



Top Concerns

Recent ANA Survey Findings
(Marketing & Procurement)

MASB Summer Summit
August 8-9, 2013

Arthur Tharpe

Agenda

- Marketing's Concerns

- Recent snapshots on the topics and issues of top concern to senior marketers

Sources:

- *"Marketers' Top Concerns Survey, 7th Edition"* (January 2013)
- *"Q1 Member Benchmarking Survey"* (May 2013)
- *"Evolution of the CMO and Marketing Team Survey"* (August 2012)

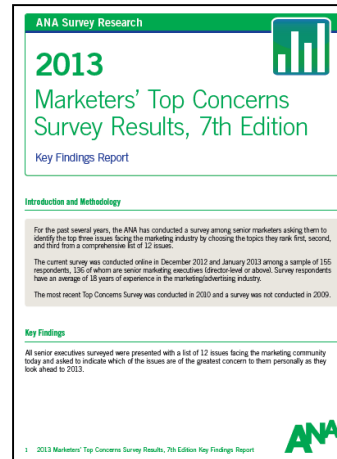
- Elevating the Role of Marketing Procurement

- Better understanding the metrics used to measure the success/contribution of the marketing procurement organization

Source:

- *"Procurement Value Metrics Study"* (May 2013)





MARKETERS' TOP CONCERNS SURVEY, 7TH EDITION (January 2013)



Senior Marketer Survey

- For the past several years the ANA has conducted a survey among senior marketers asking them to identify the top 3 issues facing the marketing industry
 - Choosing the topics they rank first, second, and third from a comprehensive list of 12 issues
- The current survey was conducted in Dec'12/Jan'13 among a sample of 155 respondents, 136 of whom are senior marketing executives (director-level or above)
 - Survey respondents have an average of 18 years of experience in the marketing/advertising industry
- The most recent Top Concerns Survey was conducted in 2010, with earlier surveys in 2008, 2007, and 2006



Top Issues in 2013

Accountability was the #1 issue in 2006, 2010, and 2013 and the #2 issue in 2007 & 2008

2013 Top Issues of Concern for Senior Marketers

(Percent Ranking Item First/Second/Third (Net) in Terms of Concern)



Branding, ranked #4 in 2013 survey, was #2 in 2010



Key Findings

- Accountability and Branding remain key concerns of marketing leaders



These are core areas of focus for MASB



Q1 ANA MEMBER BENCHMARKING SURVEY (May 2013)



Survey Panel

- Standing panel of ANA members, surveyed quarterly on topics of interest to marketers
 - Purpose: Take the “pulse” of the industry
 - Panel Size: Smaller than more formal studies
 - Use: Directional
- Q1'13 Survey focused on marketing financial management and procurement among other topics
 - 61 respondents
 - Average of 16 years experience in marketing



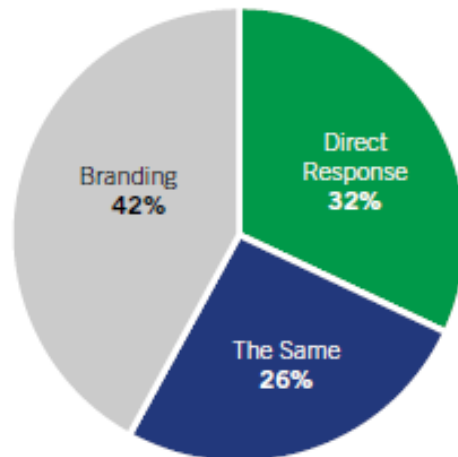
Branding Still Strong

A larger percentage of respondents allocate more of their online budget to branding than to direct response (42 percent versus 32 percent respectively). Branding is an even higher priority in overall marketing budgets, with a significantly higher number of those surveyed saying they allocate more to branding than to direct response (60 percent versus 20 percent respectively).

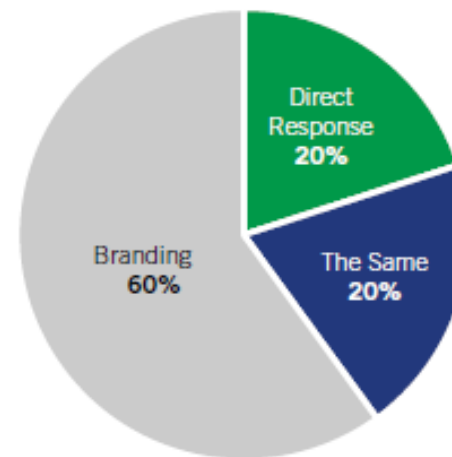
Budgetary Spend Allocation

Base: 20*

Online Budget Spend Allocation



Marketing Budget Spend Allocation



QA5. Thinking about your **online budget**, do you allocate more dollars toward direct response or branding?

QA6. Thinking about your **marketing budget**, do you allocate more dollars toward direct response or branding?

