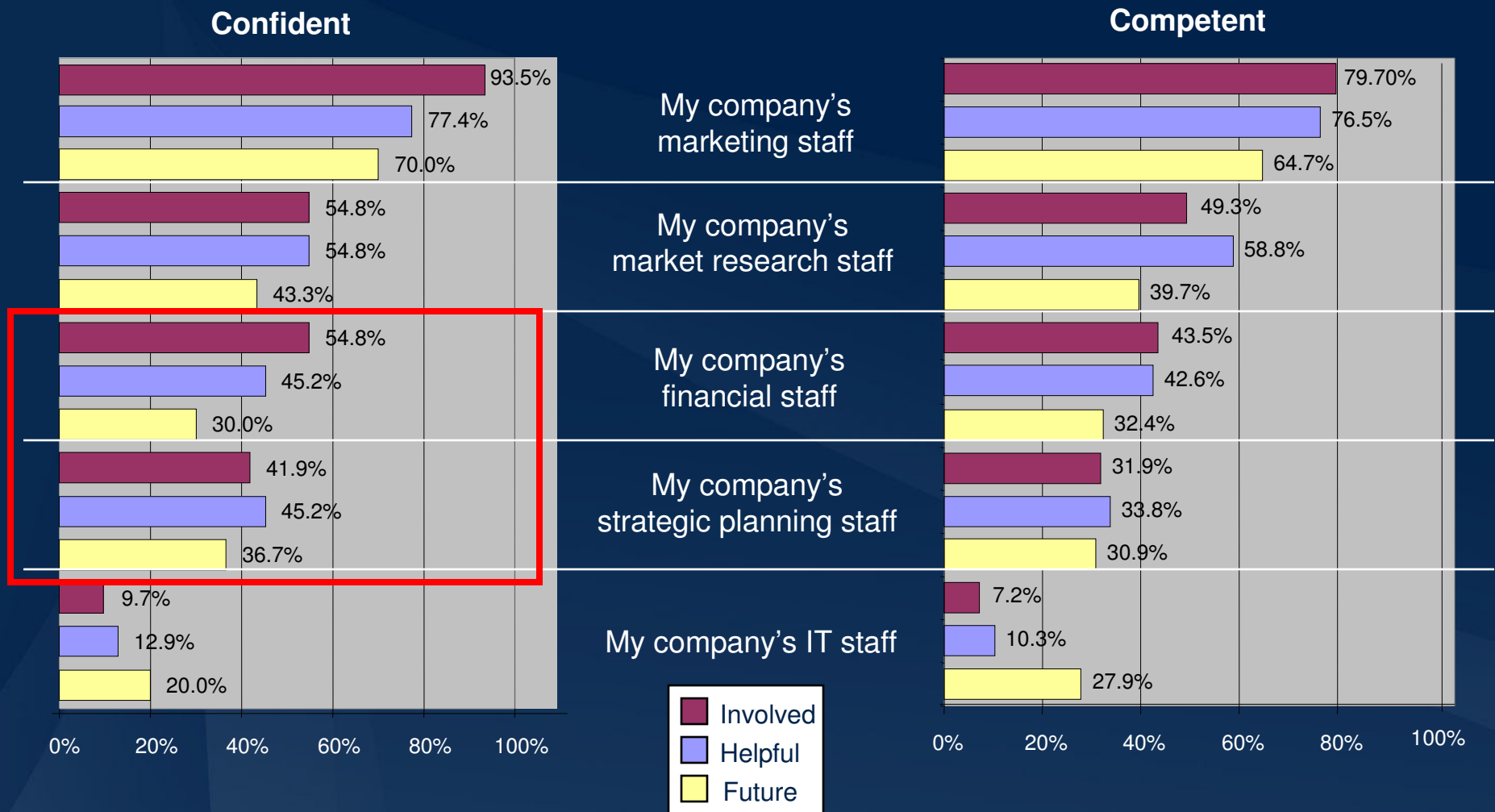


Base: US Marketers

Source: Forrester Consulting study commissioned by MMA Technologies

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“Confident” marketers involve finance, strategic planning

