Achieving Accountable Marketing

Six Critical Value Levers Must Be Pulled

By Michael Dunn

The debate about whether to boost or restrict marketing spend in a downturn is prevalent among many leaders today. Indeed, many marketers are under intense pressure to demonstrate the return that investment in their projects has brought on. In this Criticaleye article adapted from his book, **The Marketing Accountability Imperative***, Prophet CEO,* **Michael Dunn***, explores the six critical value levers that he believes must be pulled to reveal the true value that marketing delivers to large organisations.*

Senior management continues to increase the pressure on marketers to demonstrate a strong return on investment. They're demanding higher levels of accountability and seeking assurance that every penny spent is helping to drive both top- and bottom-line business growth.

In response, marketers need to demonstrate disciplined planning, rigorous tracking and evaluation and, above all, continuous improvement in performance. They are also being required to link spending cause and effect, rapidly diagnose the root causes of any spending performance issues, and make timely, fact-driven decisions to improve returns.

In short, the pressure is on to achieve marketing performance which is both efficient and effective. Call it 'accountable marketing performance', a goal which is best met when six dimensions – or 'value levers' – are properly applied. The following describes each lever and the roles they play in driving optimal marketing performance.

> *"The most successful marketing in terms of profit return are those that capture the imagination and emotion of the consumer"* - Simon Thompson

VALUE LEVER #1 STRATEGY

The strategy lever is critical since it sets up a series of choices informing most subsequent activities across the other levers. It encompasses a series of decisions about strategic marketing choices:

- The set(s) of customers with which your company has the best business opportunities
- The behavioural (purchasing) responses from these target groups which are most achievable
- The unique set of benefits, attributes, and ideas which have the highest probability of eliciting the desired behavioural response
- Identification of specific brand or business challenges which may stymie your efforts

Erroneous assumptions around any one of these issues can fatally undermine the effectiveness of downstream marketing investments. Most organisations can avoid this by having a disciplined and transparent approach to addressing these questions so that all relevant participants fully understand the facts, data, beliefs and assumptions upon which each of these decisions is based.

This involves putting into place a set of well-understood analytic techniques involving customer segmentation and targeting, customer driver analysis, pathway modelling, brand equity modelling, and purchase funnel analysis. When these analytic approaches are used as a foundation to strategic decisions, a company typically ends up with a strategic value proposition which is worth its weight in gold.

VALUE LEVER #2 CONTENT

This value lever anchors on the translation of the strategic foundation into compelling, engaging, and medium-appropriate messaging ideas. 'Messaging' here refers to the whole creative package of taglines, copy, visuals, colour, sound, and iconography which comprise the broader communication or content platform. The best content platforms originate from a magical combination of strategic insight and creative expression, and connect in authentic yet emotionally compelling ways.

A company that has delivered outstanding performances relative to this value lever is MasterCard. MasterCard translated its "enabling my purchases for life" insight into the memorable and effective "Priceless" campaign.

Most companies rely heavily on external agency partners to help create ideas and drive decisions around this value lever. However, great ideas can come from anywhere, from single contributors finding some quiet creative time, through similarly briefed teams pursuing independent and somewhat competitive paths, to multiple players contributing in an Internet-driven, open-source process. Wherever potential messaging platforms are sourced, smart companies validate their messaging ideas with robust testing before deploying them across a full-scale creative campaign. Moreover, the latest academic research also suggests that testing multiple communication ideas is the right way to go.

COMMUNITY COMMENT

Andy McFarlane, Director of Marketing, IBM, UK and Europe

Facing up to the new realities that surround us all in today's economy make it imperative that marketers can tangibly demonstrate their return in a way that business leaders will recognise.

Michael's description of the six value levers does a nice job of defining elements of marketing's contribution in a way that makes it more of a science. Indeed, my organisation has applied many of these techniques to demonstrate better the ROI on our marketing investments and, as a result, has been able to increase investment in the right areas.

