

Insights. Collaboration. Advocacy.

ANA Marketing Accountability Member Perspective

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Association of National Advertisers

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The ANA logo is rendered in a large, bold, white, sans-serif font. The letters are closely spaced and have a slight shadow effect, giving them a three-dimensional appearance as if they are floating above the dark green background.

Leading the Marketing Community

There have been many studies concerned with marketing accountability efforts.

- ANA, Brand Deterioration, 2007. n = 297.
- ANA, Marketing Accountability 2007, “n = 214.
- ANA, The Path to Marketing Accountability, 2006. n = 101.
- ANA, The Path to Marketing Accountability, 2005. n = 143.
- ANA, The State of Marketing Accountability, 2004. n = 54.
- APQC, Integrated Marketing Communications, 1998. n = 22.
- APQC, Maximizing Marketing ROI, 2001. n = 29.
- APQC, Managing Marketing Assets, 2003. n = 19.
- APQC, The State of Brand Building, 1998. n = 1,232.
- CMO Council, Marketing Outlook 2007. n = 350.
- Conference Board, “Brand Scorecard,” 2005. n = 18.
- Conference Board, “Corporate Branding,” 1998. n = 25.
- Conference Board, Measuring Return on Marketing Investment, 2008. n = 73.
- Conference Board, “Pre-Conference Survey of CMO Issues and Challenges,” 2007. n = 249.
- Prophet, “State of Marketing Survey,” 2007. n > 100.

Some Issues:

- **Getting started.**
- **Planning before data collection.**
- **Refining continuously.**
- **Using results.**
- **Building trust.**

Marketing accountability is still a goal to achieve.

How would you evaluate your ability to determine marketing ROI?

Very satisfied or satisfied

2005 (ANA)	13%
2006 (ANA)	23%
2007 (ANA)	11%

The percentage of companies that claim success appears to be somewhere in the 10-25% range.

**Another recent (unpublished)
study shows the same results.**

**Where is your organization in measuring
marketing ROI?**

Nowhere.	11%
Just starting.	41%
Some progress.	29%
Good progress.	19%
Arrived.	0

There is not task clarity

Is it important or very important to agree on a definition of marketing ROI? 57% top 2 box

Are you satisfied or very satisfied with agreement on a definition of marketing ROI?

2005 (ANA) 22%

2006 (ANA) 36%

2007 (ANA) 12%

Senior management has communicated a clear definition of marketing accountability 22%
2007 (ANA)

Skills capabilities is an issue

Don't have time/capacity	41%
Don't have internal capabilities	36%

2007 (Prophet)

Data is an issue

Are you satisfied or very satisfied with

Access to internal data	24%
Accuracy of syndicated data	22%
Quality of data/information	19%
Alignment of data/information	12%
Everyone working from same data/information	12%
Timeliness of information to drive decisions	0

2007 (ANA)

Lagging indicators are used as a measure

What measures do you currently track?

Brand awareness	81 %
Market share	79%
Consumer attitudes toward brand	73%
Purchase intention	59%
Return on objective	36%
Lifetime customer value	23%
Brand equity	20%

2007 (ANA)

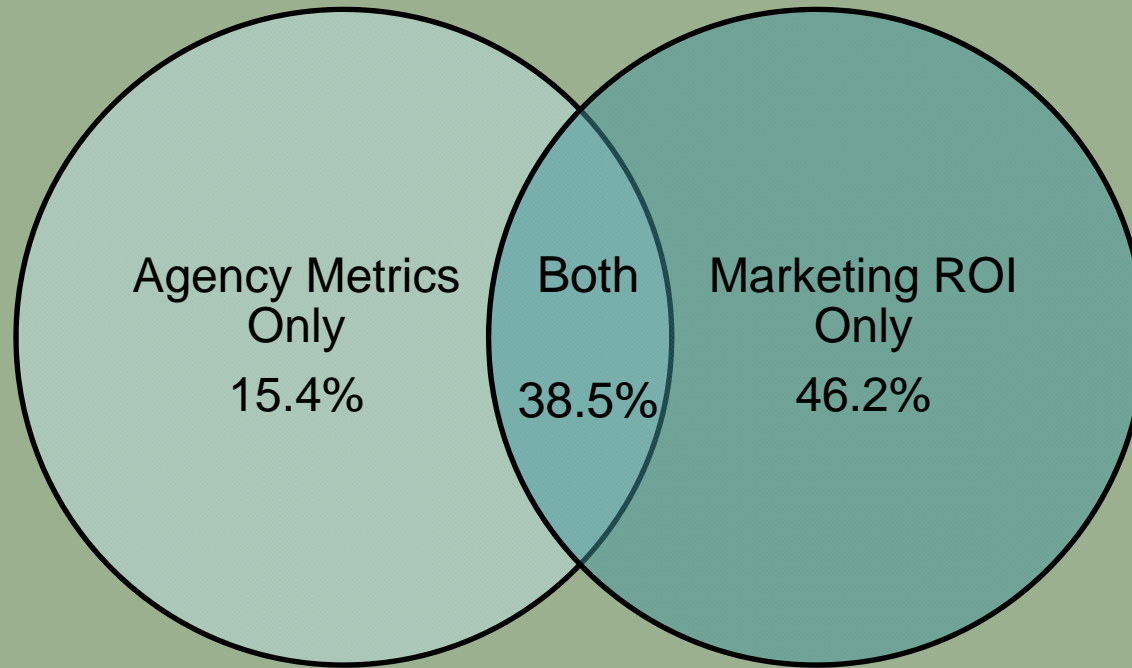
So what does Finance think about marketing measurement?