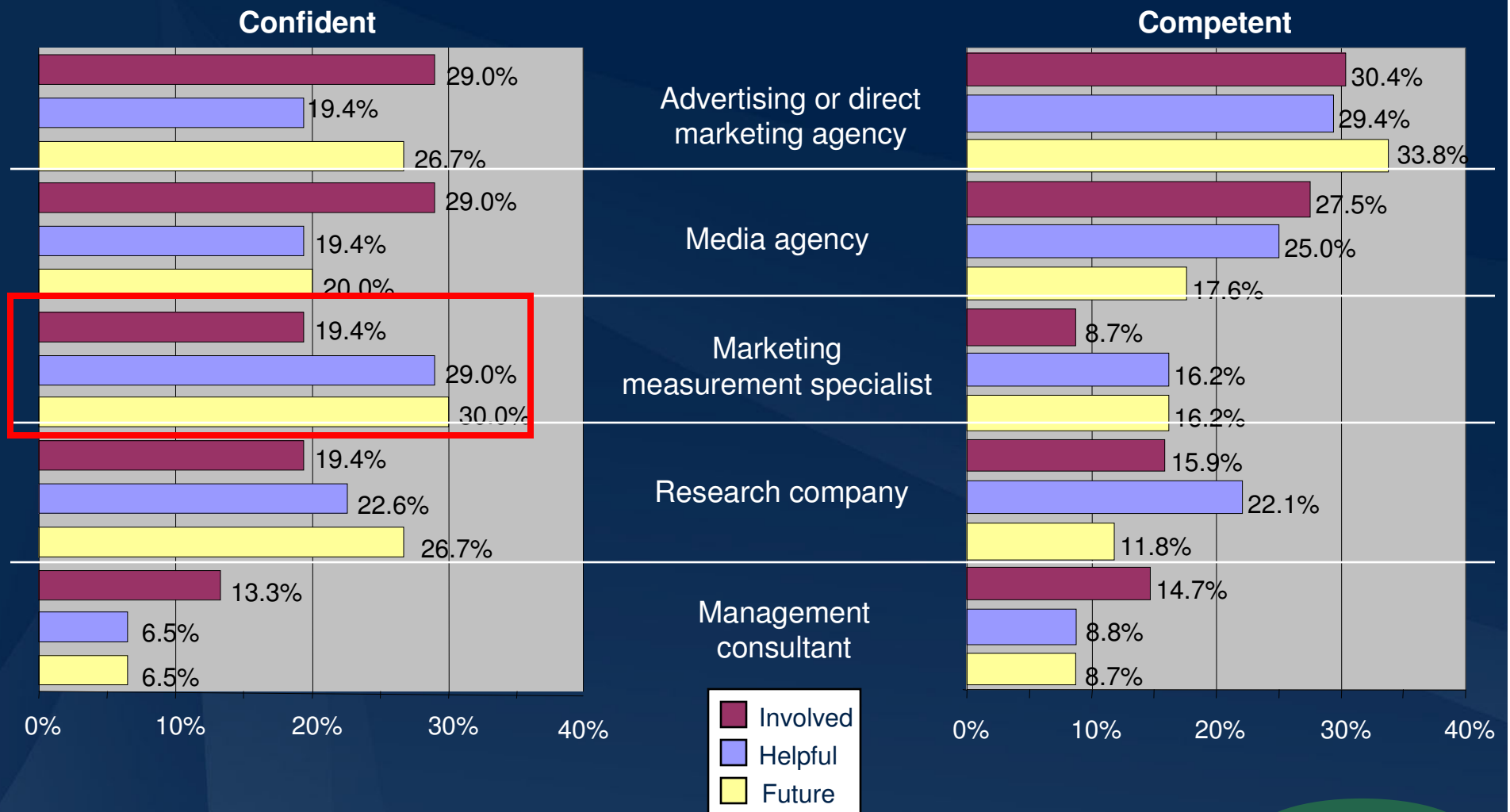


Base: US Marketers

Source: Forrester Consulting study commissioned by MMA Technologies

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...and outside measurement specialists