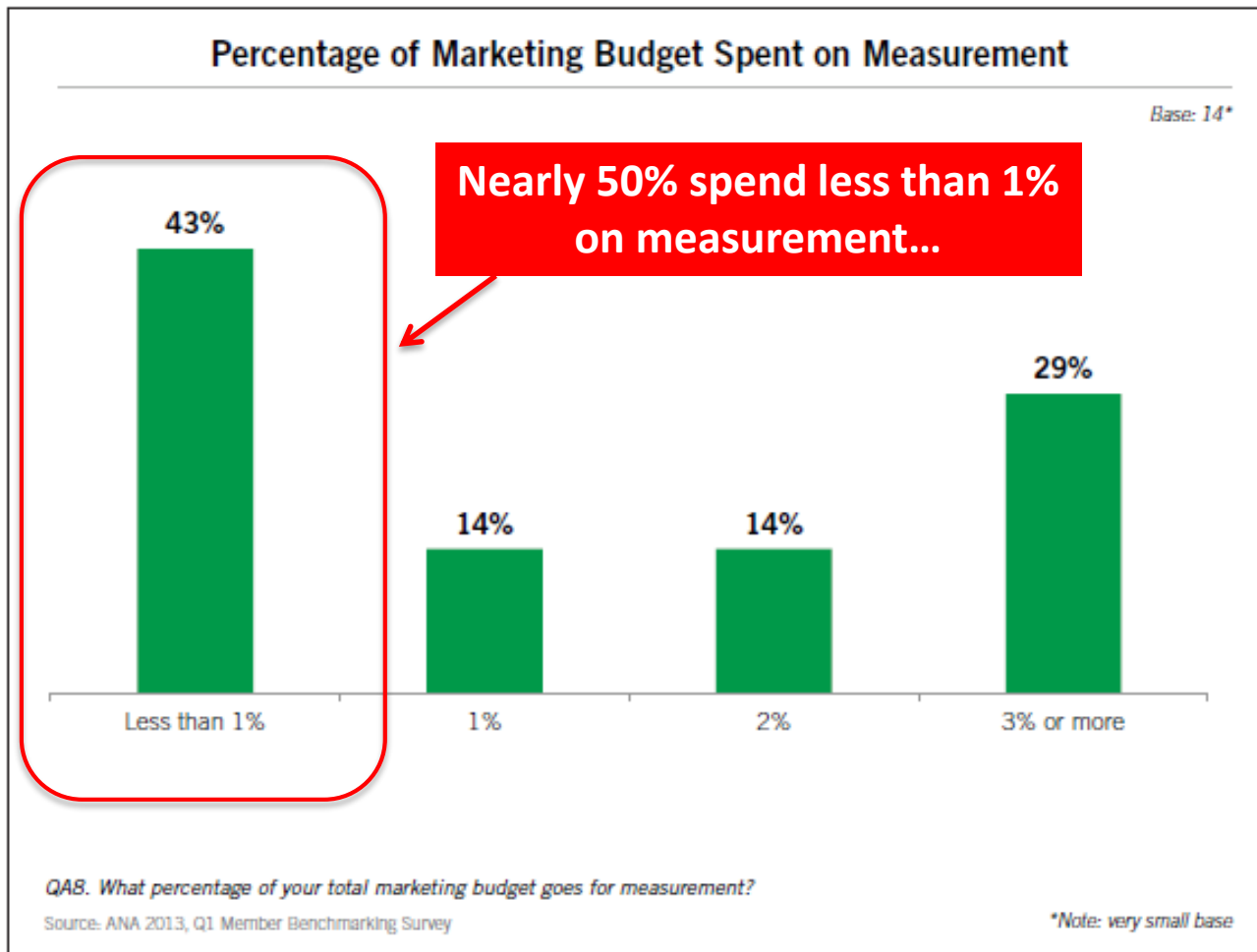
Source: ANA 2013, Q1 Member Benchmarking Survey

*Note: very small base



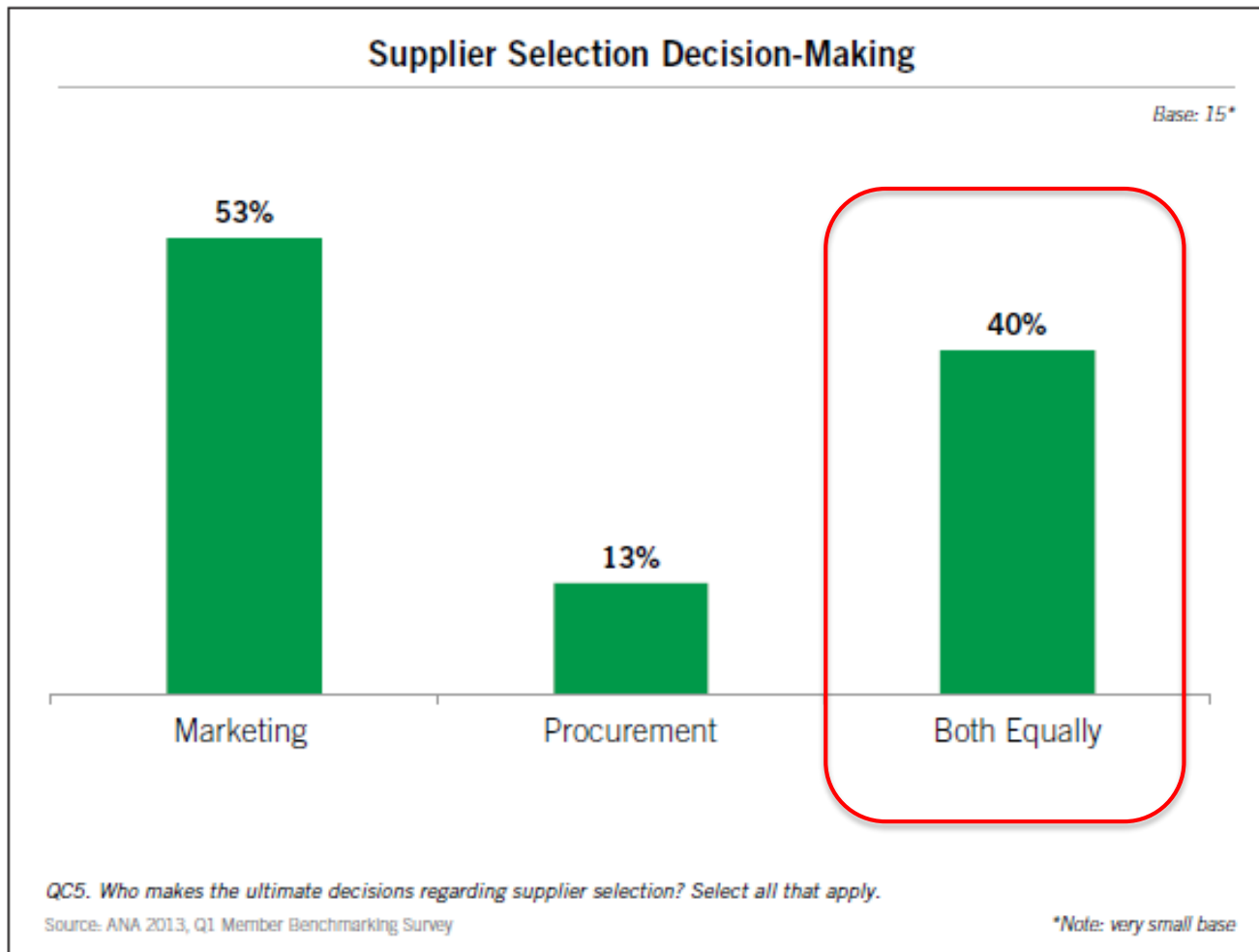
Measurement as % of Budget

Overall, not a lot of the marketing budget of firms surveyed is allocated to measurement. The largest percentage of respondents (43 percent) say that they spend less than one percent of their marketing budget on measurement. However, measurement does account for three percent or more of marketers' budgets among 29 percent of those surveyed.



