



THE MARKETING PERFORMANCE MEASUREMENT (MPM) AUDIT

Measures+Metrics
assessing marketing value+impact

Measures + Metrics

European Research Findings

CMO Council

Marketing Performance Measurement Initiative

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AUDIT HISTORY

- In 2004, the CMO Council surveyed nearly 1,000 marketers and C-level executives 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 fielded online in Europe with 167 respondents.
- Full report of findings published today.

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AUDIT GOALS

- Determine perceived importance and adoption of MPM in European marketing organisations.
- 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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KEY FINDINGS

- 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 in Europe, 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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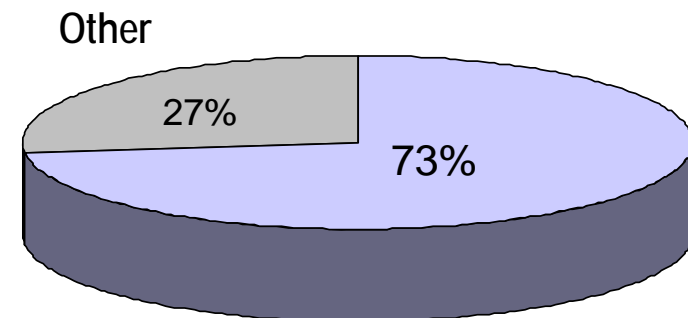
WebTrends.

PROFILE OF RESPONDENTS

Senior marketers from a broad range of companies are well represented

- **Company Sales Revenue**
 - Median: \$265 M
 - \$1 billion+ 24.4%
- **Tech Products / Services**
 - Software 36%
 - Technology Services 37%
 - Integration 6%
 - Components/ Peripherals 6%
 - Internet 5%
 - Computer Systems 5%
 - Networking 5%
- **Company Headquarters**
 - North America 44%
 - Europe 41%
 - International 15%

Job Title



Senior Marketers (CMOs, SVPs)



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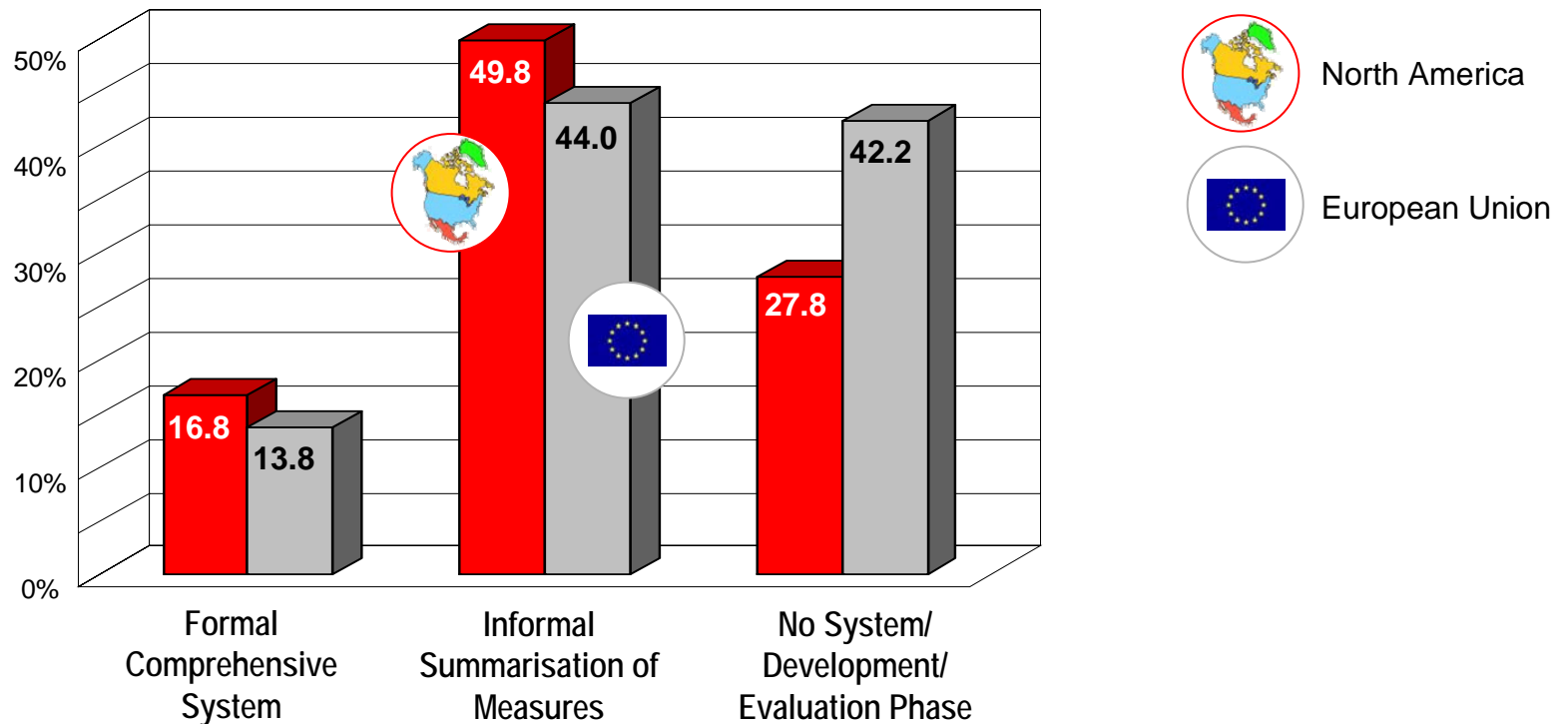
What is the extent of MPM adoption?

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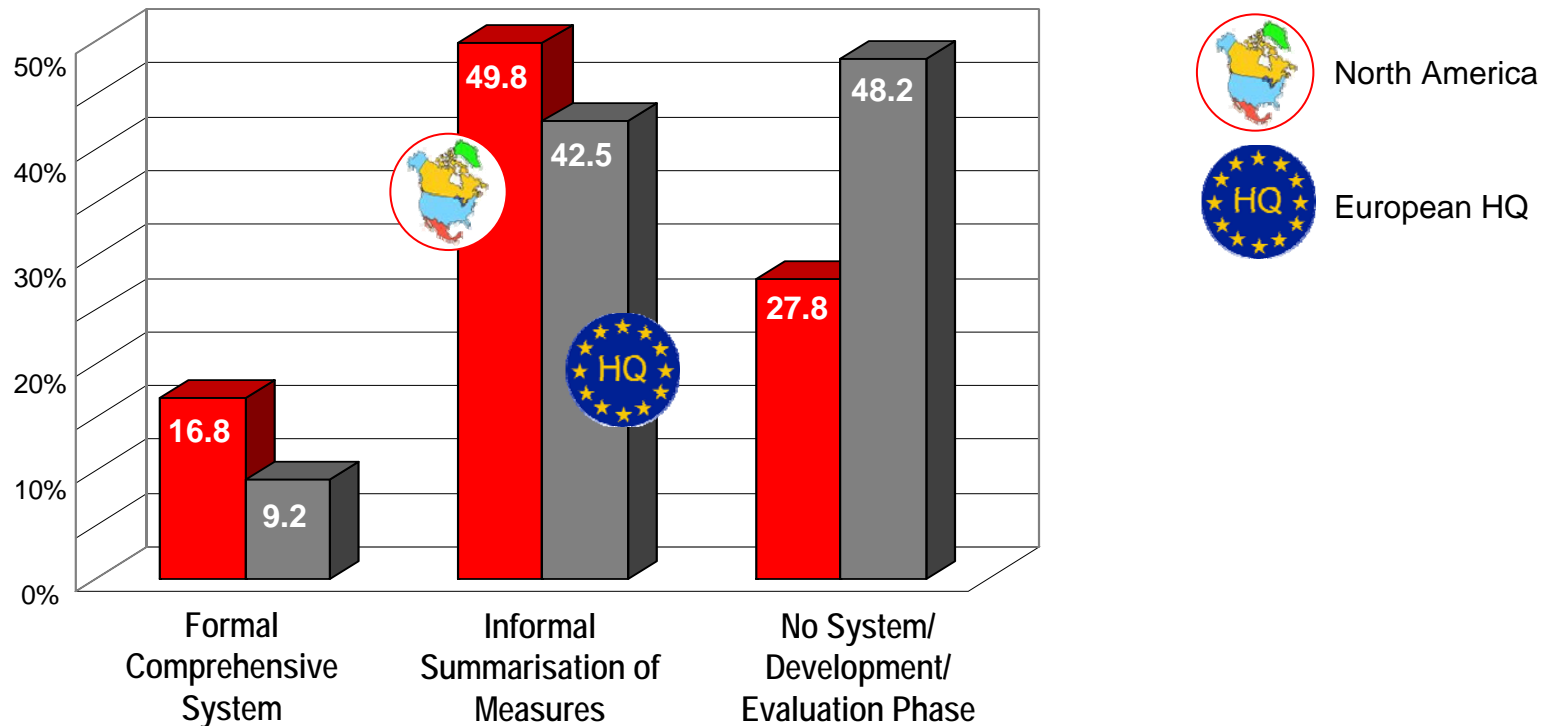
DOES YOUR COMPANY HAVE AN MPM SYSTEM IN PLACE?

Higher levels of MPM adoption in North America than in Europe



DOES YOUR COMPANY HAVE AN MPM SYSTEM IN PLACE?