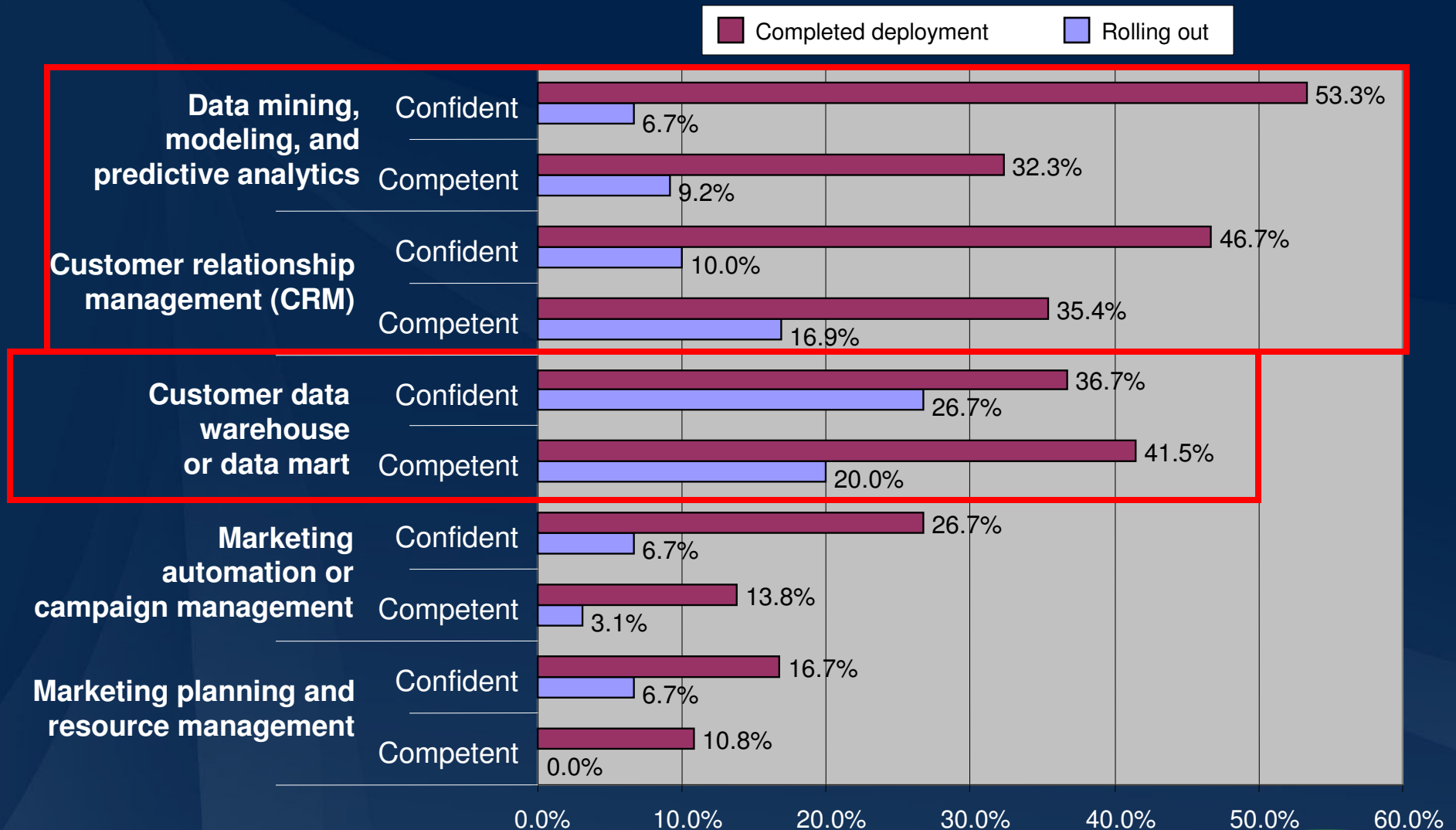


Base: US Marketers

Source: Forrester Consulting study commissioned by MMA Technologies

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Confident marketers lead in deploying data technologies



