Marketers, get serious about accountability
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REX BRIGGS' AND Greg Stuart's arguably instant classic, "What Sticks," predicts that 47% of advertising campaigns are destined to fail. That estimate closely matches famous retailer John Wanamaker's legendary words, "Half the money I spend on advertising is wasted; the trouble is I don't know which half." These condemning comments--separated by 80 years--illustrate the continuing sad state of marketing accountability.

The marketing-accountability revolution must continue. In today's demanding business environment, companies must know the impact of their marketing investments. The Association of National Advertisers has launched a major initiative to significantly elevate the efficiency and effectiveness of marketing programs by codifying the best accountability practices. Our insights are being drawn from member case studies as well as from ongoing ANA surveys of senior-level marketers, which have been conducted since 2004.

In the broadest sense, accountability programs must increase the productivity of the entire marketing supply chain, nurturing what's working and improving what isn't.

Marketers face significant challenges in developing effective accountability programs. These include designing efficient, sustainable internal processes; determining who needs to be involved at each stage of planning and execution; and identifying metrics that accurately track the effectiveness of marketing-program components. Progress has been made on all fronts. But there is still much work to do to meet management and shareholders' demands to prove that marketing dollars are measurably contributing to the business.

In getting serious about accountability, marketers must reach beyond their own departments for solutions. I'm encouraged that some have begun to collaborate closely with their colleagues in finance and other parts of the enterprise. In fact, ANA's 2008 survey shows that one-third of those questioned reported "full cooperation and an open dialogue" with finance in establishing metrics and methodologies for marketing ROI, an increase from 22% last year. Additionally, we are seeing more participants note that marketing and finance "speak with one voice" and "share common metrics." This is great progress that will lead to better accountability programs.

So how can a company put the foundation of an effective accountability program in place? The first step is to create a "culture of accountability." That starts with the appointment of an internal accountability champion--someone who can drive multiple business proficiencies, both analytical and financial, toward the common goal of better marketing performance. Our survey found that while many organizations had a marketing-accountability champion (typically the CMO or senior VP-marketing), nearly 20% indicated that there was no such champion at all. That must change.

Organizations must create cross-functional teams charged with developing standards free of parochial bias. IBM's success was grounded in a disciplined process that started with a cross-functional marketing and finance team that reviewed all activities to determine saliency to the business. The extended team was then charged with validating direction and avoiding consensus and homogenization. This helped IBM not only create common marketing accountability metrics for its five distinct profit centers operating in five unique geographical areas, but also enabled them to align marketing metrics with a rigorous sales-reporting process. Toyota, Hewlett-Packard and Johnson & Johnson also exhibit shining examples of disciplined cross-function processes. But for many other businesses, the effort has been considerably slower.

Marketers must ensure that clear, measurable goals are set and understood by all functions. Unfortunately, ANA found that only about one-third of marketers felt that marketing's goals were closely aligned with corporate goals. Another one-third reported that there were no written goals at all. Speaking at the ANA Marketing Accountability conference in July, Jeffrey

Marshall, editor of Financial Executive magazine, noted that in many cases marketing goals have insufficient rigor by financial standards.

EFFECTIVE MEASUREMENT

Measurement has become both the Golden Fleece and the Achilles' heel of today's marketer: a powerful tool when properly structured, but a severe hindrance when based on unclear goals or incomplete, inaccurate or outdated information.

At 3M, creating a measurement system became a change-management process that had broad ramifications for this highly decentralized company. Dean Adams, director, corporate brand management, explained that putting consistent tools and measures in place enabled the company to strengthen its brand portfolio. It reduced the number of its trademarks, focused resources on key brands, engaged and aligned employees and, ultimately, increased brand loyalty and grew sales and profits.

In determining marketing metrics and then using them to establish budgets, marketers look at different factors. Our survey found that 61% of marketers measured marketing's impact on sales, and nearly three-quarters of this group viewed that metric as useful in establishing marketing budgets. But when consumer attitudes were the benchmark for accountability--as was the case with 60% of the marketers--only 39% considered the metric useful when budgeting.

Overall, 23% of respondents expressed dissatisfaction with the accountability metrics available to them today. That will change as the digital-media tsunami sweeps across the marketing landscape. The soft metrics of yesterday are being replaced by precise performance indicators that help marketers track--in real time--how consumers interact with their campaigns and media. Wachovia is an excellent example of a company that created uniform metrics based on a partnership among marketing, finance and a corporate analytics function.

But there is considerable inconsistency in the approaches and methodologies vendors are using to capture and report data. The industry needs an ever-improving effort across the digital landscape to adopt standardized, accurate and transparent measurement protocols.

There is an urgent need for marketers to push the accountability frontier. By appointing an accountability champion, by creating and strengthening partnerships with finance and other analytics functions and by advocating for needed measurement quality and transparency standards, marketers will be increasingly effective in improving the productivity of their marketing supply chain and driving brand and business growth.

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