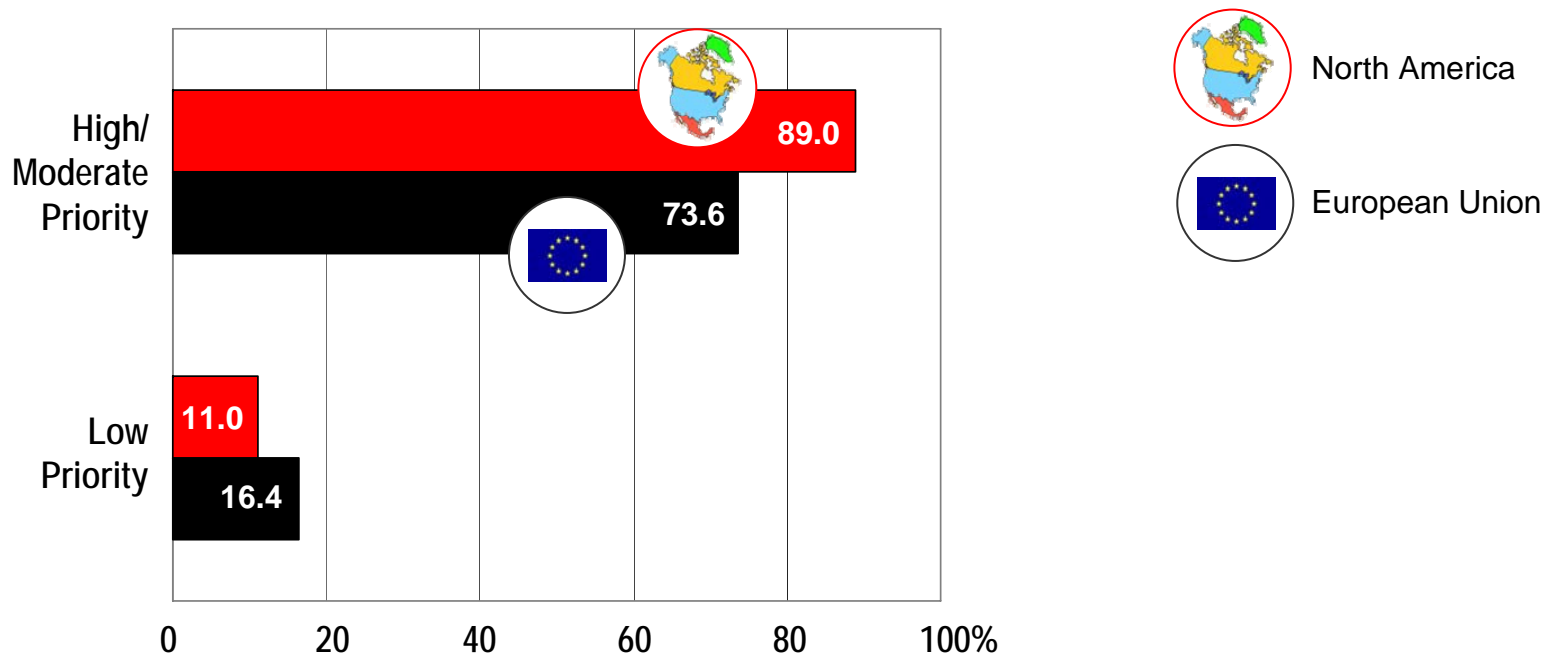
Lowest Level of adoption for firms with European HQ





PRIORITISATION OF MPM

Prioritisation of MPM is high...but less than in North America



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What are the factors driving interest in MPM?

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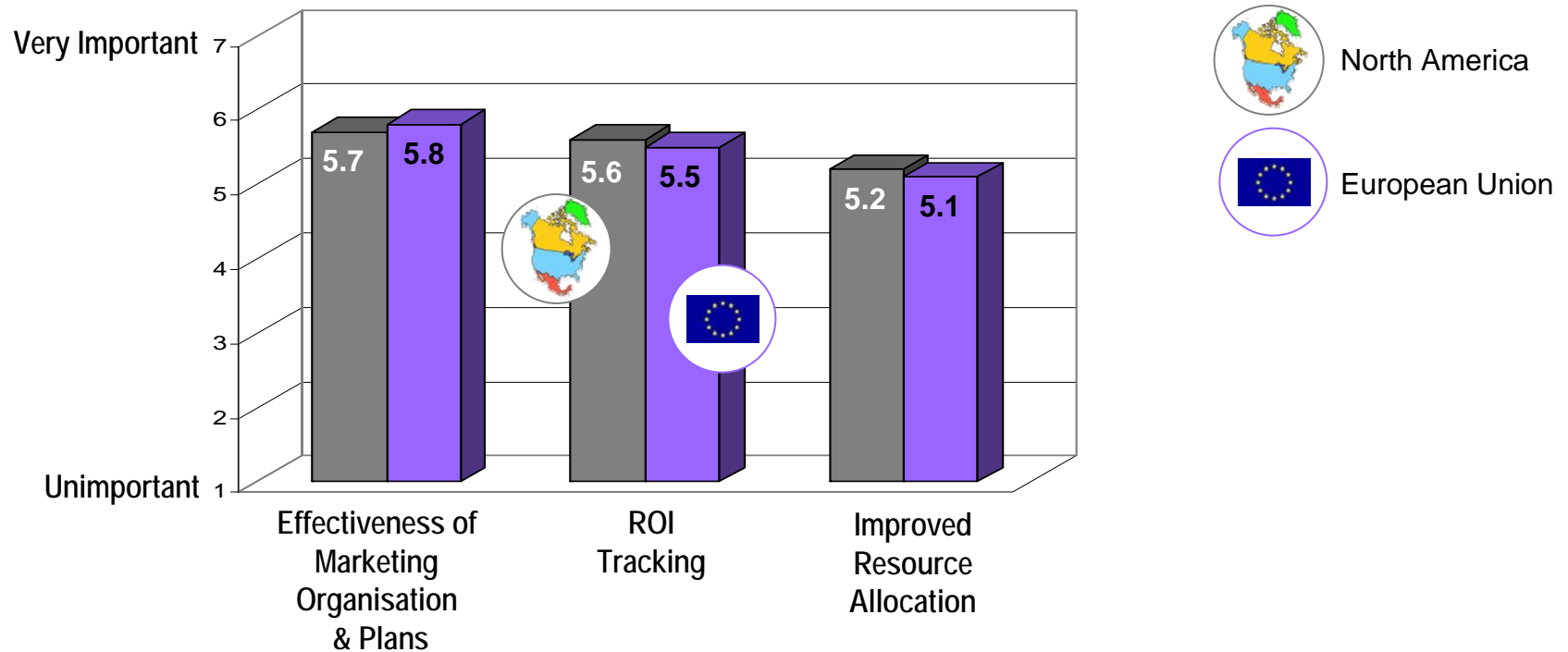


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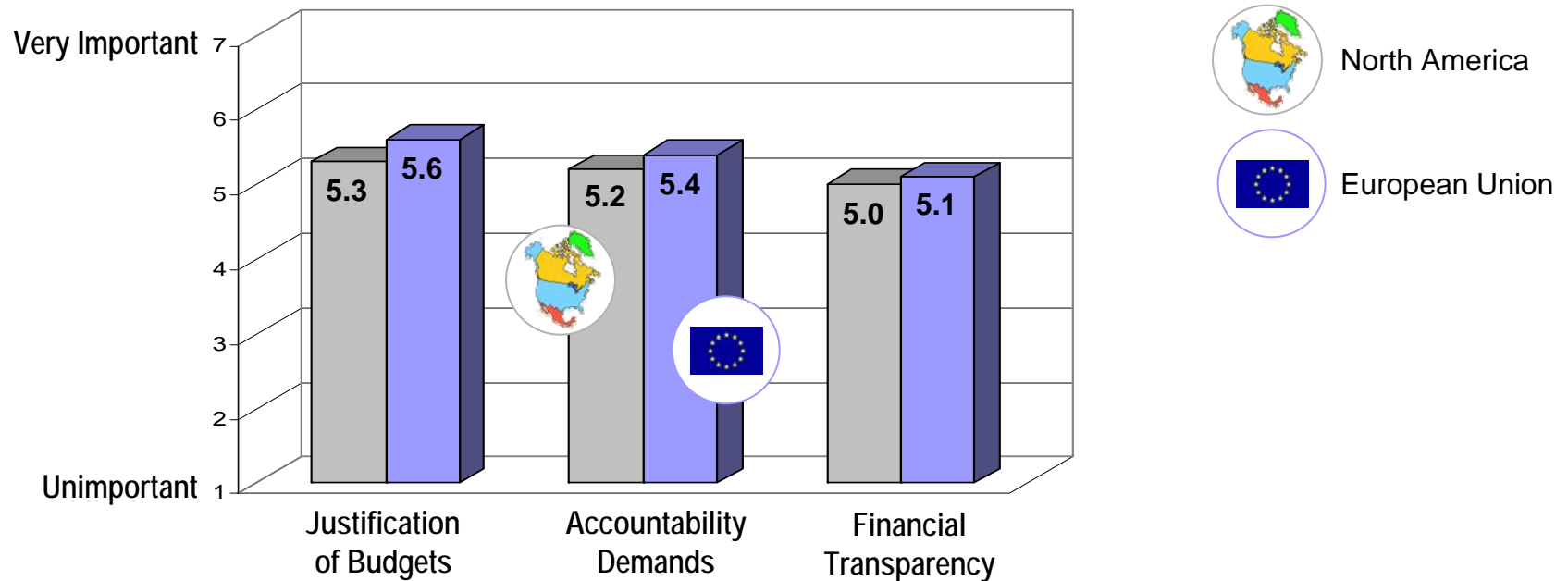
FACTORS DRIVING INTEREST IN MPM