Base: US Marketers

Source: Forrester Consulting study commissioned by MMA Technologies

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Thank you

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Is marketing ready for a seat at the “C” table?



Is marketing ready for a seat at the “C” table?

- Marketing can't effectively justify its spending
- Marketing does not know how to best allocate spending in a fragmented and evolving marketplace
- Marketing measurements are too often focused on delivery rather than effectiveness
- Marketers don't have confidence in their ability to manage their investments to meet objectives.
- And management does not have confidence either.

Only 25% of marketers said they developed budgets based on knowledge of the spending required to meet corporate goals

Only 15% of marketers agreed or agreed completely that they could forecast the impact of a 10% budget cut

Only 1 in 4 marketers said senior management is confident or very confident in forecasts of marketing impact on sales



Getting to the table...learning from other industries

Capability maturity models help organizations improve their capabilities in a structured, manageable way.

- Benchmark current state
- Identify the desired target state
- Build targeted initiative and programs to get there

Characteristics of a Capability Maturity Model

Discreet and sequential levels.

Levels are characterized by capabilities demonstrated through repeated behaviors.

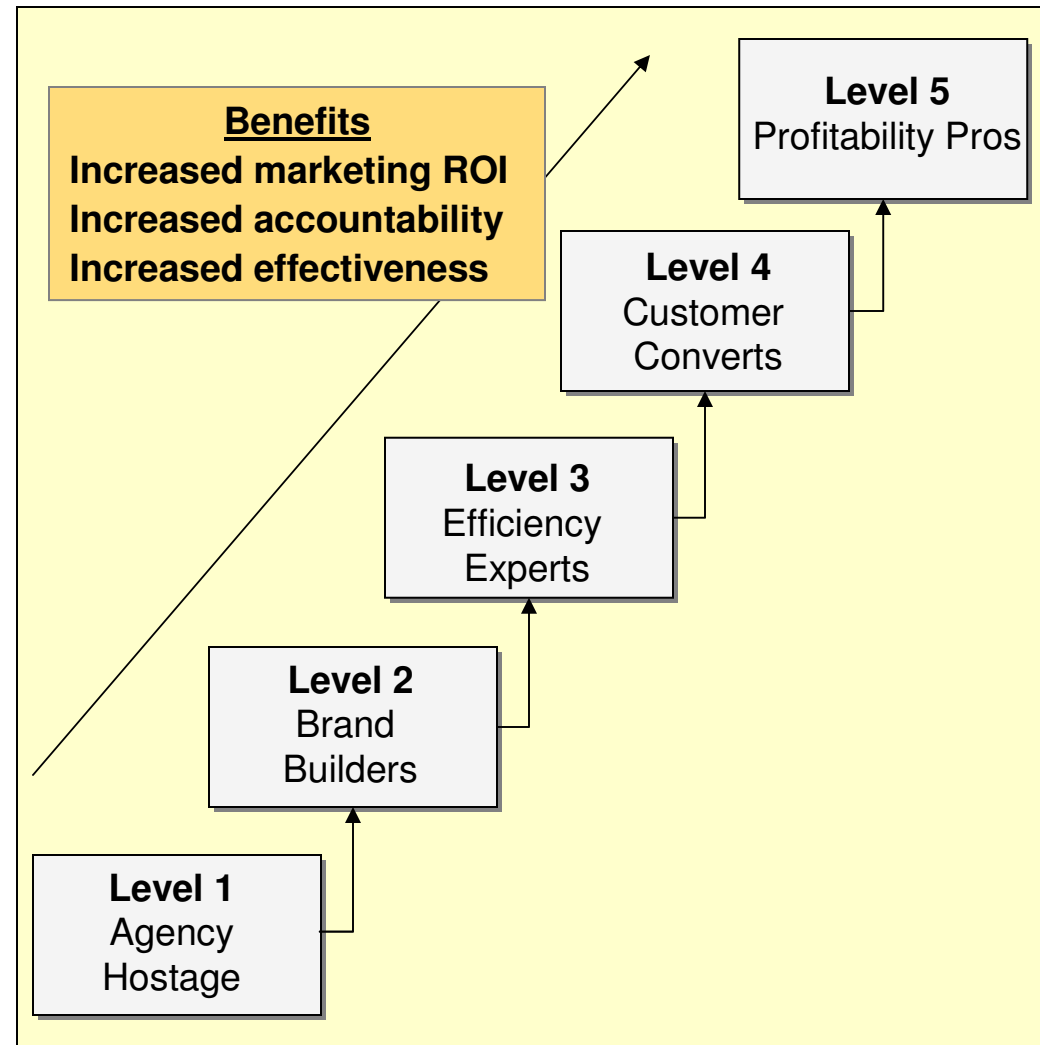
Behavioral characteristics are assessed by specific diagnostics.



