



THE MARKETING PERFORMANCE MEASUREMENT (MPM) AUDIT

Measures+Metrics
assessing marketing value+impact

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Marketing Performance Measurement Audit—EMEA

Preliminary Findings

Presented April 14 -- MPM Forum, London

Conducted by The CMO Council

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AUDIT HISTORY

- In 2004, the CMO Council surveyed nearly 1,000 marketers and C-level execs in North America
- This contributed to a 150-page MPM Report with a model and framework for adoption and use
- These MPM methodologies and guidelines are now available to European CMO Council members
- Measures+Metrics Audit conducted in North America is currently being fielded online in Europe with 120 respondents to date
- A full report of these findings will be released in late-May

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AUDIT GOALS

- Determine perceived importance and adoption of MPM in European marketing organizations
- Understand where, how and to what degree companies are evaluating the value of marketing spend
- Quantify level of commitment to, and adoption of, formal MPM systems and practices
- Identify what measures, metrics and criteria are being used to track marketing effectiveness, yield and accountability
- Pinpoint degree to which key internal constituents are involved and influencing MPM initiatives

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AUDIT DEMOGRAPHICS

- Virtually all those surveyed held senior marketing titles
- 80% were from companies with more than \$10 million in annual revenues; 32% were drawn from companies with over \$500 million in annual sales
- 43% of respondents had marketing budgets of 1-3% of total revenue, and 27% percent had budgets of 4-6%
- All represented tech or telco companies; more than 90% had been in business for over 3 years and 41% over 20 years
- Almost 50% of companies represented were North American based; 37% headquartered in Europe and the balance in Asia



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KEY FINDINGS

- Over 82% of those surveyed rate Marketing Performance Measurement a high or moderate priority
- Yet, less than 10% have a formal MPM system in place; 43% use informal methods and 47% are lacking or developing a system
- More than 67% are neutral or dissatisfied with their ability to measure performance
- Over 53 percent spend less than 1% of budgets on MPM

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KEY FINDINGS (cont.)

- Only 36% said their CEO considered marketing effectiveness above average, and just 4.4% excellent
- 88% thought MPM data would be useful to finance executives; 75% consider this data to be relevant to board members
- Most respondents were positive about their sales growth and market share gains in the past year
- Fewer were satisfied with the profitability of their businesses

Special Note:

In North America, respondents with the highest level of business satisfaction were more committed to MPM and had greater CEO confidence in marketing

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KEY FINDINGS (cont.)

TOP CHALLENGES & OBSTACLES TO MPM

- Availability of reliable data and information sources
- Effective tools to capture and analyze results
- Trust in MPM metrics as valid performance indicators
- Linking customer response to marketing activities

OF LESS CONCERN ARE....

- Budget, availability of personnel, expertise, & stakeholder buy-in

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KEY FINDINGS (cont.)

PRIMARY FACTORS DRIVING INTEREST IN MPM

- Justify marketing budgets, programs and value
- Show effectiveness of marketing organization and plans
- Improve financial transparency and spend analysis
- Optimize marketing resource allocation
- Validate and substantiate ROI
- Raise marketing's role, stature and influence

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KEY FINDINGS (cont.)

WHAT DATA POINTS ARE PRIMARY MPM INDICATORS?

- Revenue generated
- Customer retention, loyalty and satisfaction
- Marketing program ROI
- Number of campaign leads converted
- Qualified leads generated
- Market share gains

KEY FINDINGS (cont.)

MEASURES MOST FREQUENTLY REPORTED TO MANAGEMENT

- Revenue generated
- Qualified leads in the pipeline
- Feedback from sales and channel partners
- Web site traffic and content viewing
- Number of campaign leads converted
- Press coverage and analyst influence
- Campaign cost
- Campaign ROI



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KEY FINDINGS (cont.)

AREAS OF SPEND THAT ARE HARDEST TO QUANTIFY

- Branding
- Advertising
- Sales & Marketing Collaterals
- Market Research

MOST MEASURABLE AREAS OF MARKETING

- Direct Mail/e-Mail Campaigns
- Web site and Internet Presence
- Trade Shows and Events
- Budgeting

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KEY FINDINGS (cont.)

TOUGHEST MPM INTELLIGENCE TO ACCESS

- Automated “drill-down” information on individual programs
- Automated reporting of performance across all activities
- Benchmark indicators of marketing performance against competitors
- Detailed analysis of country level performance
- High level “dashboard” of marketing performance indicators
- Financial indicators of marketing contributions

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KEY FINDINGS (cont.)

WHO ARE THE LEADING PROVIDERS OF MPM SOLUTIONS?

Overwhelming majority:

"I have no idea"

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KEY FINDINGS (cont.)

Satisfaction with ability to measure performance

47% say they are dissatisfied

33% are satisfied

0% are very satisfied

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KEY FINDINGS (cont.)

- Percentage of your company's overall marketing budget spent on MPM:

53% of respondents say less than 1%

- However:

60% expect that number to increase in the next two years

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KEY FINDINGS (cont.)

RANKING OF KEY STAKEHOLDERS TO INVOLVE IN MPM

- Marketing team members
- CEO
- Strategic Planning
- CFO/Finance Dept.
- Product Management
- Business Development
- CIO
- Customer Service & Support
- Sales and Channel Groups

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CONCLUSIONS

- MPM is among the leading concerns of European marketing executives today
- No one is really satisfied with quantifying marketing, yet knowledge, commitment and investment in MPM systems remains low
- MPM is still in its early stages of development, and few companies have adopted a comprehensive MPM plan
- MPM is an opportunity for marketing to regain its full seat at the executive table, while significantly improving the marketing function.

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