

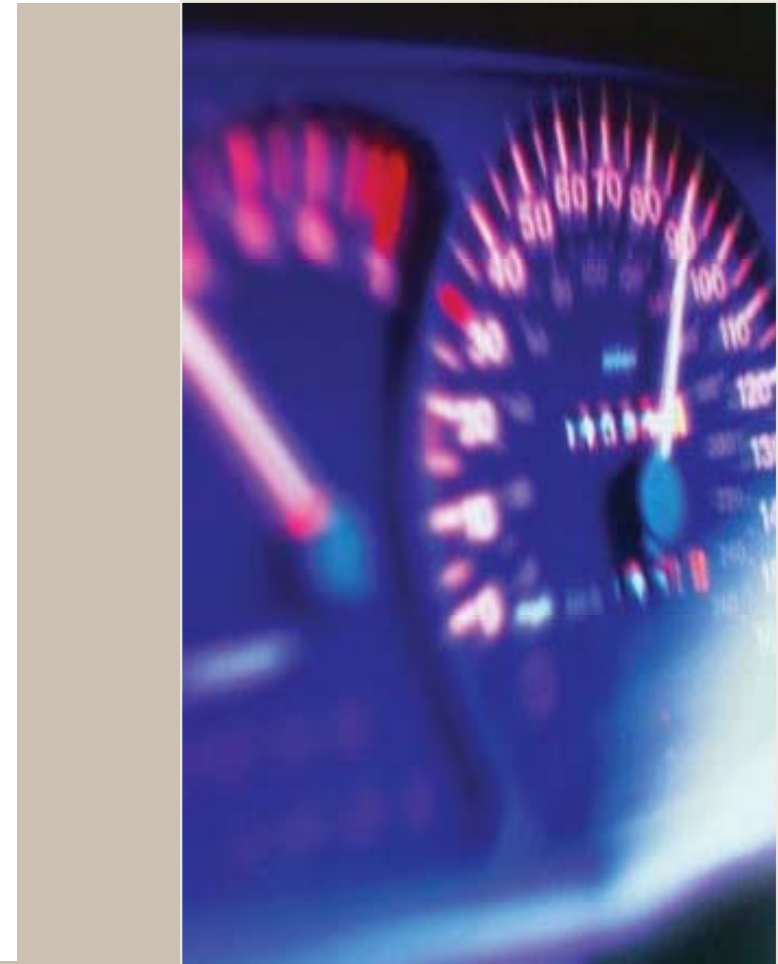
Marketing Investment Management: Speeding Up In A Slowdown


by Dave Sutton, TopRight, LLC.

Everything has changed.

As consumer confidence has been vacillating in the aftermath of the financial system bailout and economic stimulus programs, the Iraqi war and Afghan conflicts and the unpredictable political environment, business leaders are facing the increasingly difficult task of making their numbers while preserving opportunities to renew growth.

Faced with so many uncertainties, most leaders will respond by battening down the hatches and riding out the storm. In recent weeks, we have seen massive layoffs, deferment of investment decisions, reactive decision-making, more inward focus (and, consequently, less focus on customers), and deep cuts in discretionary expenses. Disturbingly, these discretionary expenses often include spending on marketing initiatives. Many shortsighted corporate leaders continue to insist that they cannot afford—or, worse, do not need—marketing in a slow economy. Effective marketing drives customers to businesses more frequently and persuades them to buy more products and services for more money—no matter what the economic situation.





In our experience, companies like Google, McDonald's and Wal*Mart have become leaders in their industries because they have embraced the fact that marketing is an investment, not an expense.

Further, they rigorously analyze their investment alternatives and adopt proven investment management practices, such as ROI analysis, to evaluate any marketing initiative or campaign. Given the fact that marketing initiatives, by their very nature, can be difficult to measure, we at TopRight have developed proprietary techniques for facilitating the marketing impact analysis process. We call our approach **Marketing Spend Effectiveness (MSE)**.

Businesses that do not apply these rigorous, analytical approaches to marketing projects have experienced a precipitous falloff in their valuation over time. The reason is simple: without an awareness of MSE and a comprehensive set of marketing investment management tactics, leaders continue to make the wrong decisions and inexorably erode their company's value. If you're running a business and you think that marketing is just something that you don't "get," you're probably spending money in the wrong places. It's time to reevaluate your priorities.

In many instances, business leaders consider a collection of marketing initiatives as a bundle of expenses, simply another entry in an annual marketing budget. Visionary business leaders don't "budget for marketing;" they develop a marketing investment strategy.

Businesses which still attempt to figure out how much they will spend on marketing by extrapolating how much they believe they will sell—e.g., "our marketing budget is, on average, 10 percent of revenue"—are not really marketing, they're just marking time.



Marketing assets are just as important as any traditional assets on a balance sheet, such as plants or equipment.

Business leaders should approach marketing assets in the same way, by aggressively tracking Return on Marketing Assets (ROMA). One proven method of doing so involves the use of Enterprise Marketing Management (EMM) software solutions such as Alterian, Aprimo and Unica. For now, though, take a look at the marketing investment philosophies below. If your business falls on the left side...you need to move right.

The New Rules of Marketing Investment:

FROM

- Marketing is an expense
- Allocate marketing budgets
- Give budgets to people
- Measure budget variances
- Expand marketing asset base
- Collect lots of data

TO

- Marketing is an investment
- Create strategic marketing investment plans
- Give budgets to projects
- Measure MSE and ROMA
- Maximize existing marketing assets
- Collect lots of relevant data and derive actionable insights



In marketing, as in life, the conventional wisdom is not always wise. Even in unpredictable, recessionary times, companies can ill afford to ignore their customers and marketing outreach efforts in order to save a few bucks. Purchasing still takes place; customers still attach themselves to new companies and new products. Indeed, the depressed economy offers the truly innovative companies a distinct advantage. Just imagine how much farther ahead you'll be if you're running while everyone else is standing still.