No.1 Efficiency/ Effectiveness



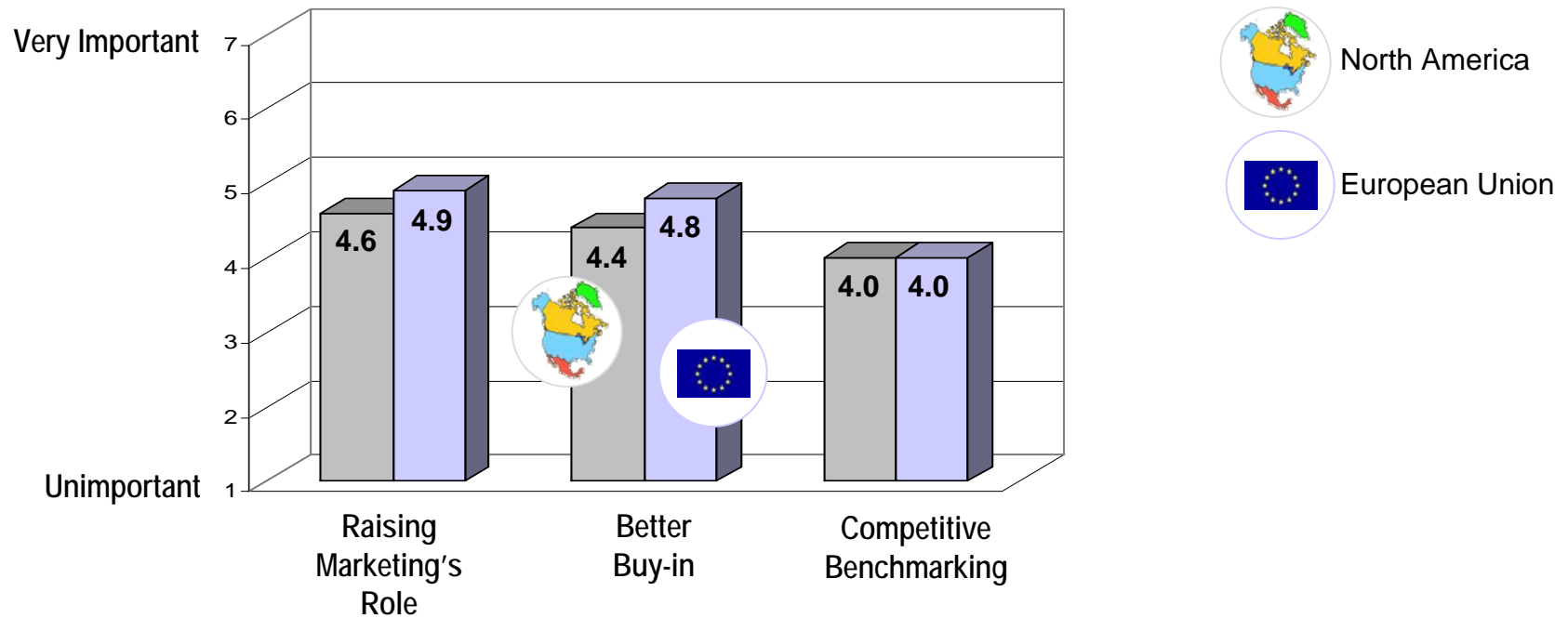
FACTORS DRIVING INTEREST IN MPM

No.2 Accountability



FACTORS DRIVING INTEREST IN MPM

No.3 Credibility/ Stature





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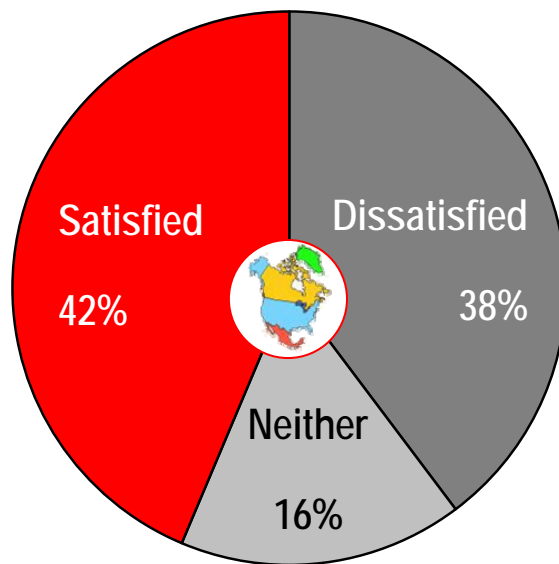
How satisfied are companies with their current ability to measure marketing performance?

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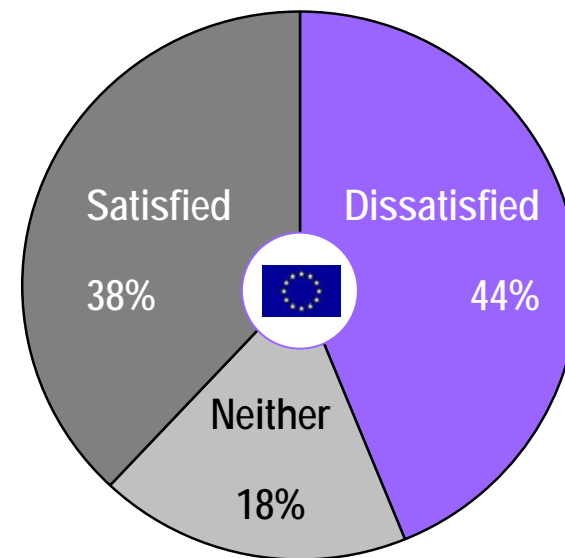


SATISFACTION WITH ABILITY TO MEASURE MARKET PERFORMANCE

Lower levels of satisfaction with ability to measure...



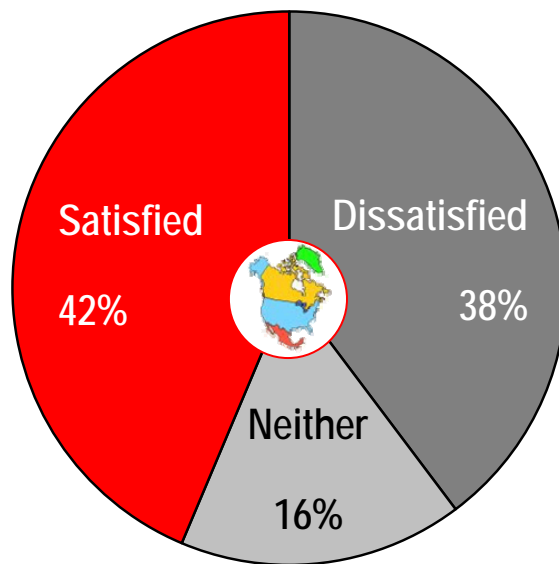
North America



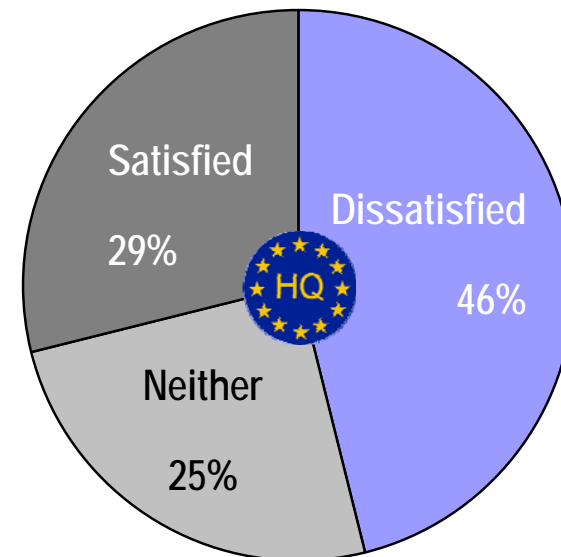
European Union

SATISFACTION WITH ABILITY TO MEASURE MARKET PERFORMANCE

Lower levels of satisfaction with ability to measure... particularly for firms with European HQ