Selecting Suppliers

Just over half of respondents say that marketing makes the ultimate decisions regarding supplier selection. However, 40 percent say that both marketing and procurement equally make the company's supplier selection decisions.



Key Findings

- Finance/procurement is increasing aligning with marketing on vendor selection
- But over 50% of marketers spend 1% or less on measurement



Important implications for MASB



EVOLUTION OF THE CMO AND MARKETING TEAM SURVEY (August 2012)

CMO & Marketing Team Survey

- Survey of ANA members in July/August 2012
 - Objective: understand the ever-changing role of CMOs and marketing teams
- Details
 - 12 optional questions
 - 232 respondents from ANA survey community
 - “Senior marketers” defined as VP-level and above (24%)
 - “Non-senior” marketers defined as director-level and below (76%)
 - Average of 13 years experience in marketing



CMO & Marketing Team Survey

Title	%
CEO/President	.5%
Chief Marketing Officer	5%
Executive Vice President	.5%
Senior Vice President	5%
Vice President	11%
Director	25%
Brand or Product Manager	10%
Associate Brand or Product Manager	3%
Manager	19%
Assistant Manager	3%
Other	18%

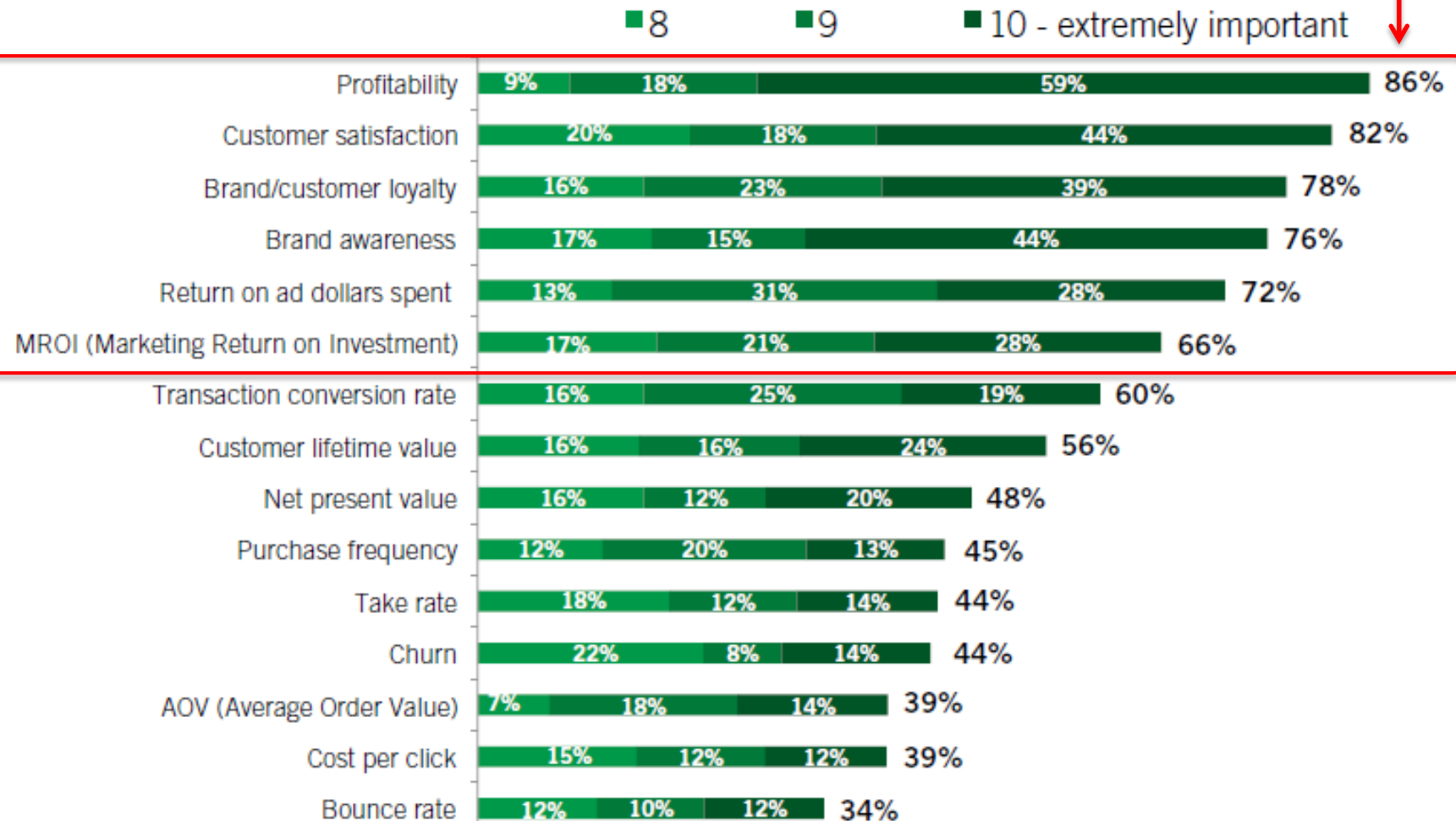
Senior Marketers:
24%

Four "other" respondents are included in the "Senior Marketer" category due to their job titles