Why is a capability maturity model appropriate for marketing?

Defines capabilities of marketing organizations to:

- Define metrics around brand equity, marketing performance and customers
- Manage the business against those metrics in a consistent and repeatable way.





Maturity Model Highlights

Level 1 Agency Hostage

- Measurement confused with analytics
 - Oral tradition rather than documented norms.
 - Use of measurement is limited to a few members of the organization.
 - Measurements are used to justify decisions that are already made.
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Level 2 Brand Builders

- Brand health measured inconsistently and without causals.
 - Brand efforts are “goodness” measures- not effectiveness measures.
 - Linkage between equity movement and sales anecdotal.
 - Agency performance comp often related to brand measures.
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Level 3 Efficiency Experts

- Analytics measure past performance, with insights informing future plans.
 - Analytics part of planning processes, but often not operationalized throughout the year.
 - Analytic skills on staff, most frequently in research organization.
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Level 4 Customer Converts

- Organization has visibility to key customer touchpoints across the enterprise.
 - Marketing goals directly aligned to business objectives.
 - Marketing leadership participates in all key business strategy decisions and directions
 - Analytics identify customer value for targeting.
 - Some analytics and data integration are *on- demand*.
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Level 5 Profitability Pros

- Marketing process is defined, structured, and valued as a corporate asset.
- Use of analytics is institutionalized, consistent, and demanded.
- Data for decision making is available on a continuous and ongoing basis.
- Analytics are current, and as near real-time as possible.
- Marketing decisions include stakeholders from key organizations.