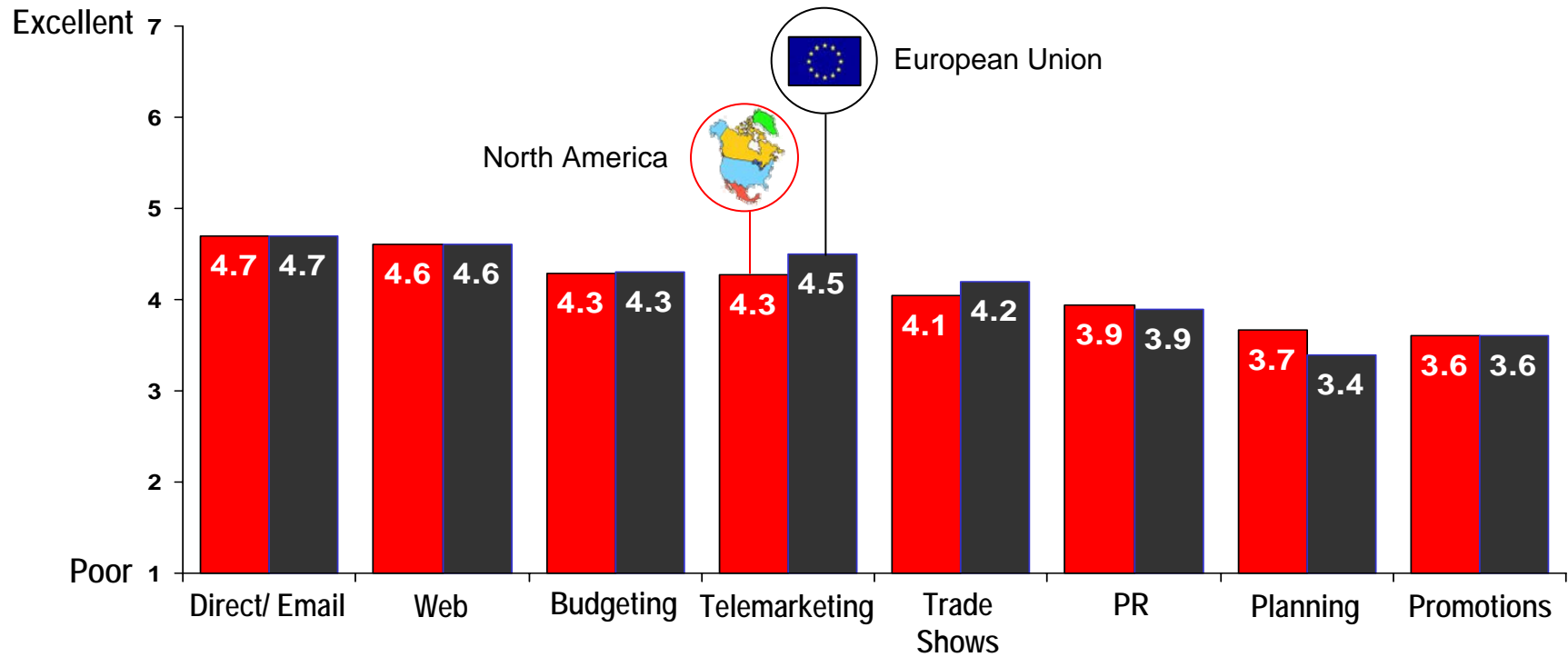
North America



European HQ

COMPANY'S ABILITY TO MEASURE PERFORMANCE

Similarly low level of measurement ability across marketing activities



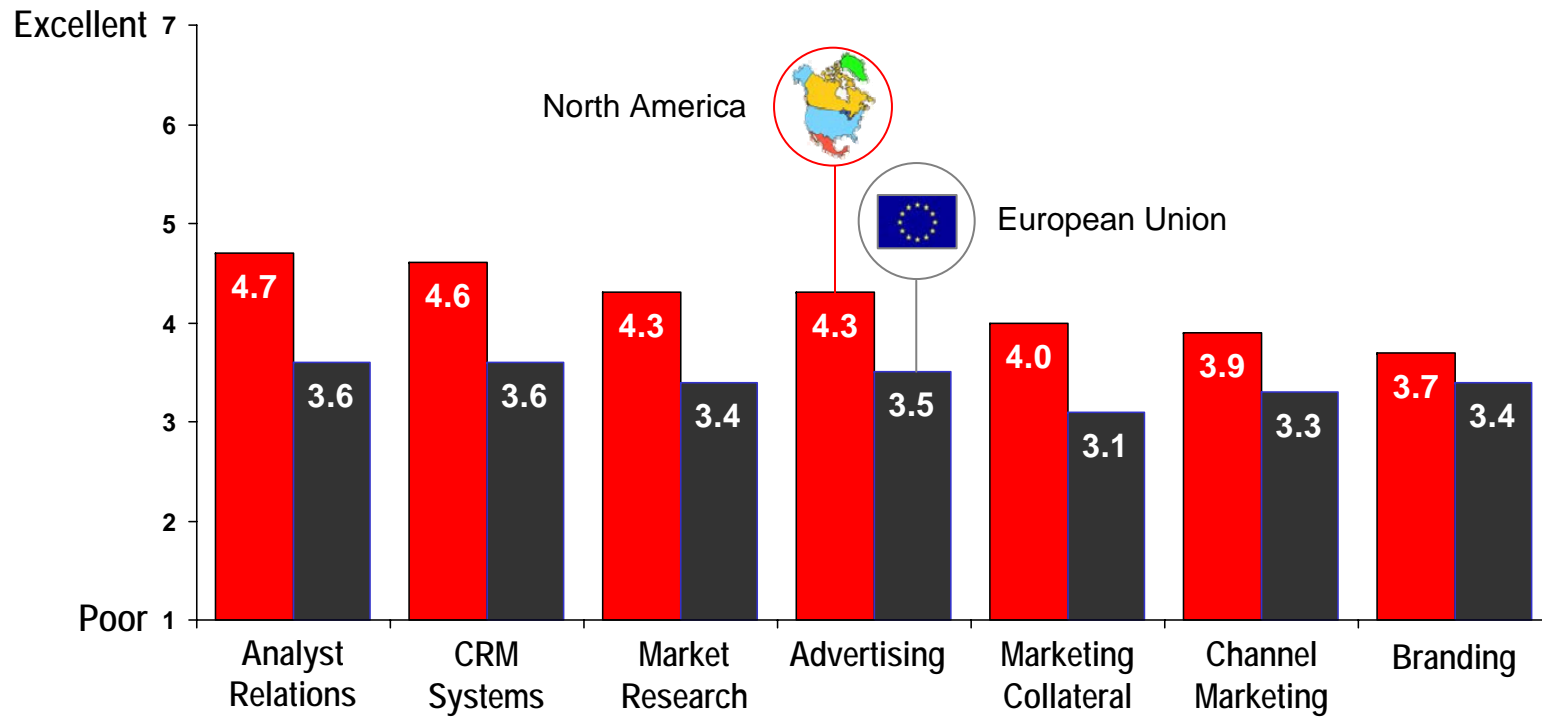
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COMPANY'S ABILITY TO MEASURE PERFORMANCE

Similarly low level of measurement ability across marketing activities

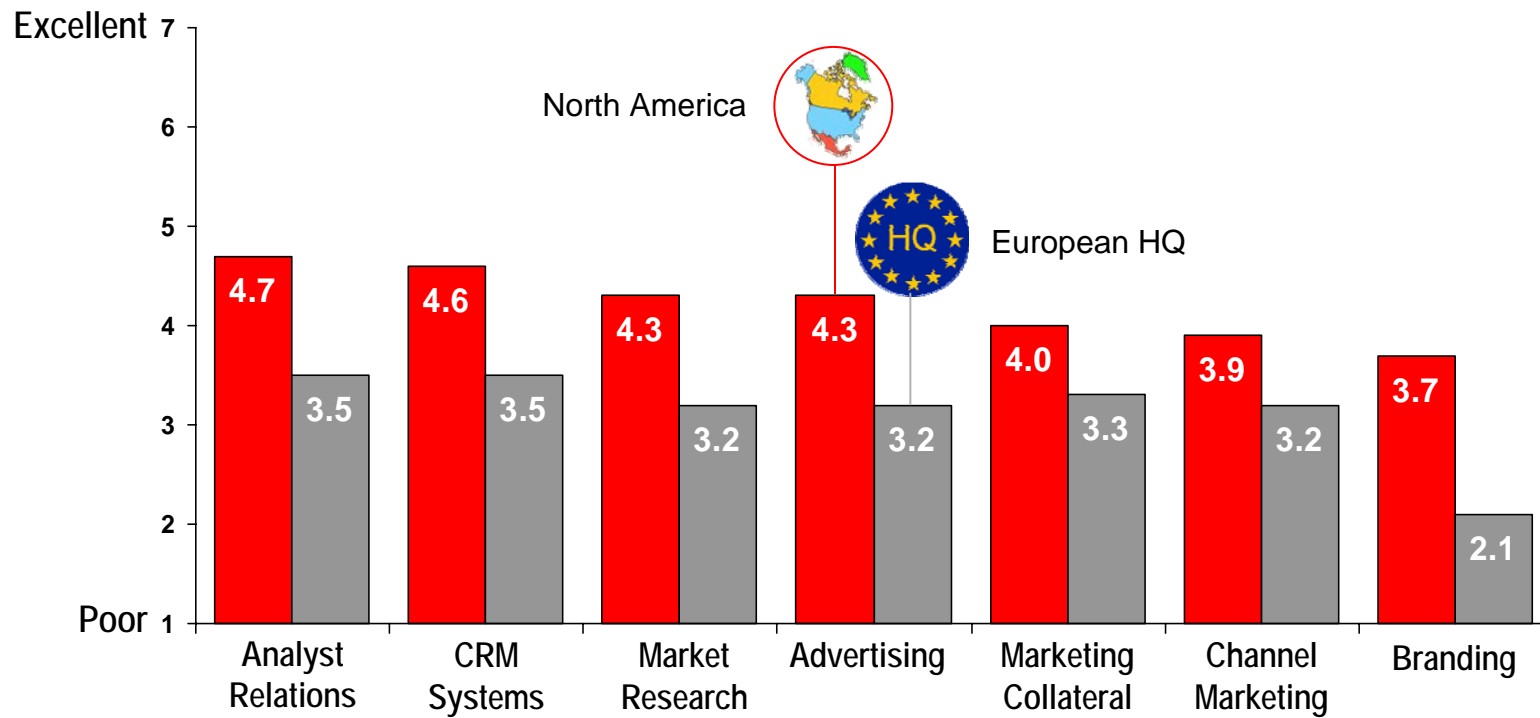


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COMPANY'S ABILITY TO MEASURE PERFORMANCE

Firms with European HQ appear particularly challenged in measurement of 'softer' activities