Top Marketing Metrics

Profitability,
satisfaction, brand,
and ROI

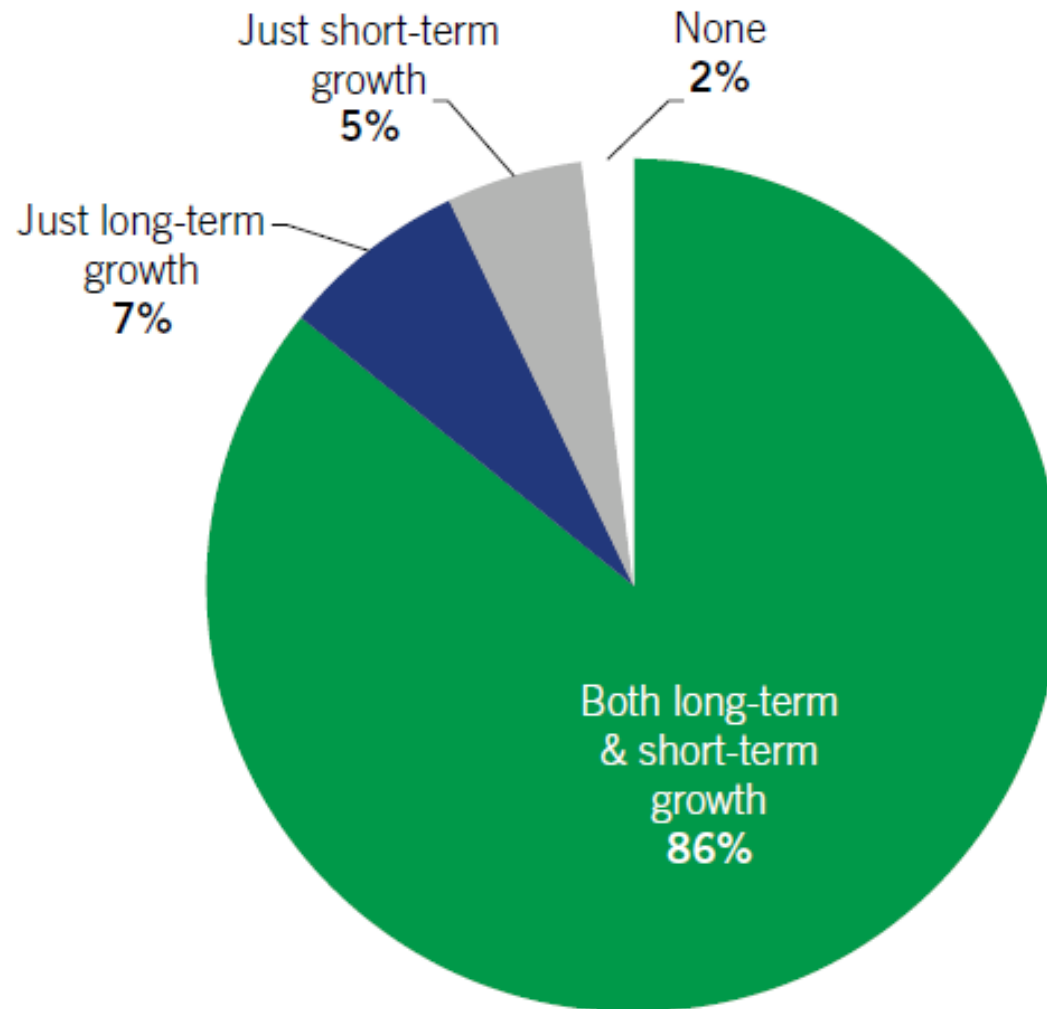


Q1. Please rate the importance of the following metrics to your organization. Rate on a scale of 1-10, where 1 = not at all important and 10 = extremely important.

Source: ANA 2012, Evolution of the CMO and Marketing Team Survey



CMO Role in Growth?



Q2. Should the CMO (or equivalent) be responsible for company growth?

Source: ANA 2012, Evolution of the CMO and Marketing Team Survey



CMO Top Priority?