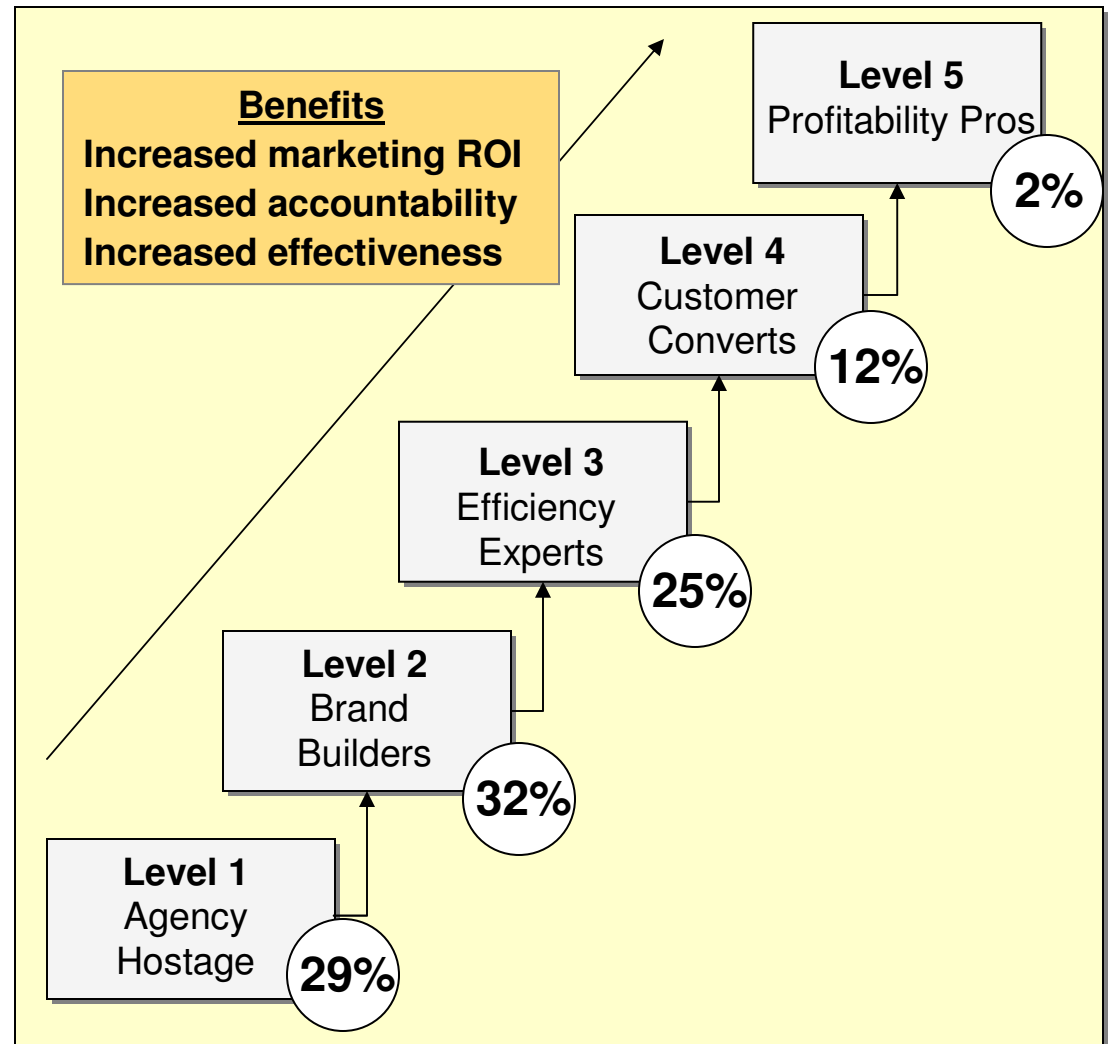
How does the industry map against it?

61% of marketers are at level one or two.

The study found that most companies collect a LOT of data...but fewer have meaningful metrics.

Predictably, levels 4 and 5 are dominated by direct marketers.

However many direct marketers fail at brand building and sit at level 1 or 2





How do you use the maturity model to build capability?

Examine behavioral characteristics in terms of:

- People (skills)
- Process (participation)
- Data
- Metrics (models)
- Tools

...and define specific initiatives to address deficiencies.

Marketers at level 1 and 2 have less access to specialized analytic resources.

More advanced marketing organizations have broad cross-functional participation

Use of a variety of models to create actionable metrics is a key differentiator of more advanced marketers

Less advanced marketers have more limited access to data and analytic tools and technologies



Moving up the maturity model has measurable benefits

- Free resources for innovation and creativity
 - Redirect scarce resources
- Avoid being a victim CMO
 - Get in front of the corporate governance movement
 - Use best practices from other parts of the corporate world
- Get past the rock star culture
 - Become a learning organization
 - Build a solid knowledge base
 - Have processes that outlast the individual