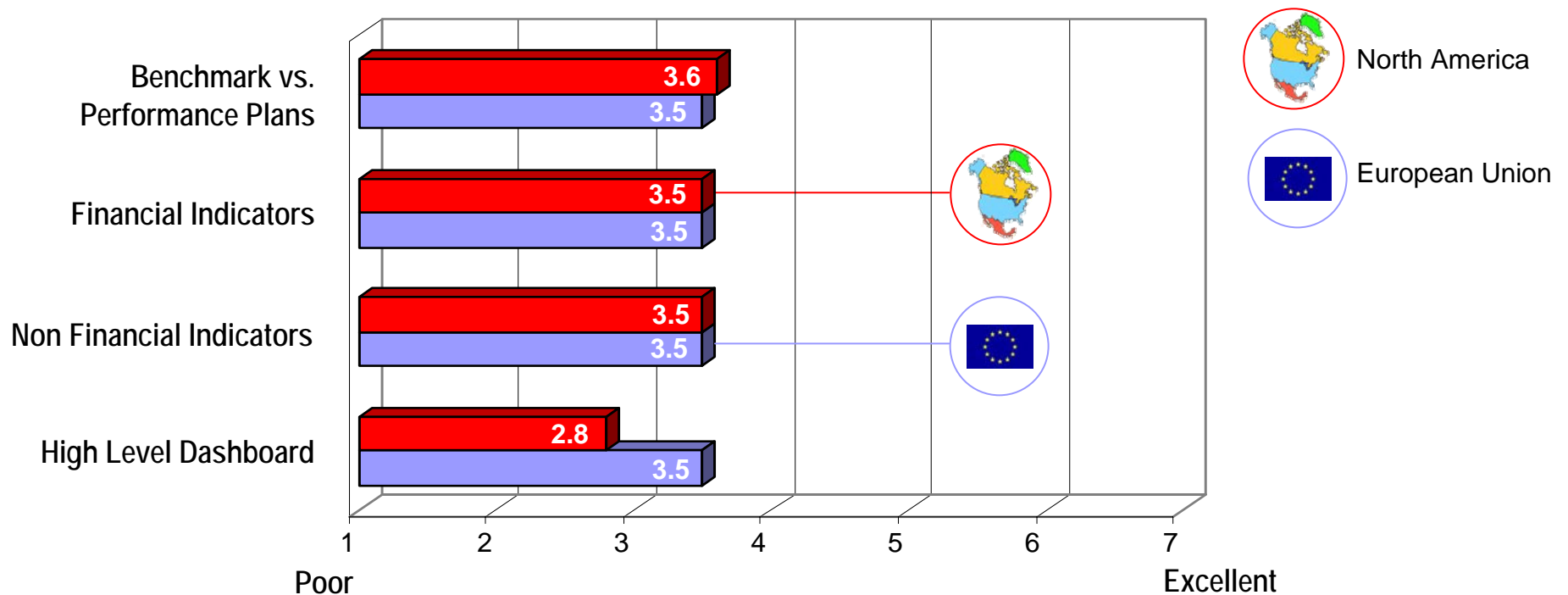


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COMPANY'S ABILITY TO PROVIDE MPM INFORMATION

Limited adoption of marketing performance dashboards...
all rated below the mid point



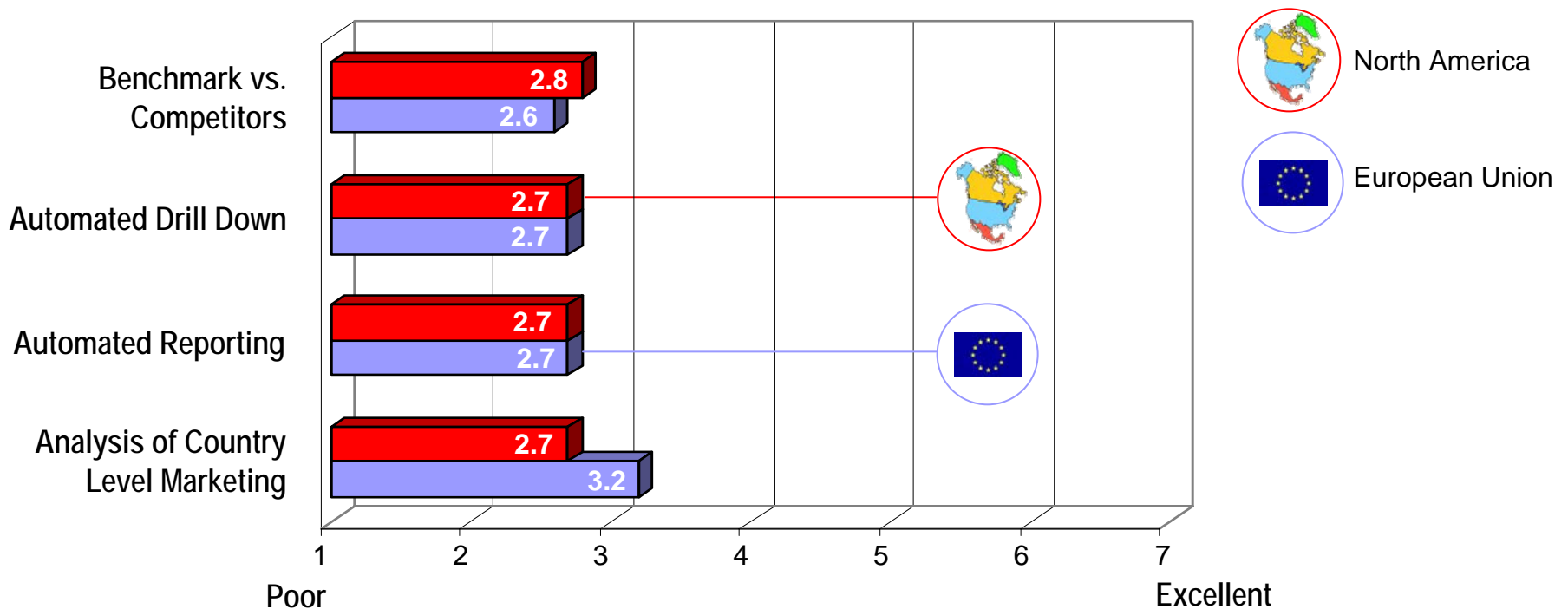
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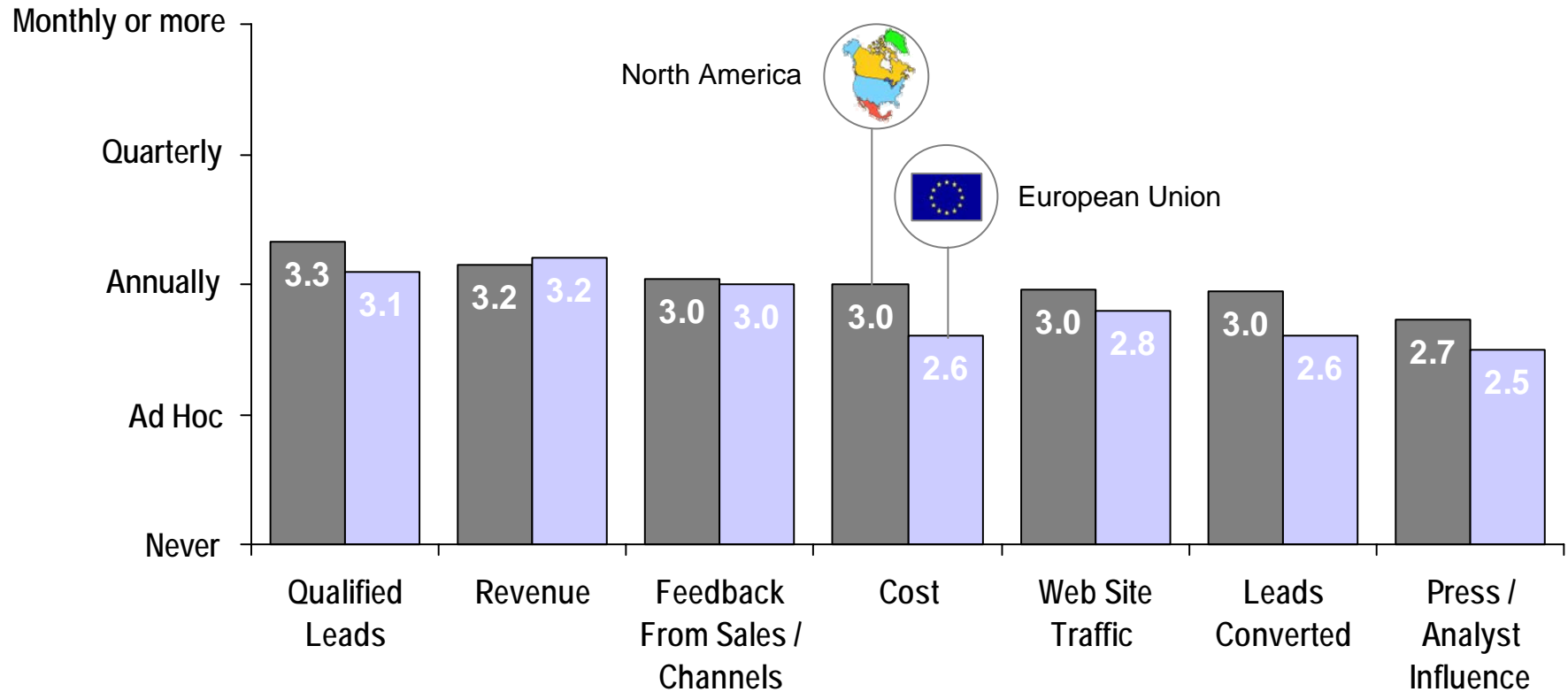
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What is the current practice in MPM?