- We partnered with the FEI (through MMA's FEI survey)
- Asked the same several questions of marketing and financial executives in each of our surveys:
 - Metrics used to measure marketing
 - Usefulness of metrics
 - Adoption and incorporation into budgeting process

The Good News:

Firms are using broad accountability metrics, and are including Return On Investment

Firms are no longer using metrics strictly from their agencies, they are complementing them with marketing ROI measures.



Over 80% of firms are now able to bring marketing ROI to the table for budgeting and allocation discussion.

...but it's not happening.

So the metrics are in place, but
are they being used?

The numbers are there, but Finance doesn't buy them

While Finance is satisfied with spend tracking:

	Yes	No
Is there an adequate audit trail for your companies marketing spend?	80.0	19.2

They simply don't believe the numbers that come from marketing:

	Yes	No
Given that marketing forecasts are often input to financial guidance, do you believe these forecasts are audit-ready?	36.2	60.0
Do you believe marketing has adequate understanding of financial controls?	35.4	63.1

And so they're not incorporated into decisions

	Yes	No
Does your company use marketing inputs and forecasts for financial guidance or public disclosure?	30.8%	69.2%

And it's not impacting budget changes

Going into your annual budgeting cycle, what do you use to set the marketing budget?	Yes	No
Marketing ROI Metrics	10.0%	90.0%
Predetermined percent of revenues, or simply make adjustments from last year's budget.	63.8%	36.2%



What's the impact?

Beyond the impact of ongoing poor budgeting and allocation, Finance may demand Sarbanes-Oxley style controls:

What benefits would you expect to receive from applying Sarbanes-Oxley to marketing?	
Visibility	42.3%
Control	42.3%
Accountability	66.9%
Cultural change within marketing	30.8%
Establish common language between finance and marketing	40.0%

What marketing thinks- and while it's better than what finance thinks...

There are still significant issues

- Almost all companies have some form of marketing ROI or accountability program
- But an increasing number of them are silo'd- now 45% from 31%
- Cross functional participation dropped from 37% to 24%.



Marketing maturity for effectiveness has stalled if not backslid over the last year.

Marketing is setting its own ROI goals, but is hesitant on the validity

- 40% establish their own goals based on past benchmarks.
- There is potentially some increase in finance setting the targets, up to 20% from 14%.
- And funding the efforts as well- 54% with the budget sponsor being in marketing.



Only 1 in 10 said they could forecast the impact of a 10% cut in spend.

Only 35% felt confident which tactics would do the least damage if cut

And their goals are not aligned to corporate goals, and do not meet basic financial rigor

- 64% do not have ROI goals aligned with corporate goals
- Only 36% have written ROI goals
- 86% do not have to meet the same financial hurdles as a capital project



Only 8%, down from 16% use simulations and “what-if” scenarios for budget or risk

Senior management still does not have faith in marketing when it comes to the numbers...

- Only 14% of companies say that management is confident in their forecasts
- Only 36% have written ROI goals
- 86% do not have to meet the same financial hurdles as a capital project



Only 1 in 10 said they could forecast the impact of a 10% cut in spend.

But there is some improvement in working with finance, even though effectiveness is still low...

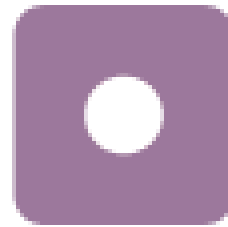
- 33% say they have full cooperation and open dialogue, from 22% in 07
- 26% say marketing and finance speak with “one voice”
- However, only 9% (down from 15%) say strategy is jointly developed.



ROI is starting to be used to develop budgets, though the majority of budgets are still “prior year” based.

Senior leadership is still missing...

- Senior championship is still below the C level- with some indication that it's fallen even lower this year- from 37% having been SVP or higher, with this year only being 27%
- Marketing tends to be their own champion



C-suite sponsorship drives success. Less than 20% of companies have that.

Conclusions...

- Finance does not trust marketing numbers
- Finance is increasing focus on marketing spend
- Dissatisfaction is significant in finance
- Metrics are not aligned and common
- Controls will happen:
 - Develop them
 - Deploy them
 - Manage them
 - **Own them**



**Increased
visibility and
strong
interaction with
finance and
sales will yield
more successful
marketing ROI
programs**