

Insights. Collaboration. Advocacy.

# ANA Marketing Accountability Member Perspective

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Association of National Advertisers

The ANA logo is rendered in a large, bold, white, sans-serif font. The letters are closely spaced, with the 'A's and 'N's overlapping slightly. The logo is positioned in the lower right quadrant of 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**Another recent (unpublished) study shows the same results.**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?**

<b>Nowhere.</b>	<b>11%</b>
<b>Just starting.</b>	<b>41%</b>
<b>Some progress.</b>	<b>29%</b>
<b>Good progress.</b>	<b>19%</b>
<b>Arrived.</b>	<b>0</b>

## 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

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

**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%

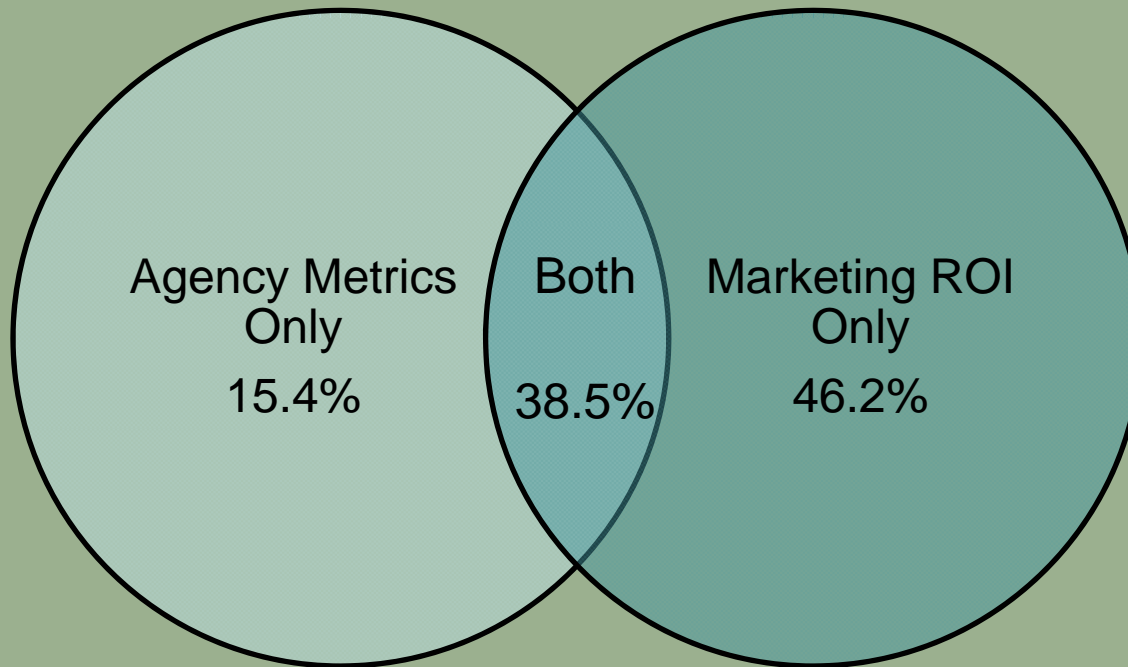
2007 (ANA)

# 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...

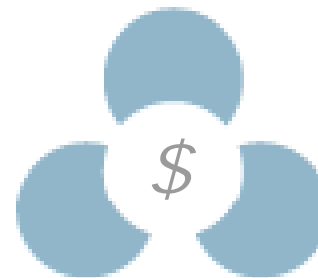
- Senior championship is still below the C level- with some indication that it's fallen even lower this year- from 37% having been SVP or higher, with this year only being 27%
- Marketing tends to be their own champion



**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**