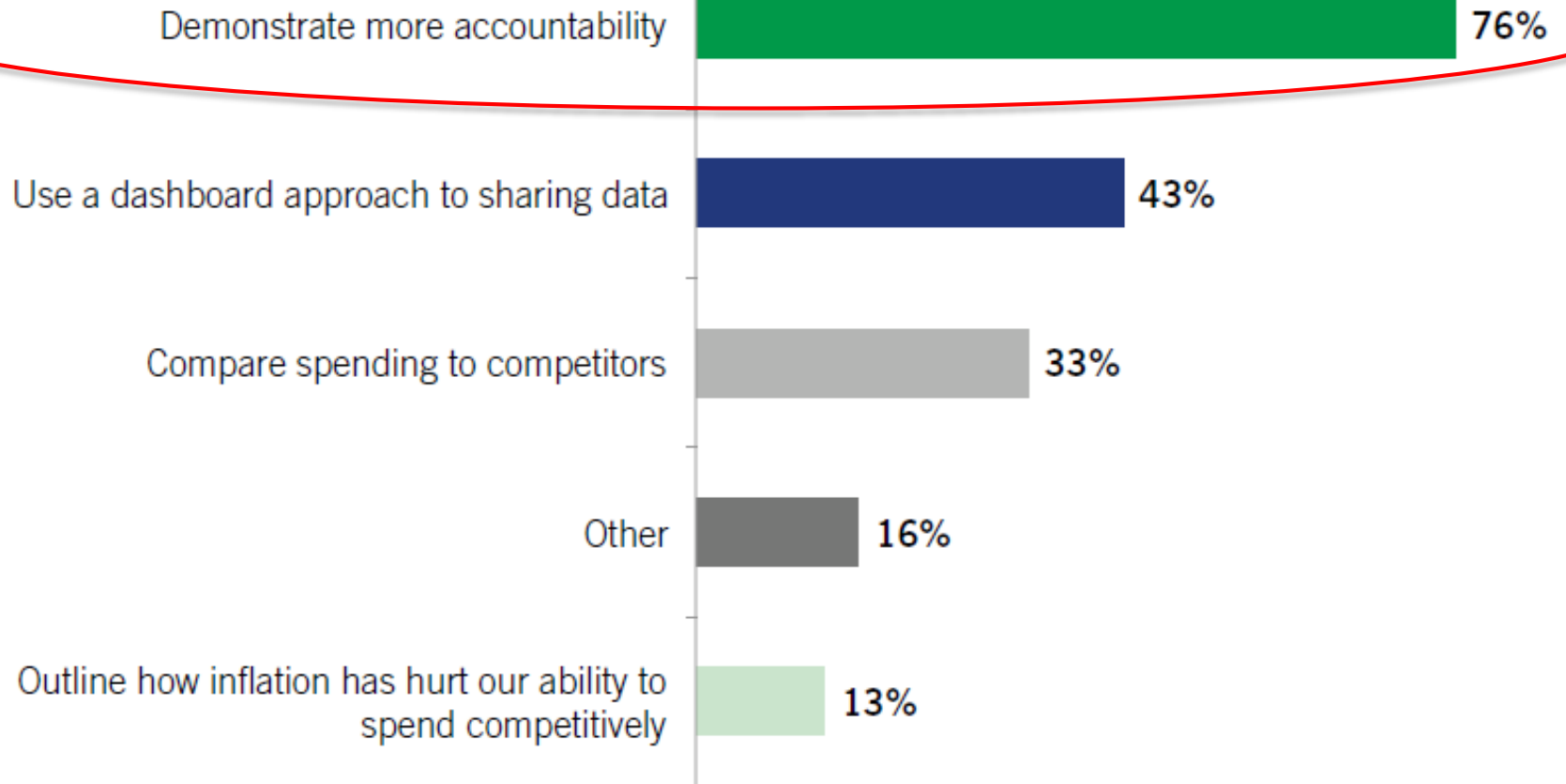
**Branding
and
strategy**

Marketers were asked an open-ended question: "What should be a CMO's (or equivalent) top priority?" Their summarized responses are included below:

Mentions/Keywords	%
Branding (awareness, building, communications, equity, strength, value)	20%
Marketing strategy	18%
Company vision/voice	12%
Company growth	10%
Revenue	10%
Metrics/ROI	6%
Profitability	5%
Understanding voice of customer	5%
Garnering new customers	3%
Understanding/growing customer engagement	2%
Build the marketing team	2%
Sales	2%
Shareholder value/market share	2%
Budgeting	1%
Ensuring customer satisfaction/loyalty	1%
Marketing innovation	1%
Understanding/utilizing new technology	1%

**Growth,
revenue,
ROI,
profitability**

Growing / Protecting Budget



Q6. What does your team do to grow or protect your marketing budget? Please select all that apply.

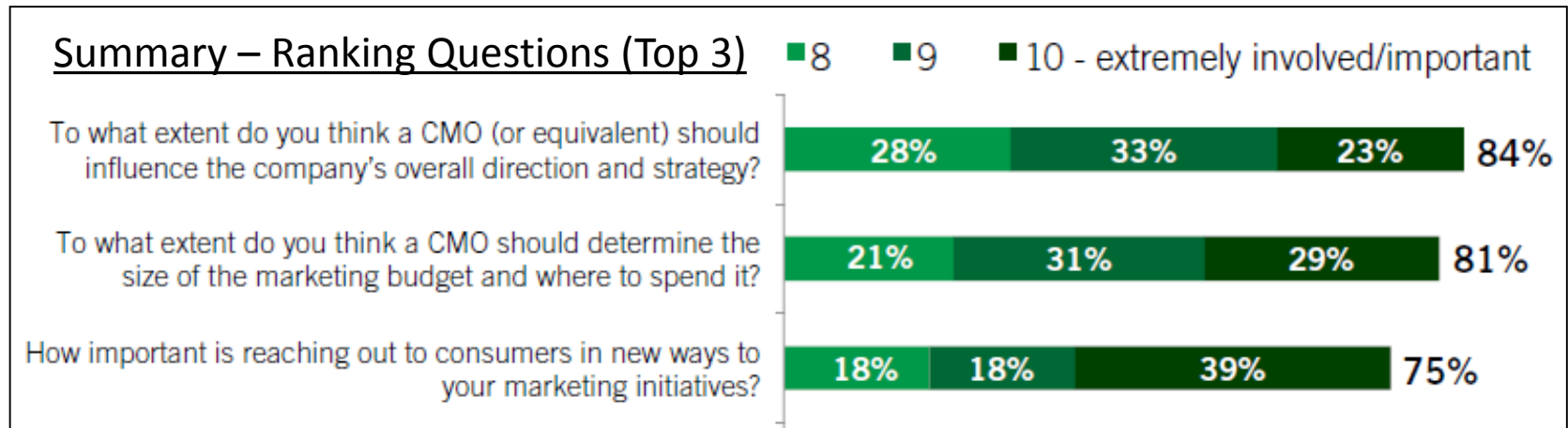
Source: ANA 2012, Evolution of the CMO and Marketing Team Survey

Key Findings

- CMOs are looking for greater role in overall company direction/strategy
- CMOs looking to determine the size/allocation of the marketing budget
- CMOs looking to explore new channels to reach consumers



Increasing the accountability of marketing metrics to improve financial planning and enhance the strategic role of the CMO is a MASB goal



ANA	
Elevating the Role of Marketing Procurement	
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Background	
ANA held a survey in December 2012/January 2013 to better understand the metrics used to measure the national contribution of the marketing procurement organization. The survey focused on:	
<ul style="list-style-type: none"> The metrics, both current and ideal, used to measure the success/contribution of the marketing procurement organization. The importance, both current and ideal, placed on each respective metric. Alignment of success metrics between procurement and marketing. 	
There were 133 responses, and virtually all respondents were marketing procurement professionals at ANA member companies.	
The specific metrics explored in this survey (and corresponding definitions provided to respondents) were:	
<ul style="list-style-type: none"> Agency/Supplier Performance Improvements Cost Avoidance: reduction of a price that would have otherwise been paid if not for the direct intervention of procurement Cost Reduction: typically savings year over year (paid \$100K for X last year and \$90K this year) Improve Brand Health Metrics: could include awareness, Net Promoter Score, purchase consideration, etc. Improve Marketing ROI Industry Intelligence: awareness of benchmarks and best practices Innovation: identify emerging trends and bring new ideas to the organization Internal Stakeholder Satisfaction from Marketing Process Improvements: both internally and with suppliers Risk Mitigation: typically either not ensuring the financial viability of a supplier or/and 30+ hours appropriate contract language to protect the organization/company Sales/Market Share Increases 	
Elevating the Role of Marketing Procurement	
ANA	