However, at its heart I believe that marketing is, and always will be, an art and not a science. Achieving an emotional connection with one's clients cannot be turned into a process and the marketers that truly make a difference to their business will be those who use an artist's brush when applying the science.

VALUE LEVER #3 MARKETING VEHICLES

Next is the need to decide which marketing vehicles will deliver against the strategy and messaging objectives in a compelling and effective way – while creating financial returns which meet your business requirements. 'Marketing vehicles' refers to many types of marketing programmes,

COMMUNITY COMMENT

Glenn Thomas, Managing Director, Strategy and Marketing, GE Commercial Finance

Marketing generally suffers from a great deal of anxiety over its inability to constantly and clearly link expenditure to returns. The simple fact is that although there are discrete ways to measure marketing, ROI such as ad equivalent value and referral/conversion metrics, it is almost impossible to truly know what aspects of a campaign have actually contributed to a sale unless you take the retrospective step of asking the customer.

The six levers identified provide a good framework to think about the critical success factors in a marketing campaign, but perhaps more importantly to help frame up where and how value is being created with your CEO and CFO. The key to success is to develop a flexible and staged approach to investment that enables you to adjust strategy based on refined assumptions and customer feedback.

whether mass media (such as print, television, billboards), addressable-media vehicles (like direct mail, catalogue, paid search), experiential elements (trade shows, events, sponsorships), point-of-purchase vehicles (in-store display, in-store coupons), and 'others' such as loyalty or rewards programmes or product placement.

Effective choices should enable your messages to reach and connect with target audiences in a timely, relevant, cost-effective and increasingly, multi-platform way. But you should also understand where your targets spend time interacting with media or media-enabled experiences, and thus openness to receiving messages in that setting. Today, overall media consumption is rising, but consumers have more effective tools to shut out your messages; both dynamics should be factored in. You should also understand the optimal strategic applications of each vehicle, as well as the core challenges posed by any given vehicle in order to weigh relative trade-offs. Finally, understand the underlying economics of each vehicle is critical, specifically the cost equation drivers versus drivers of anticipated revenue response.

You risk failure if vehicles are mismatched with marketing objectives or audiences, or if you have inadequate coverage across the required mix of vehicles. Conversely, it's just as dangerous to weigh the right mix of vehicles for reach and engagement without understanding the underlying economics and potential revenue response dynamics. Finally, balance between traditional and new media and rumours of the demise of traditional media are greatly exaggerated, and we believe most businesses can leverage both media types effectively. Rental car company Sixt has deftly used this value lever to build its business. It has combined a provocative advertising campaign with a broad presence in traditional and new media (including hanging cars on the wall and ceilings at airports). These efforts along with well defined offers to various segments have enabled Sixt to rapidly differentiate itself from its competitors.

VALUE LEVER #4
INVESTMENT LEVELS

This lever has two levels. The first lies in appropriate investing in marketing activities relative to the overall income statement – understanding whether the overall investment amount is too high or too low, relative to both the intrinsic financial return characteristics of the proposed marketing activities, and the strategic marketing objectives.

The second involves investing appropriately in any given marketing vehicle, programme or activity to determine whether the amount invested is too high, too low, or just right relative to its intrinsic return characteristics and those of alternative investment options.

Marketing programme returns are not static; anything can impact programme-level returns, from changes in brand maturity levels to competitive intensity. Changing media habits of the target audience and changing cost dynamics of any particular vehicle can affect returns. Moreover, marketing programme returns are not always linear. Such considerations make it challenging to figure out how much additional value can be driven by making changes to this particular value lever, but it's a task with considerable upside.

VALUE LEVER #5
IN-MARKET EXECUTION

Even with singular performance elsewhere, your overall marketing investment performance may still suffer from poor decision-making and activation around the fifth lever of 'in-market execution'. Many tactical decisions are required to enable a £10M campaign to get into market with maximum impact in a cost-effective way. Planning requires choices about reach and frequency, geographic coverage and scheduling, in light of insights around seasonality, purchase frequency and key

COMMUNITY COMMENT

Simon Thompson
Chief Marketing Officer and Group Managing Director, lastminute.com

The long running debate in the marketing world is do companies need 'magic' or 'logic'. The six value levers are focused on demystifying marketing through logical steps that can be understood by the most senior leaders and in particular, CEOs.