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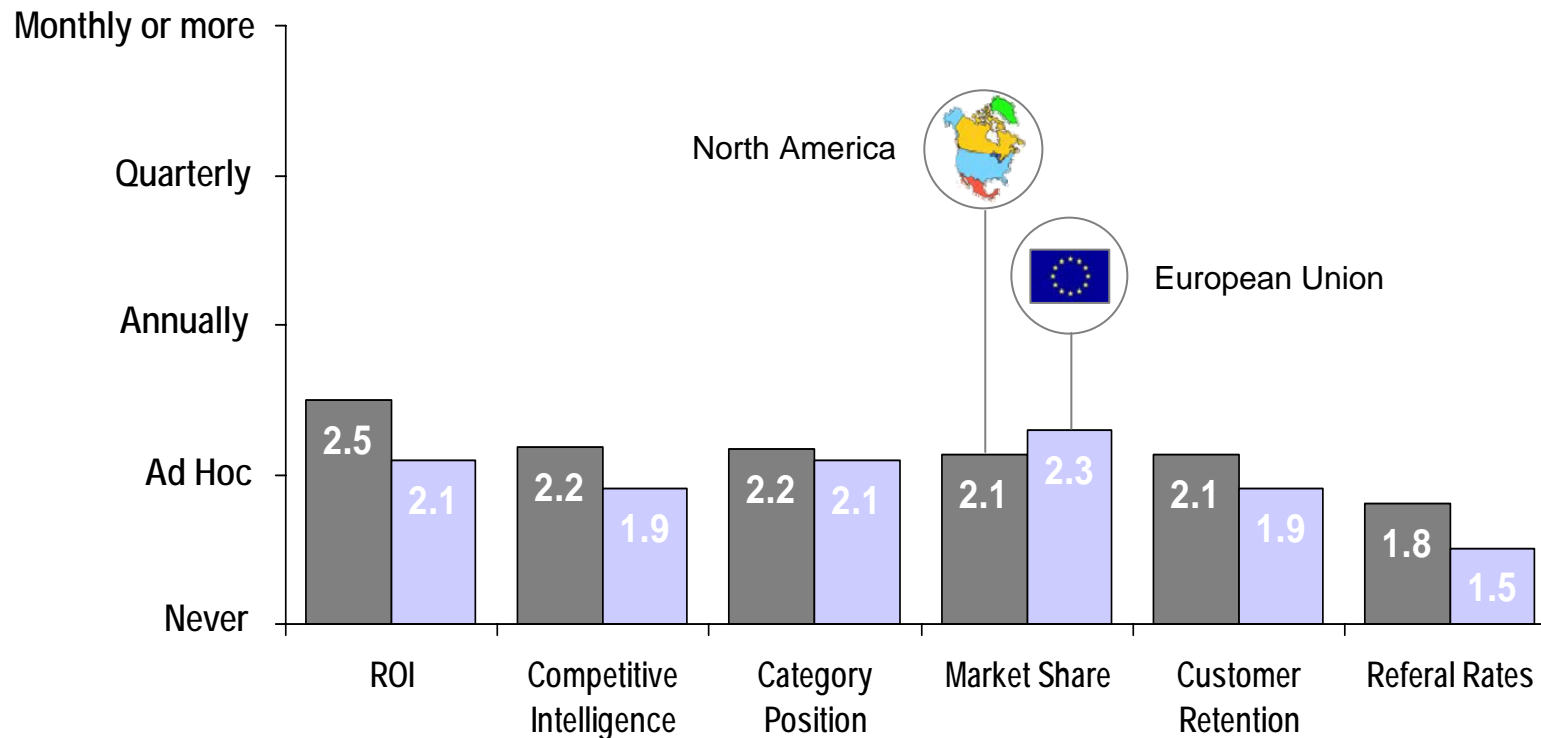


FREQUENCY WITH WHICH MPM MEASURES ARE REPORTED TO SENIOR MANAGEMENT

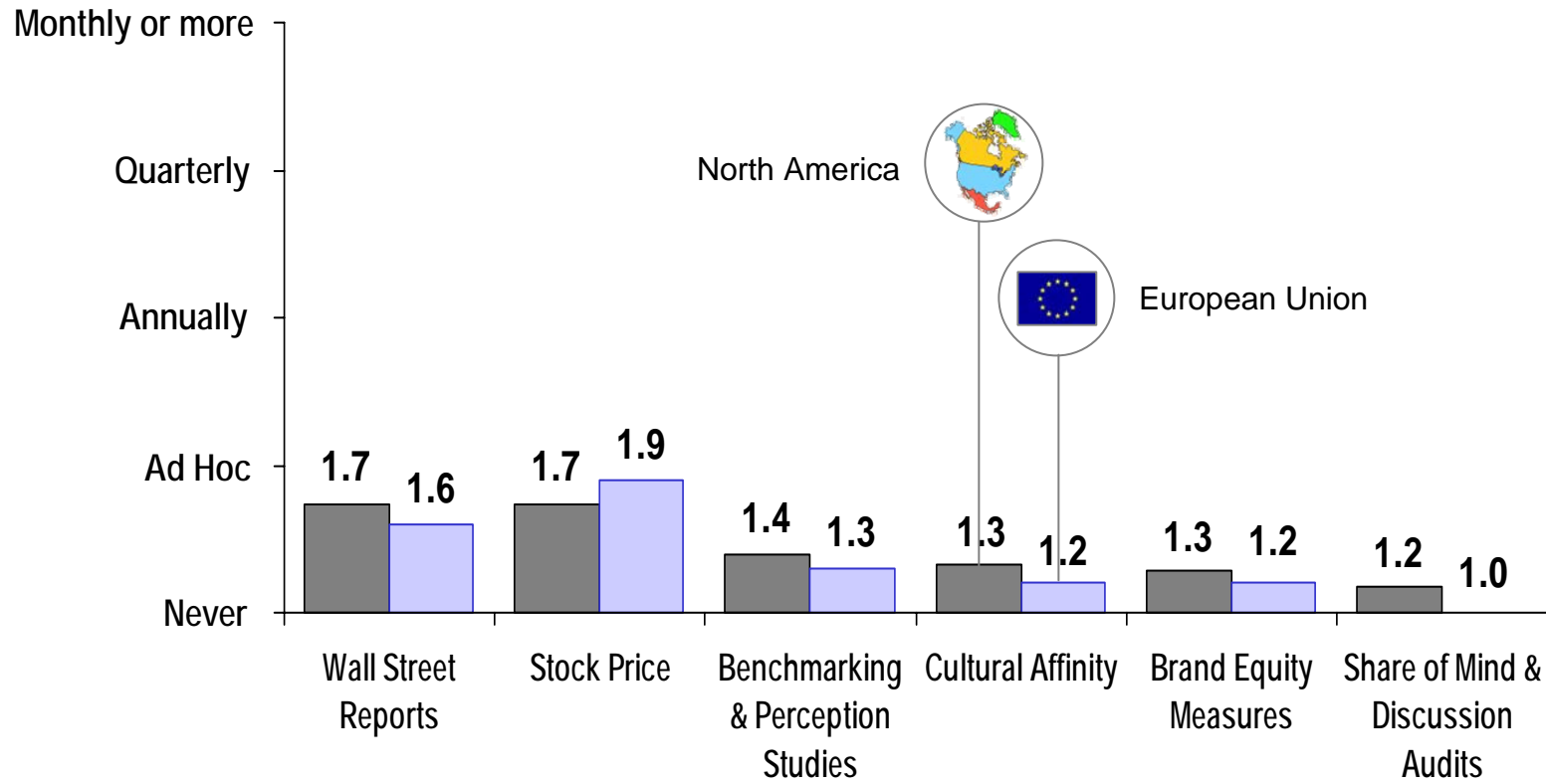


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FREQUENCY WITH WHICH MPM MEASURES ARE REPORTED TO SENIOR MANAGEMENT



FREQUENCY WITH WHICH MPM MEASURES ARE REPORTED TO SENIOR MANAGEMENT



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IMPORTANCE OF MPM MEASURES

Top metrics used are driven by the bottom line and customer satisfaction, while core marketing/advertising metrics are less relied upon

1	Revenue generated	6.1	11	Competitive intelligence tracking	4.6
2	Customer retention loyalty & satisfaction	5.7	12	Web site traffic and content viewing	4.6
3	Marketing Program ROI	5.6	13	Press coverage	4.6
4	Qualified leads generated	5.5	14	Organisational enthusiasm and cultural affinity	4.5
5	Feedback from sales / channel	5.4	15	Benchmarking surveys / perception studies	4.4
6	Number of campaign leads converted	5.4	16	Analyst influence	4.1
7	Marketing Program cost	5.1	17	Brand equity measures	4
8	Market share	4.8	18	Share of mind & share of discussion audits	3.8
9	Category position	4.8	19	Stock price	3.1
10	Word-of-mouth & customer referral rates	4.7	20	Wall Street reports	3

Scale: 7 = very important source of information to measure market performance



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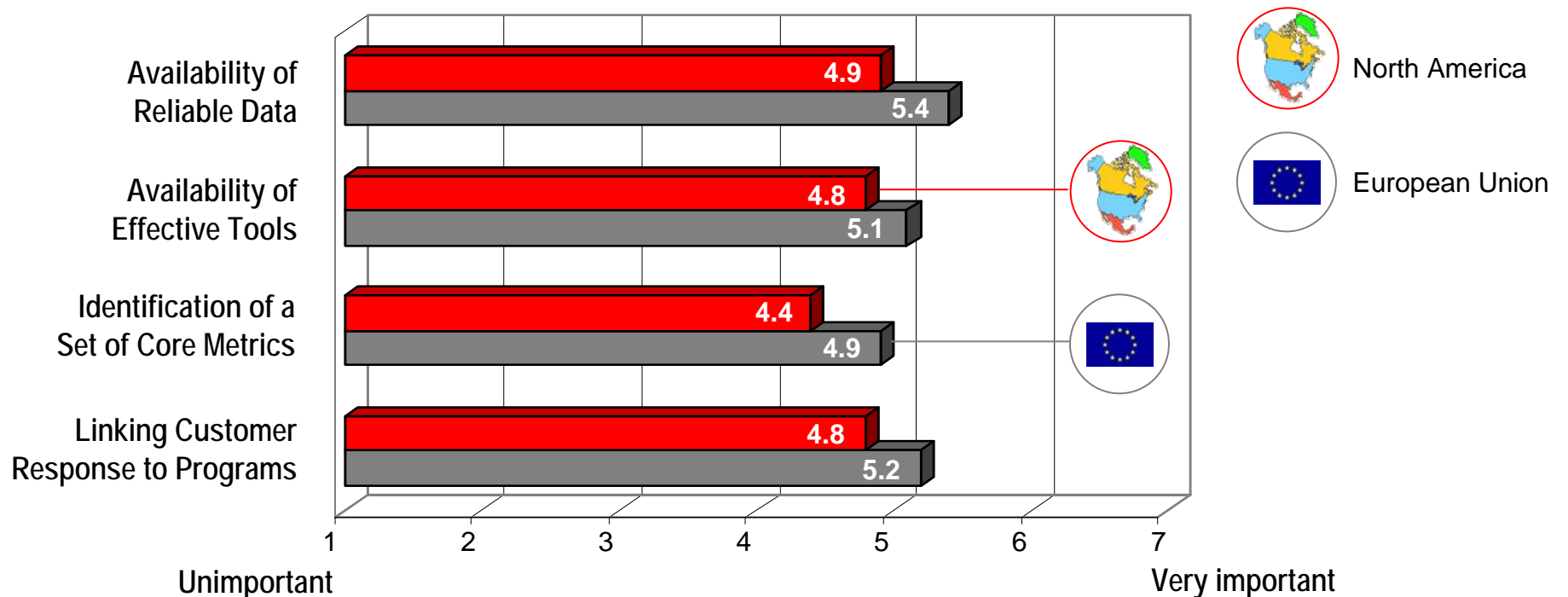
What are the primary challenges in MPM adoption?