ELEVATING THE ROLE OF MARKETING PROCUREMENT (May 2013)



Procurement Task Force Mission

- Define and elevate the role of marketing procurement
- Close the “gaps” on the value of procurement between procurement and internal marketing as well as procurement and external agencies

Procurement Value Metrics Survey

Fielded December 2012/January 2013 to better understand the metrics used to measure the success/contribution of the marketing procurement organization.

- Current and ideal metrics used to measure the success/contribution of the marketing procurement organization.
- Importance, both current and ideal, placed on each respective metric.
- Alignment of success metrics between procurement and marketing.

113 responses.

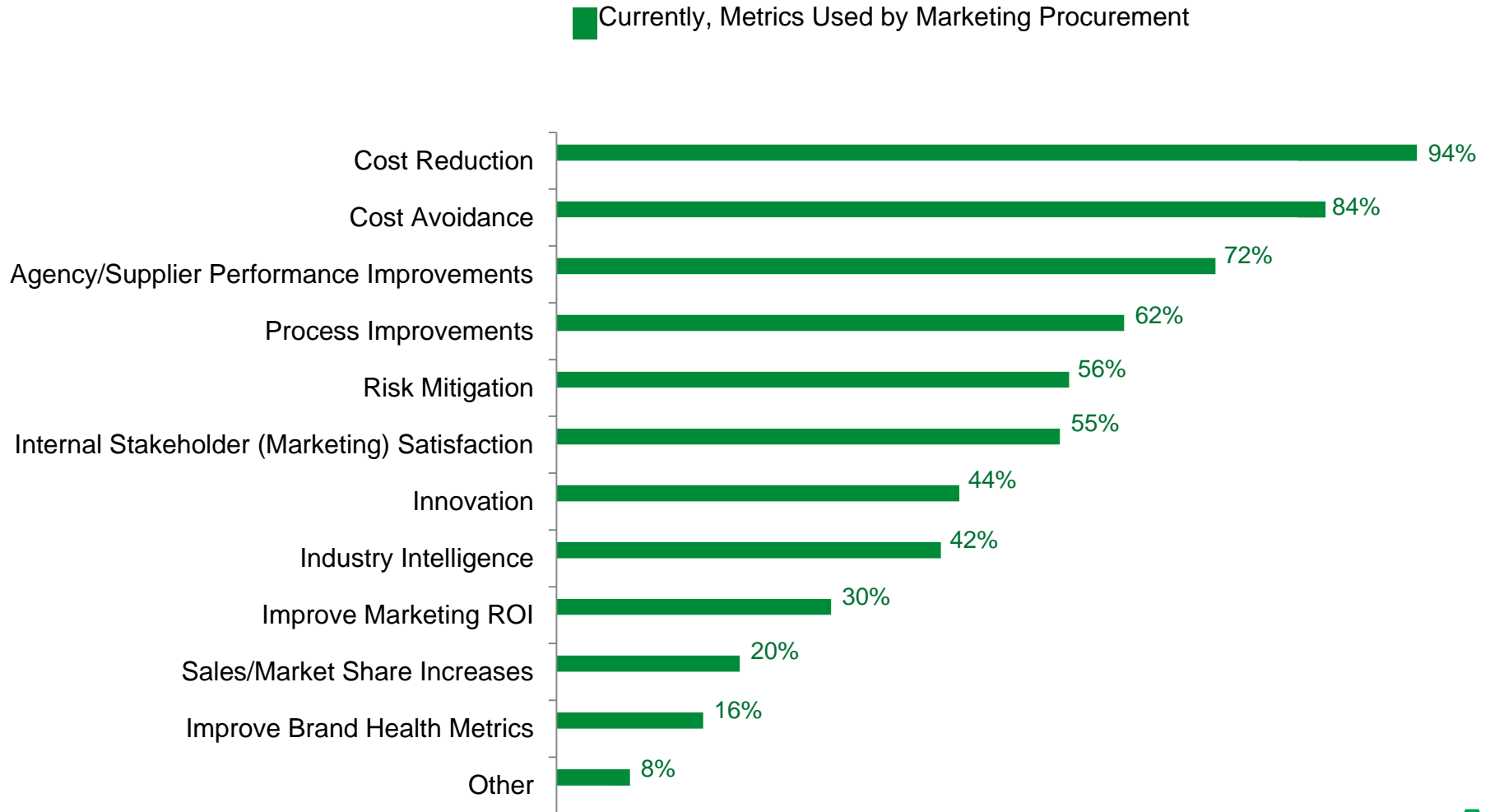
Supplemented with qualitative research.

Specific Metrics Surveyed

- **Cost Reduction** – typically, savings year over year; paid \$100k for X last year and \$95k this year
- **Cost Avoidance** – reduction of a price that would have otherwise been paid, if not for the direct intervention of procurement
- **Risk Mitigation** – typically either (a) ensuring the financial stability of a supplier and/or (b) having appropriate contract language to protect the organization
- **Agency/Supplier Performance Improvements**
- **Process Improvements** – both internally and with suppliers
- **Internal Stakeholder Satisfaction from Marketing**
- **Improve Marketing ROI**
- **Industry Intelligence** – awareness of benchmarks and best practices
- **Innovation** – identify emerging trends and bring new ideas to the organization
- **Sales / Market Share Increases**
- **Improve Brand Health Metrics** – could include awareness, net promoter score, purchase consideration, etc.

