

EXECUTIVE SUMMARY

Marketing Waste is a Big Problem

*A Survey of Marketing
Performance Management*



Methodology and sample

The “Survey of Marketing Performance Management” was conducted by Reveries.com/IntelliSurvey for Veridiam, Inc. It was designed to ascertain how marketers are maximizing the effectiveness of their marketing spending, particularly in light of today’s slowing economy and reductions in marketing budgets.

On April 2, 2001, the 18-question survey was posted on the *Reveries.com* home page and promoted until April 13th to 5,000 subscribers of the site’s daily email newsletter, “Cool News of the Day.” It was additionally promoted via a link on the Veridiam.com homepage. A total of 1,022 responded, of which 318 completed the entire questionnaire.

The sample was composed of 67% agency executives and 33% brand executives across a range of marketing disciplines and product/service categories. Fifty-eight percent had 10 or more years of experience in marketing, 41% had over 15 years of experience and 24% reported between 6 to 10 years of experience. Forty-two percent had revenues of over \$20 million; 27% of between \$20 million and \$1 billion; and 15% over \$1 billion.

Pressure is mounting to deliver marketing ROI

- A substantial majority of brand and agency marketers (66%) believe that waste and inefficiency in marketing is “extremely” or “very” significant.
- Over half of marketers responding (56%) state that their marketing planning process needs a “total overhaul” or “major improvements.”
- Four out of five brand and agency marketers (80%) report that the pressure to demonstrate the effectiveness of marketing investments has increased versus last year. Fewer than two in ten felt the pressure had remained the same.
- Two-thirds (66%) feel a primarily mass-media approach is no longer feasible for most brands today.

Mass media advertising is hardest hit

- Forty-five percent report a decline in mass media advertising spending.
 - ▲ Television appears particularly hard hit:
 - Forty-one percent of brand and agency marketers say the importance of television advertising has decreased, versus 16% who say its importance has increased, and 38% who said it had remained the same.
 - Fifty percent of respondents report their television budgets have decreased, compared to 11% who say they increased and 38% who say TV budgets remained the same.
 - Approximately one-third (36%) say the up-front buy is “about the same in importance” as last year, versus the 33% and 31%, respectively, who say it is “more important” or “less important” than last year.
- Sales promotion, public relations, and direct mail are the key beneficiaries of TV advertising’s declines.
 - ▲ Forty-five percent of respondents report they are spending more of their marketing mix on sales promotion and public relations.
 - ▲ Thirteen percent say they have increased their public relations spending by more than 30%, compared to 6% who say they have increased sales promotion spending by more than 30%.
 - ▲ Thirty-five percent of respondents report an increase in direct mail spending.
- Despite reports of online advertising’s decline, its budgets are increasing while television ad budgets are decreasing.
 - ▲ Thirty-four percent of marketers report they have increased their online advertising in the last six months, more than double those (15%) who have increased their mass-media expenditures.

Greater flexibility is needed

- The vast majority of respondents (82%) cite an increased need for budget flexibility.
 - ▲ More than half (53%) believe the way to improve marketing performance is to decrease the length of the planning cycle.
 - ▲ Half the respondents (49%) report that their current marketing planning cycles are 6 to 12 months, while 31% say cycles were less than six months and 19% note their planning cycles were 12 to 24 months.
- Respondents also reported a lack of discipline in their planning:
 - ▲ *“Available data is limited, not readily accessible, and therefore not analyzed and applied.”*
 - ▲ *“Our marketing process is based on wrong data and old thinking.”*
 - ▲ *“We don’t apply data to optimize the marketing mix. That’s the problem. Either data is not available or measurements aren’t made.”*
 - ▲ *“Need ongoing planning, not an annual upfront process.”*

The benefits of knowing

- About half of all respondents (47%) report the biggest benefit of knowing the ongoing effectiveness of marketing investments is the ability to reallocate dollars to vehicles that are working.
- Spending less and achieving greater results ranks second, with 18% of marketers citing this as the biggest benefit, (while 8% cite spending less and achieving the same result).
- Respondents also cited competitive advantage (12%) and holding yourself accountable (9%) among the biggest benefits of knowing the ongoing effectiveness of the marketing plan.
- Relatively few marketers (4%) cite “knowing your share of voice” as the biggest benefit.

About Reveries.com/IntelliSurvey

Reveries.com/IntelliSurvey specializes in online research about marketing ideas and issues. It is a joint venture capitalizing on the readership of Reveries.com (Westport, CT) and the online market research expertise and technologies of IntelliSurvey (Los Angeles, CA).

Reveries is an online magazine featuring the people and ideas that drive the business of marketing. Its pages includes personality profiles, roundtable discussions, opinion essays and white papers. Launched in 1996, Reveries is today one of the Web's most popular sites for marketing content, with senior-level readership including captains of marketing on both the brand and agency sides. Reveries can be reached via email at tmanners@reveries.com, telephone at 203.227.7060, or online at <http://www.reveries.com>.

IntelliSurvey is a leading market research ASP that helps market researchers and marketing / media agencies rapidly design and deploy interactive online surveys. IntelliSurvey has performed research for some of America's largest ISPs, marketing agencies, networking equipment manufacturers, and other market leaders. IntelliSurvey can be reached via email at jonathan@cognio.com, telephone at 310.273.2793, or online at <http://www.intellisurvey.com>.

About Veridiem

Veridiem, Inc. is the category leader in Marketing Performance Management (MPM). Veridiem's hosted application service, *MPi*, in combination with the firm's consulting services, enable leading brands and their agencies to maximize marketing effectiveness by linking consumer/brand perceptions with marketing investments across media and sales results across distribution channels. Veridiem is headquartered just outside Boston in Maynard, Mass., and can be reached at (978) 461.2444 or by visiting the Veridiem Web site at <http://www.veridiem.com>.