Each step makes simple sense but I would counsel all those reading to remember that the most successful marketing in terms of profit return are those that capture the imagination and emotion of the consumer. Emotions are not logical and that is what makes them so powerful. An Audi car is two times more expensive than the almost identical VW/Skoda product; is that logical?

There should be a step #7 that says, 'senior boards are not marketing experts'.

Of course, you should measure marketing in terms of cost versus revenue return, but don't over process the critical 'magic'. Trust your brand and your marketers but most importantly your customer's ability to make an illogical emotional choice.

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THE NETWORK OF LEADERS CRITICALEYE

decision points in the purchase cycle and across all types of programmes. Buying necessitates hard placement choices in a fragmenting media landscape. And if your marketing programmes are more experiential in nature, you still have the same overall issues, but with the added complexity of delivering consistency with an intrinsically more variable format!

The customer experience must be consistent and seamless. If your various programmes are not working together because of poor in-market planning and coordination, the internet, that instantaneous viral communications platform, will allow critics to amplify these mistakes.

Revlon paid the price of poor execution in marketing its Vital Reliance line, whose target was the increasingly strong market for older women. Despite having the powerful Revlon brand behind it, and a substantive budget, a variety of marketing mis-steps doomed the campaign. It didn't incorporate the well-known Revlon brand name. Unrecognisable models were hired as spokeswomen. And its price points were too high. The fallout was extensive: the CEO was fired; the company lost millions, laid off 10 per cent of its workforce, and scrapped its marketing strategy.

VALUE LEVER #6
FIXED COST MANAGEMENT

Marketing accountability performance also demands that cost efficiency and effectiveness are improved. Better fixed-cost management is a reliable way to do this, whether through explicit cost cutting or cost containment. Either way, the focus is placed on all of the costs of producing your various marketing programmes, from external agency costs, to other production costs, to those for critical supplies like postage, paper and displays. Important gains here can allow the redeployment of savings into media or other targeted response programmes with the potential of improving overall effectiveness.

SIX VALUE LEVERS TO ACHIEVE ACCOUNTABLE MARKETING

Lever 1 — **Strategy** Develop a customer-focused business strategy based on both sophisticated analytics and qualitative insights

Lever 2 — **Content** Translate business strategy into compelling messages by reflecting customer insight and by being creative

Lever 3 — **Marketing vehicles** Choose marketing programmes and vehicles which align with the business strategy

Lever 4 — **Investment levels** Optimise investment levels for each media vehicle and relative to the overall income level

Lever 5 — **In-market execution** Meticulously plan your in-market execution to avoid failure and embarrassment

Lever 6 — **Fixed cost management** Develop a disciplined approach to better fixed-cost management

This value lever requires applying more of a hard-nosed purchasing or procurement manager mindset. One way to start is by understanding the ratio of 'working' to 'non-working' spend on the fixed costs of marketing programme production. If this ratio seems off, try selectively applying strategic sourcing principles to pay a little less for what you buy, redefine some core programmes so they can be executed more cost-effectively, or re-engineer overall processes to reduce costs without compromising quality. The big risk, of course, is that the quality of your supplier base and production assets are compromised in the name of cost management – essentially throwing the baby out with the bath water.

Accountable marketing performance is an achievable goal. By focusing on, and unlocking the power of the six critical value levers, the marketing organisation will prove its value to the business as the creative, yet rational, source of future growth.

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Michael is Chairman and CEO of Prophet (www.prophet.com), a global consultancy that helps senior management more effectively use branding, marketing, and innovation to drive profitable growth. This article is based on aspects of his book, The Marketing Accountability Imperative, published in 2009 by Jossey Bass.

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