Measuring the Success of Marketing Procurement

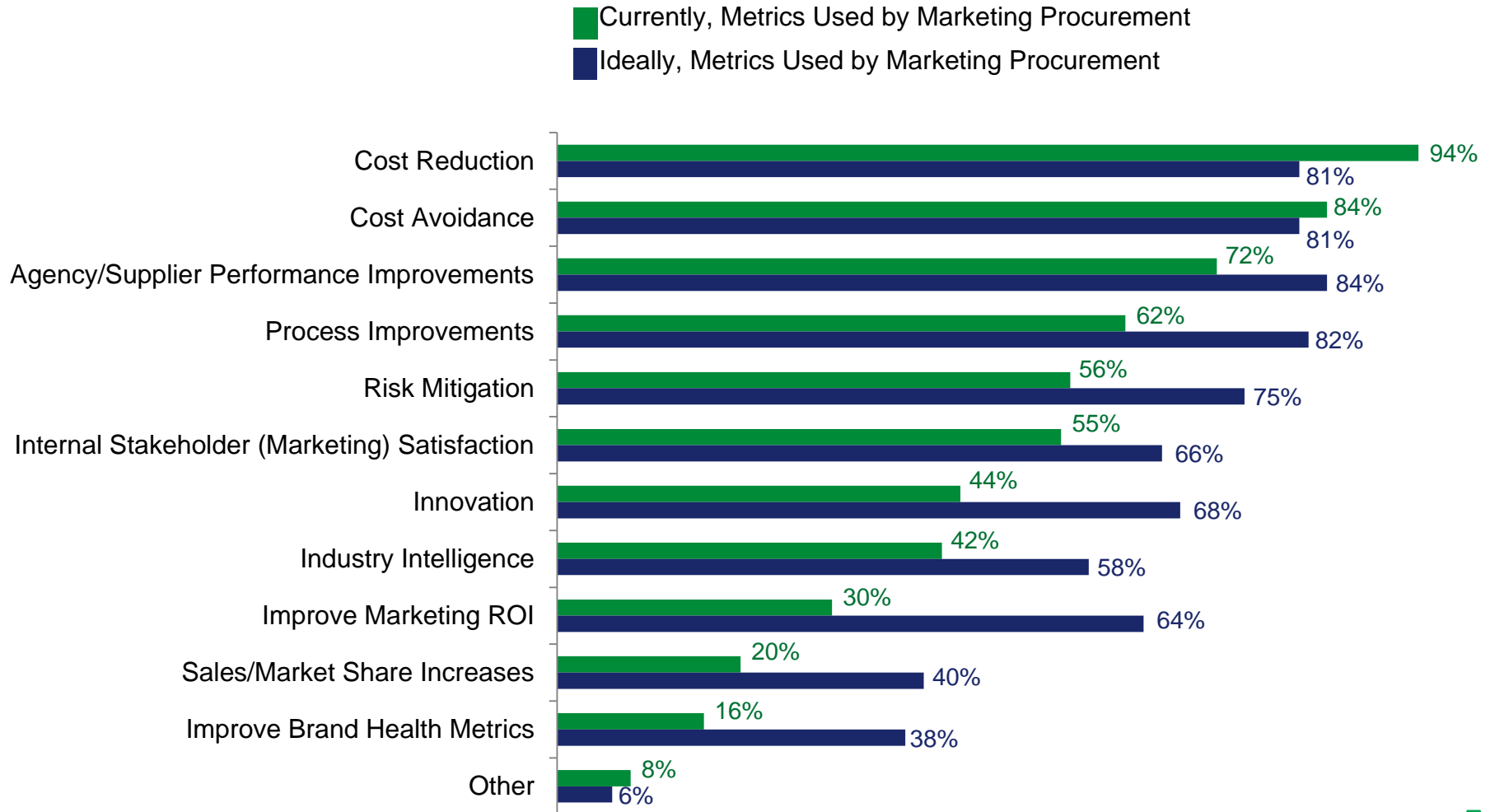
Metrics Currently Used vs. Ideally Used



Which of the following metrics are used at your company to measure the success/contribution of the marketing procurement organization?