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PRIMARY MPM CHALLENGES

No.1 Information



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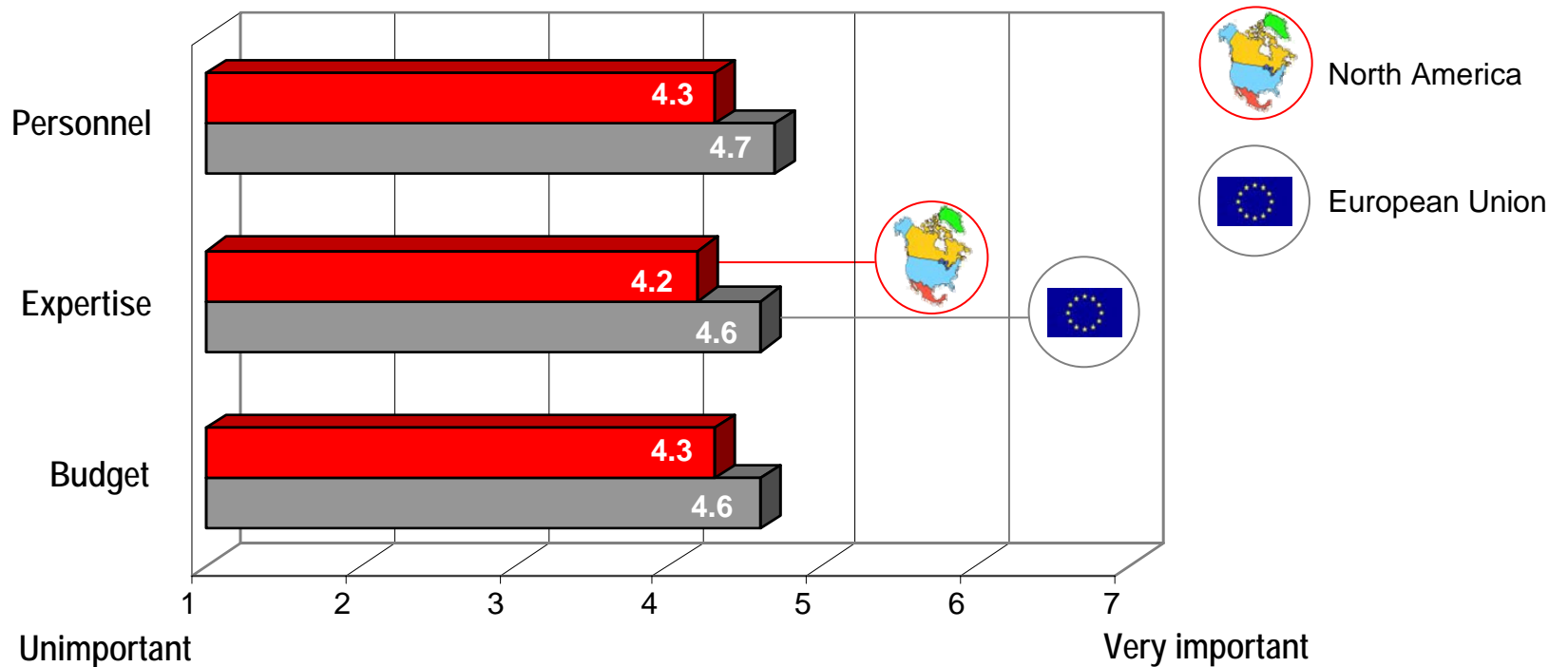
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PRIMARY MPM CHALLENGES

No.2 Resources



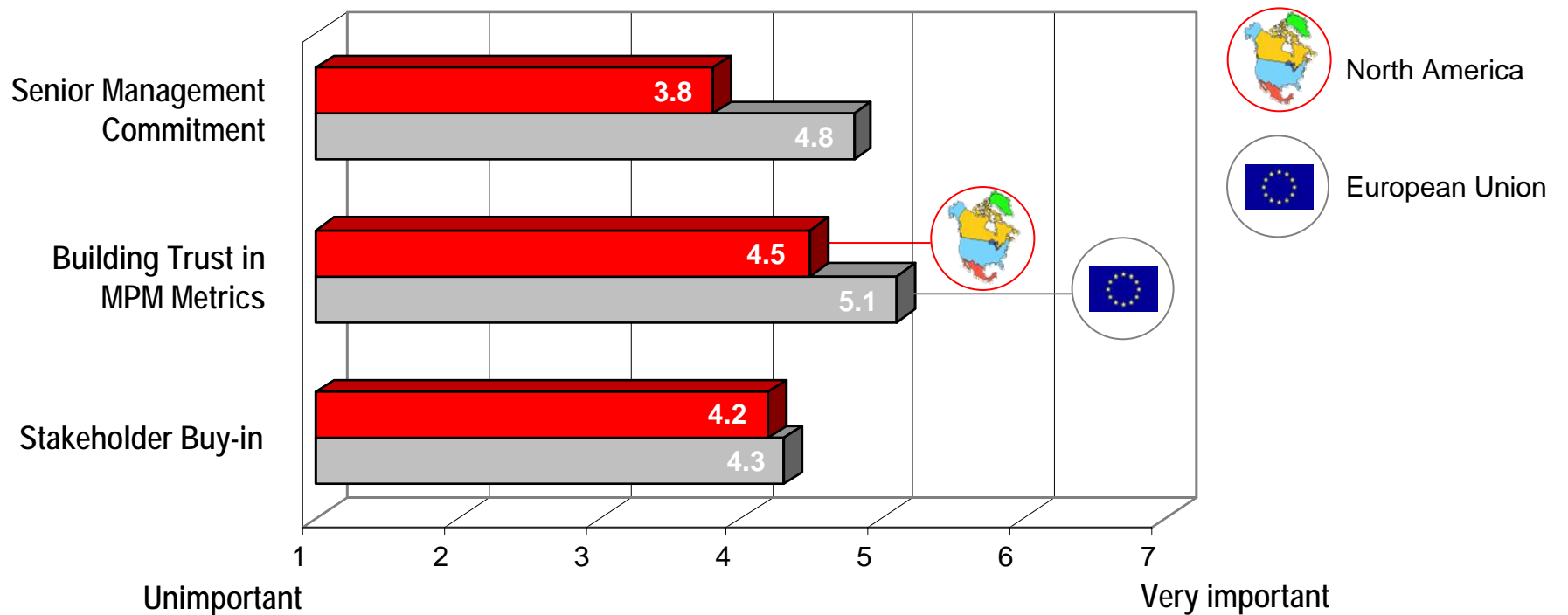
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PRIMARY MPM CHALLENGES

No.3 Buy-in



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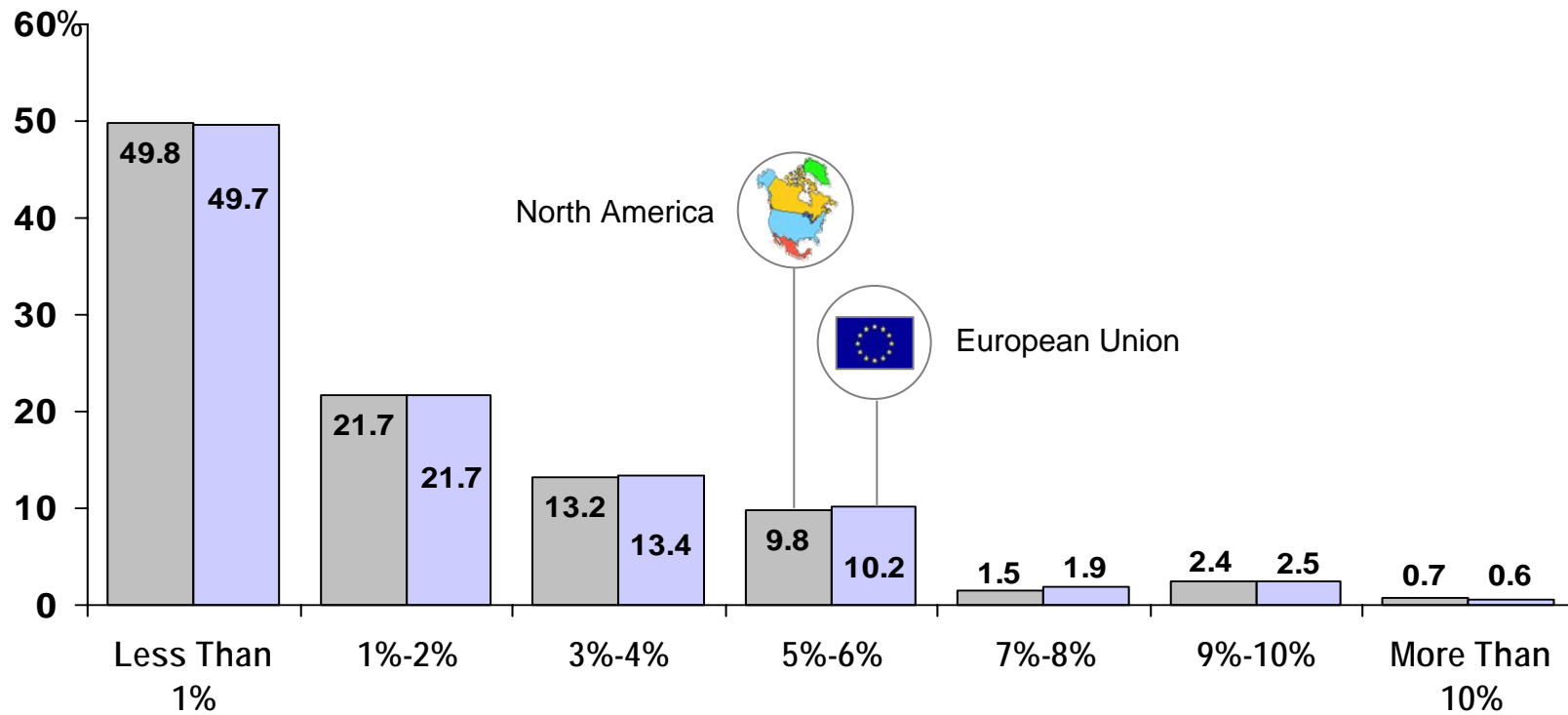
Are companies investing in MPM?

