

Crunch time for marketing

Now more than ever marketing needs to prove its value... is Marketing Resource Management the key?



“a third of CFOs surveyed by Deloitte believe their organisation’s marketing is ineffective”

What is Marketing Resource Management (MRM)?

- The design, automation and management of marketing processes and capabilities to co-ordinate and optimise marketing planning, budgeting, execution and evaluation.
- MRM covers the management of internal and external marketing resources.
- MRM is enabled via an integrated suite of technology applications.

More efficient, more effective

Traditional wisdom has it that whenever a recession looms large, Marketing is one of the first functions to suffer from budget pressures. In recent months there has been a renewed focus on effectiveness, efficiency and cost reduction across all businesses but especially in the Marketing function.

Despite over 80% of CEOs pinning their hopes on marketing as the key driver of organisational growth in a recent survey by Deloitte¹, the phenomenon of marketers being asked to slash budgets is now firmly back on the agenda. Companies that cut their marketing efforts now, with scant regard for their brands, will undoubtedly feel the effects on demand generation in the longer term.

Having said that, it is up to Marketing to justify spend and to clearly show the short term and long-term impacts of budget cuts. With over a third of the CFOs surveyed by Deloitte believing their organisation’s marketing is ineffective there is clearly some work still to be done. Being armed with visibility of marketing return on investment (MROI) enables the marketer to optimise media mix and cut less effective marketing activities to minimise future brand impacts. However, in the same Deloitte survey, less than two thirds of organisations questioned had the ability to report any marketing metrics to the board, let alone an econometrics driven view of organisation-wide marketing spend effectiveness.

To succeed in this environment, Marketers need to be much stronger in three key areas; spending on the right things, being efficient enough to “do more with less”, and crucially, giving clear visibility of this to

senior management. This is where Marketing Resource Management (MRM) comes in. Marketers have often been resistant to this technology – concerned that it can “get in the way” of the core job of marketing. Yet applied in the right way it can make that job more streamlined and efficient and at the same time give this much needed visibility that will justify the marketing budget.

Automatically better

The projected end-game in marketing automation is an attractive proposition: an integrated platform operating from transaction level data that provides a quantifiable and holistic approach to customer lifecycle management, whilst enabling organisations to respond to individual needs. Ready access to customer data could enable organisations to respond in real-time as service operatives position ‘next best activities’ to cross or up-sell customers mid call, but in most cases weekly or monthly updates of customer activity will be a big step forward. Whatever the level of advancement, it is clear that the sheer volume and richness of this data provides significant challenges for marketers to meaningfully incorporate into insight driven interactions. Often misconstrued as a tactical solution for improving campaign effectiveness, properly implemented MRM drives to the heart of strategic value creation, contributing to revenue growth, operating margin, asset efficiency and brand management as highlighted in the Shareholder Value Map (Diagram 2).

Right here, right now

In this challenging economic climate organisations are inevitably going to be more risk averse around where they place their marketing investments. This is likely to fuel the continued rise of direct channels, increasingly preferred for their ability to drive one-to-one relationships with customers in an easily quantifiable manner.

The need to personalise marketing campaigns in order to 'cut through' is shifting spend below-the-line: campaigns are capable of becoming truly personalised to recognise and react to the changing needs of consumers in real time through the use of rules-based engines that interpret information fed in by sales and service agents during calls and pass back relevant offers that have been deemed to have the highest probability of take up.

The Forrester Wave report for Q1 2008 predicted a growth rate for EMM platforms in excess of 20% for the next 5 years; Gartner were even more bullish predicting 30% year-on-year growth. Regardless of which view of future growth you take, the EMM market, estimated by Gartner to be worth around \$5.5billion worldwide at present, is undersized if its true potential is to be believed.

Workflow and digital asset management technologies at the centre of the MRM capability are helping to rationalise and enhance the creative development process to reduce turnaround times and enable the marketer to meet the demand for increased personalisation which inevitably results in a proliferation of campaign variants. Across each area of marketing, regardless of the different priorities of Marketing functions in different sectors, it is becoming clear that MRM enables companies to manage increasing complexity with a simple solution.

An idea whose time has come?

So, will recent advances in functionality and ease-of-use of MRM applications, coupled with budgetary pressure and the ever increasing need for marketing accountability, finally see the levels of adoption of MRM that have been projected for the last 10 years? So far, MRM has failed to gain the predicted traction mainly due to inertia on the part of marketers, who have been largely content with a non-integrated suite of chiefly desktop based tools. In the past, marketers' relationships with their IT departments have not been the happiest, but significant strides have been made amongst the IT fraternity to professionalise their function through the deployment of IT relationship managers across the organisation.