Measuring the Success of Marketing Procurement

Metrics Currently Used vs. Ideally Used

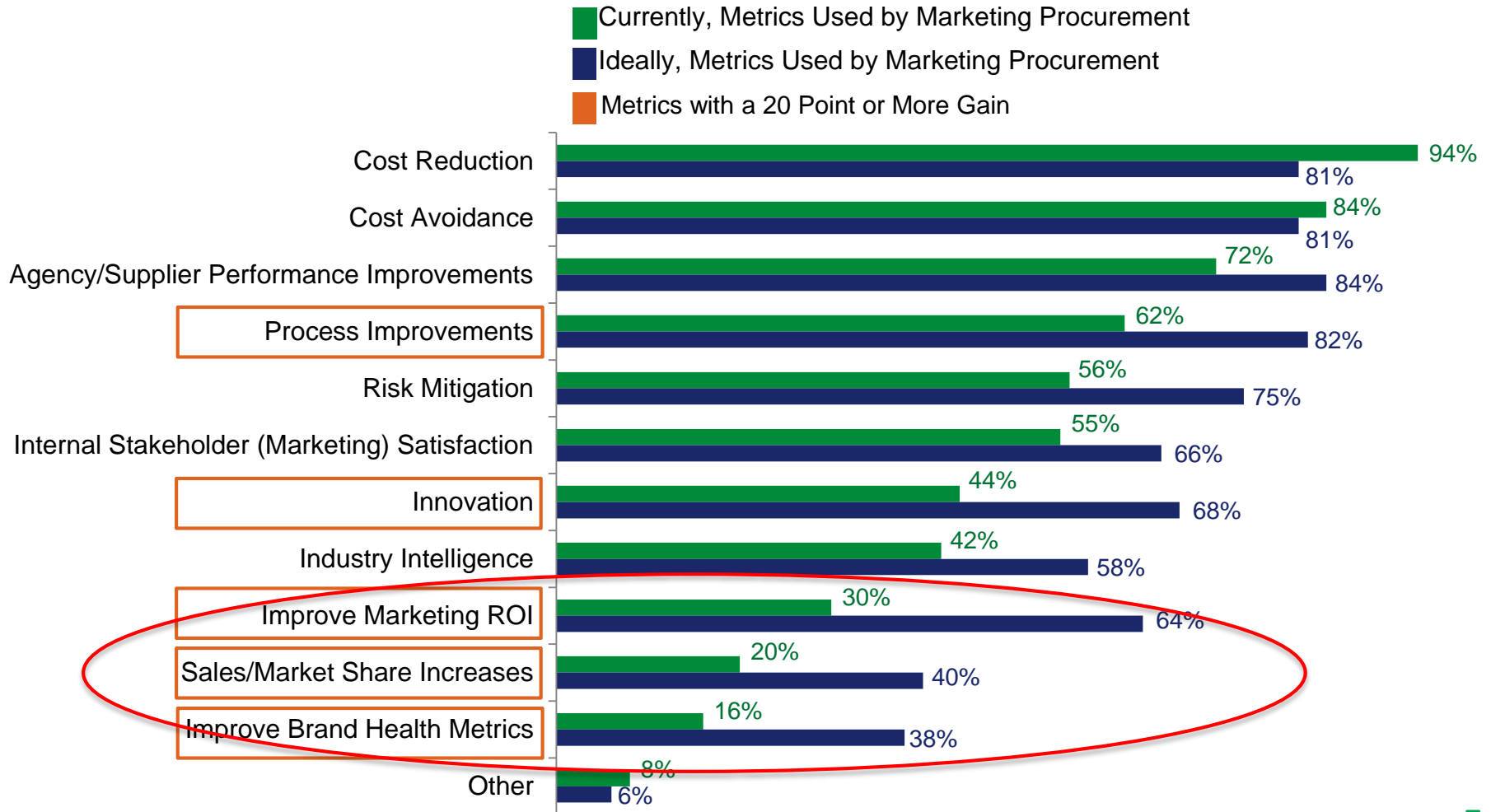


Which of the following metrics are used at your company to measure the success/contribution of the marketing procurement organization?

Ideally, what should be the metrics used at your company to measure the success/contribution of the marketing procurement organization?

Measuring the Success of Marketing Procurement

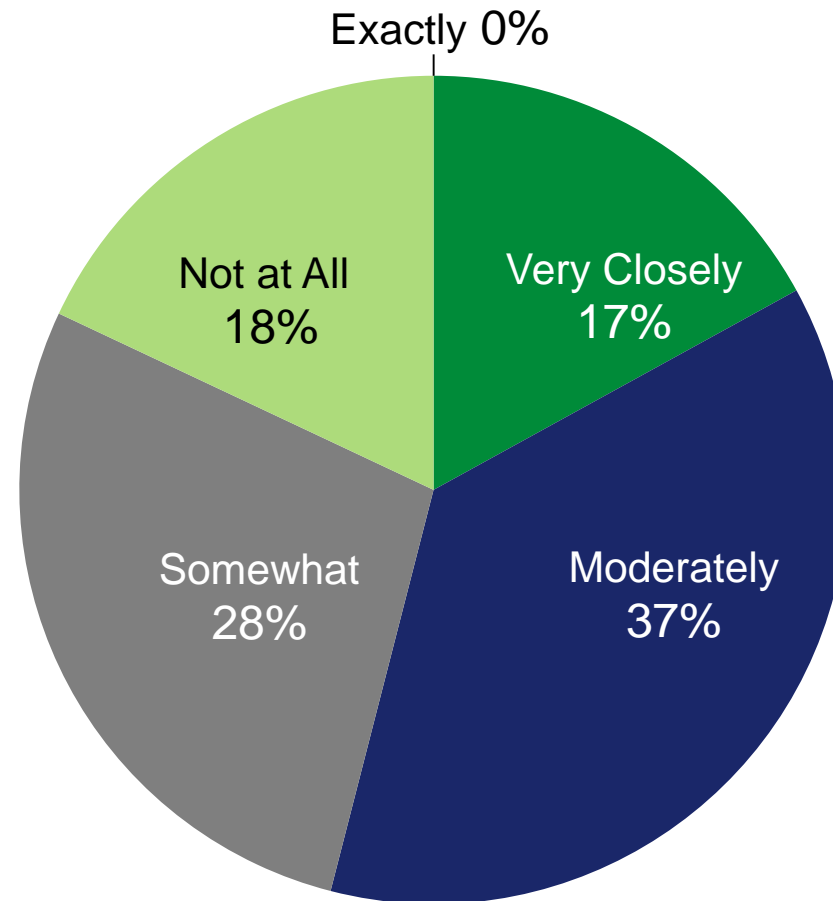
Metrics Currently Used vs. Ideally Used



Which of the following metrics are used at your company to measure the success/contribution of the marketing procurement organization?

Ideally, what should be the metrics used at your company to measure the success/contribution of the marketing procurement organization?

Aligning Success Metrics



In your organization how closely are the success metrics for marketing procurement aligned with the success metrics for marketing?

Task Force Conclusions (partial)

- Marketing procurement is evolving – metrics and measures of success vary depending on the maturity of the marketing procurement organization
- Cost reduction and cost avoidance remain the two more consistent metrics for measuring success across companies
- However, over time, greater engagement and impact of marketing procurement drive the need for more advanced ways of assessing positive impact
- Organization still struggle to understand marketing spend as an investment rather than a cost



Key Findings

Metrics where there was a 2X gap between “currently used” and “ideal” are:

Improve Marketing ROI

Sales/Market Share Increases

Improve Brand Health Metrics



Key areas of focus for MASB



SUMMARY

Key Findings

- Marketers are increasingly focused on accountability and marketing measurement to support brand/customer loyalty and drive MROI
- Marketing and Finance/Procurement increasingly work together to add value to their organizations
- MASB's goals for providing common industry measurement standards, making Marketing an objective v. subjective function, align with the needs identified in these recent surveys



Questions?



Thank You!