

CMOs Pressured to Show ROI

New studies show that marketing chiefs are under intense scrutiny, resulting in an exploration of more effective marketing methods.

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SOME CMOs ARE FEELING AWFULLY PARANOID these days. With good reason, a number of recent studies show that marketers spending choices are coming under far greater examination as the economic vice tightens.

In fact, 89 percent of marketers said they are under more intense scrutiny than ever before, per a new report conducted by Jupiter Research in partnership with the Verse Group. The researchers polled 101 executives online last month.

The greatest pressure being applied is the demand to show return on investment. However, many are struggling to do so, finding the ROI process complex, per The Conference Board's *Research Working Group on Measuring and Managing Return on Marketing Investment* report which surveyed 73 companies.

Yet, most recognize a need for improvement maximizing dollars spent. Seventy-six percent believe that they are not realizing the full revenue potential of customers, per the CMO Council's "Routes to Revenue" audit of 650 senior marketers in conjunction with Ricoh/IBM InfoPrint Solutions Co.

"Increasingly, it is important for marketers to be able to justify their expenses," said Peter Sargent, vp, Jupiter Research.

"We need to get smarter as a community as we assess just how effective our brand messaging is."

So how are marketers adapting? Sixty four percent of CMO Council respondents, said they were evaluating all areas of marketing spend to increase yield and accountability. This includes: Leveraging existing resources within their organizations to enhance customer communications (47.3 percent), exploring customized communications technologies (40.9 percent), moving more investment to Internet and mobile channels (38.7 percent) and driving adoption and the use of CRM and sales automation applications (31.5 percent).

"The objective is not to constantly be in acquisition mode," said Donovan Neale-May, CMO Council executive director. "In a constrained economy you've got to focus monetizing existing customer relationships. It requires analytics and better use of customer data. [However], in many cases marketers struggle to integrate and leverage data."

Sixty percent of CMO Council respondents said better segmentation, profiling and targeting strategies were the top ways they were trying to better engage core audiences. Nearly half (48.7 percent) planned to add or improve database marketing systems. Slightly less than a third (30.3 percent) wanted to acquire new customer or market analytics capabilities.

Despite years of conversation about ROI, the tactic of actually measuring marketing investments is still in its infancy, per the Conference Board. Thirty-seven percent of respondents claim to have been tracking ROI for less than a year. Less than a quarter have been doing it for more than three years. One third doesn't bother at all.

Among the reasons marketers have been slow to adopt ROI tactics: problems with data and integrity (47 percent), lack of technology (41 percent) and resource dedication (39 percent), per the Conference Board.

Things could accelerate quickly, said Neale-May. "The mandate is to do more with less," he said. "Part of that is using new strategies and techniques to make sure money isn't left on the table."



Tough Times, Tough Tasks

Below is the percentage of marketers that agree strongly or somewhat with the following statements:

Due to the suffering economy, marketing efforts are under greater scrutiny than ever before. **89%**

Branding needs to be more flexible today because business is more dynamic and fast moving. **87%**

Internal silos are the biggest barrier to integrating marketing with customer experiences. **78%**

Managing our brand across multiple platforms is a big challenge for my organization. . . **71%**

My traditional advertising efforts are no longer as effective as they once were. **62%**

Source: Jupiter Research in partnership with the Verse Group.

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