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PERCENT OF MARKETING BUDGET SPENT ON MPM

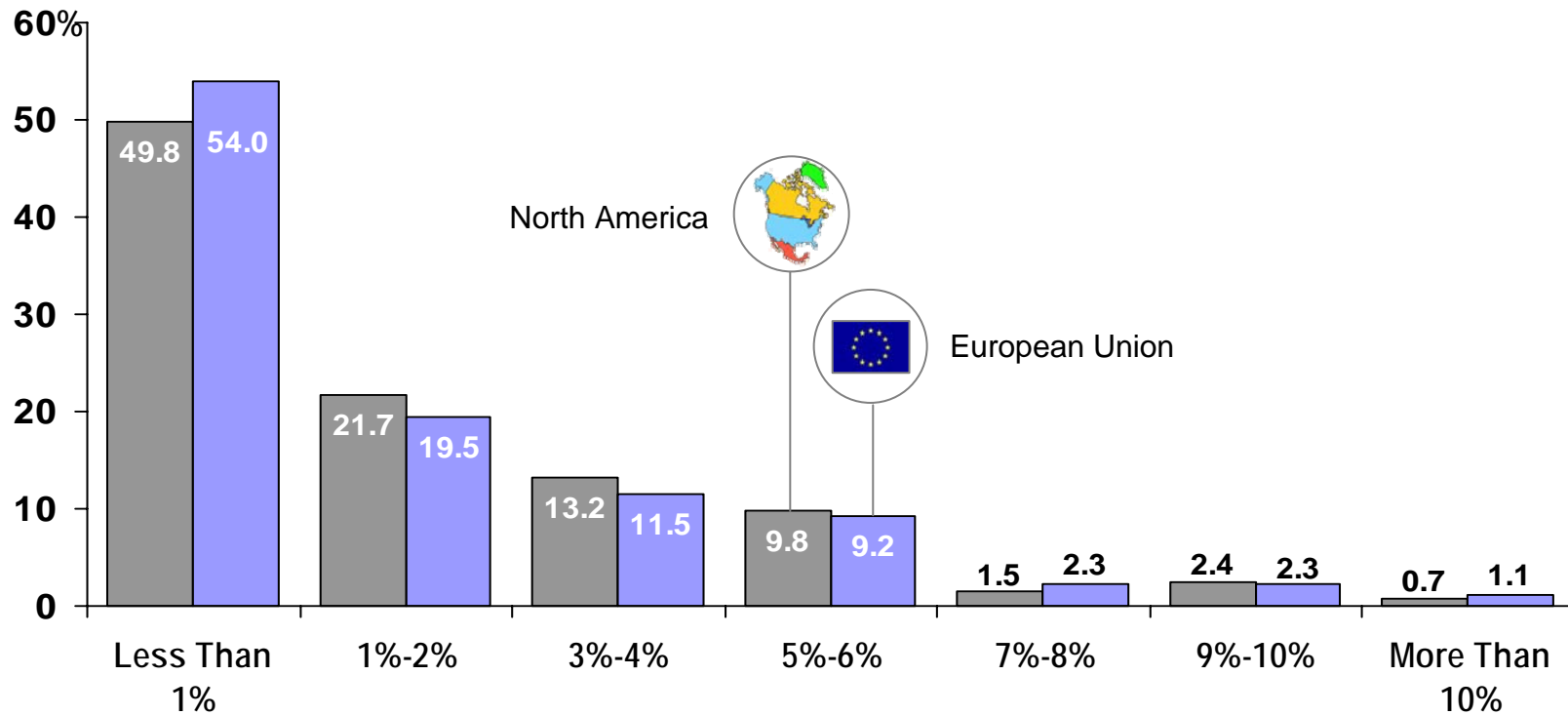
MPM budgets are commonly low...



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PERCENT OF MARKETING BUDGET SPENT ON MPM

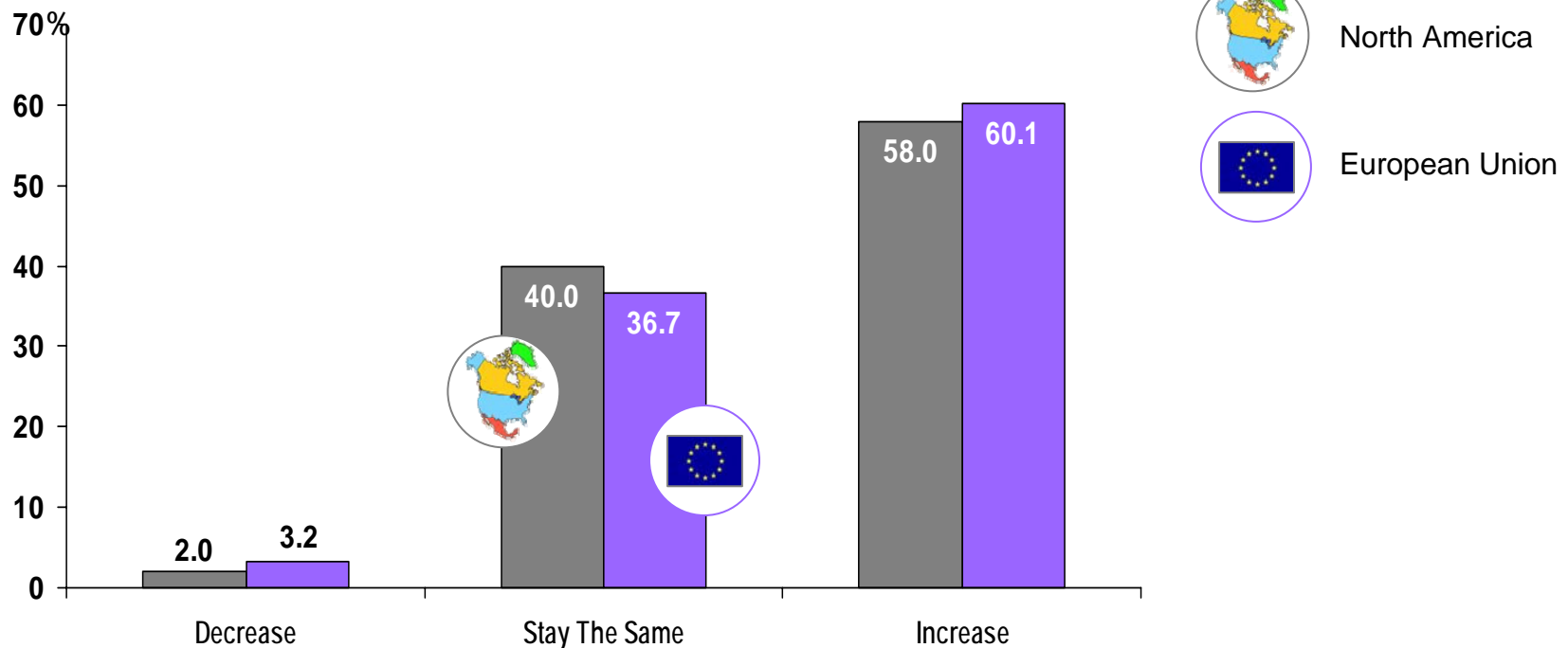
MPM budgets are commonly low...and lower for European firms



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EXPECTED CHANGE IN MPM BUDGET

...but these budgets are expected to increase





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What's the ROI on MPM?

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BENEFITS OF MPM ADOPTION

- Greater ability to measure
- Higher levels of CEO satisfaction
- Superior firm performance
- Greater marketing budgets

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BENEFITS OF MPM ADOPTION

No.1 Superior firm performance

Company Performance Compared by Level of Adoption of MPM

Level of Adoption	Sales Growth	Market Share	Profitability
Yes, Have a Formal Comprehensive System	4.9	4.6	4.8
No, We Do Not	4.4	4.0	4.1

Performance rated on a 7 point scale: 1=Very Poor, 7=Outstanding

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BENEFITS OF MPM ADOPTION

No.2 Higher stature for marketing

Mean CEO Satisfaction Compared With Level of Adoption of MPM

Level of Adoption	Mean CEO Satisfaction
Yes, Have a Formal Comprehensive System	3.6
No, We Do Not	2.9

1=Very Dissatisfied, 7=Very Satisfied

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BENEFITS OF MPM ADOPTION

No.3 Greater marketing budgets

Percent of Revenue Spent on Marketing Compared by Level of Adoption of MPM

Level of Adoption	1-3%	4-6%	7-10%	11-15%	>15%
Yes, Have a Formal Comprehensive System	29%	33%	8%	8%	8%
No, We Do Not	52%	29%	13%	3%	3%

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EUROPEAN MPM OVERVIEW

- MPM is a priority for majority of tech companies, however less than one in five have implemented formal MPM systems.
- MPM adoption is lower in Europe than in North America.
- Lack of reliable information and confidence in MPM are more likely to impede MPM adoption than budget constraints.
- Tech companies have limited ability to provide analytical MPM reporting.
- Respondents say they are limited in their ability to measure the performance of most marketing activities.
- Respondents tend to rely on "Bottom Line" metrics to measure marketing performance.
- MPM adoption is linked to increased stature for marketing and improved firm performance.



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