In either event, the new economic cycle will begin to change marketers' attitudes. Marketers need tools to help them speed up time to market, allow greater collaboration between colleagues within their function but also across Sales and Operations – and with their wider supplier network, whether that be an agency or a fulfilment house. They need a different way of working and IT can support them to do this.

Getting ready for the ride

So, how should organisations prepare for MRM?

With many of the leading MRM vendors offering a bewildering array of functional breadth and depth, it is important for marketers to avoid trying to attempt the impossible with such a solution.

We advocate a simple **four step approach** to improve the effectiveness and efficiency of the Marketing function (see Diagram 1 below). **Step 1** is an initial operating review used to both determine the alignment of Marketing to corporate goals and kick start short term improvement initiatives. **Step 2** defines the desired ways of working, enabling the organisation to identify and close capability gaps in **step 3**. With the foundations firmly in place, **step 4** puts in place the tools to support the marketer, invariably underpinned by a MRM solution.

Diagram 1. Approach to driving marketing effectiveness and efficiency

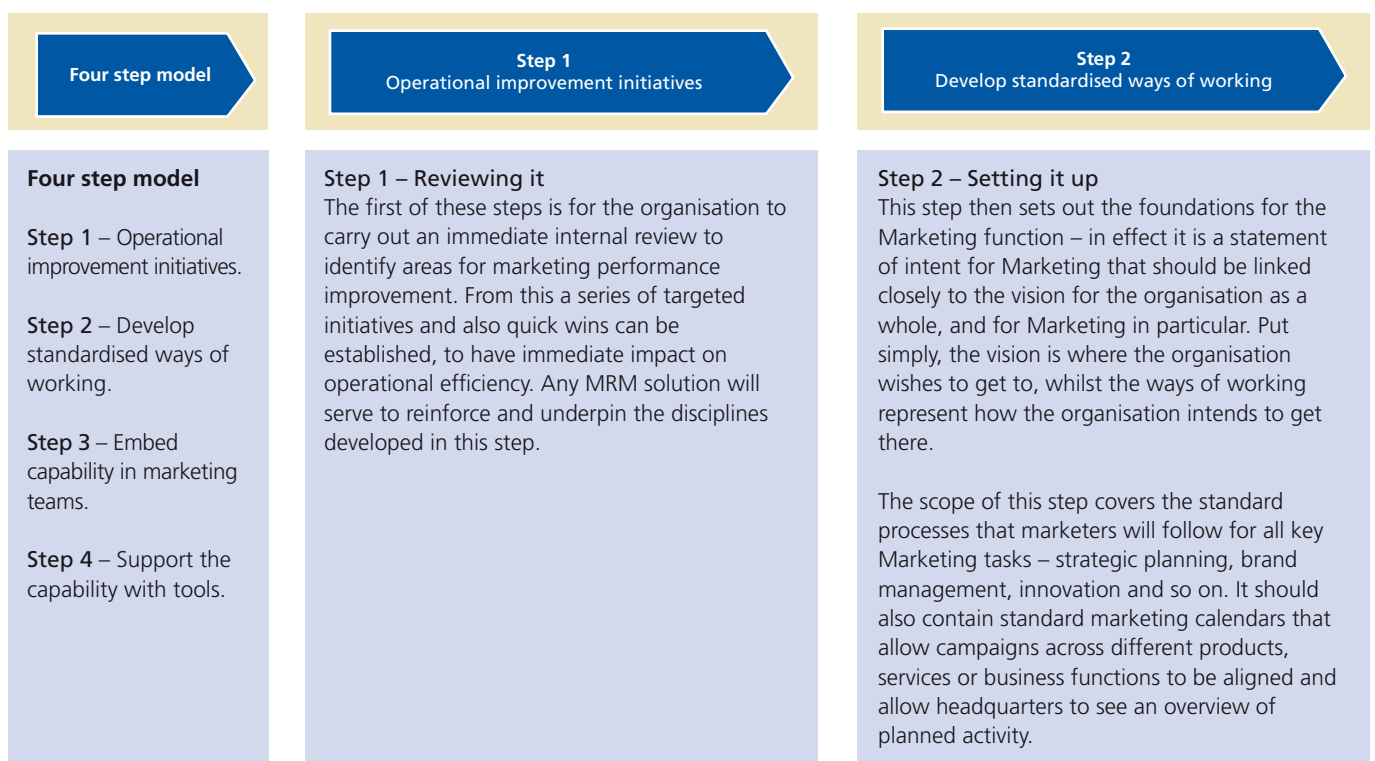
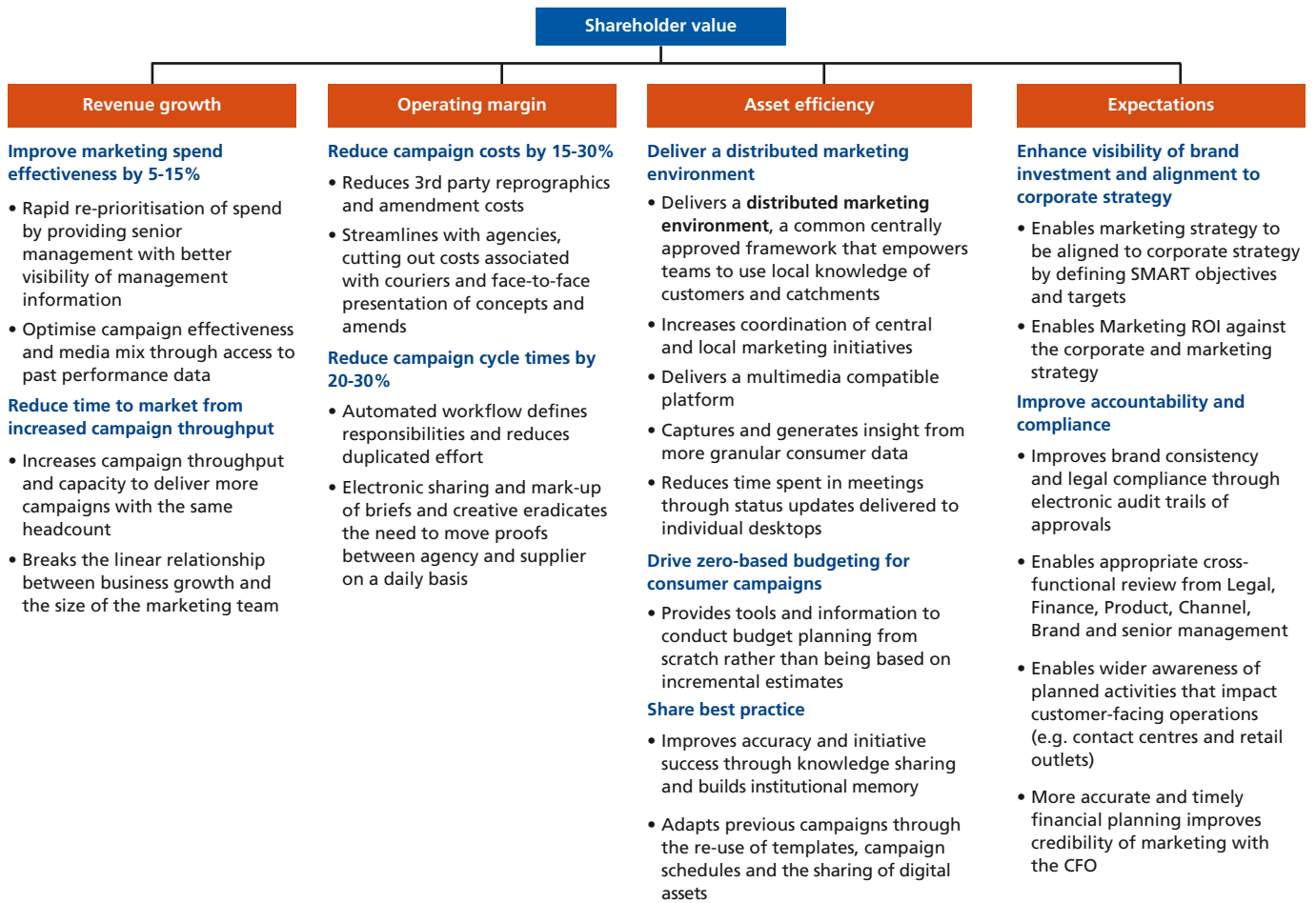


Diagram 2. Shareholder Value Map for Marketing Resource Management



Step 3
Embed capability in marketing teams

Step 4
Support the capability with tools

Step 3 – Making it work

The third step will involve a significant change programme for the organisation. This will be based on the scope of the change in the formalisation of marketing ways of working, and the consequent skills gap that is created. Invariably this step will involve an engagement exercise where the new ways of working are phased in throughout the organisation, to provide everyone with a common understanding and language for how marketing contributes to delivering the organisation’s strategy.

Having an effective change management programme in place will enable more efficient ways of working across functions. Whether that be with Finance setting out an appropriate framework of metrics for measuring marketing effectiveness, or with IT in the definition and design of supporting tools.

Step 4 – Seeing it all in action

The final step – implementing new tools to support Marketing – could be carried out alongside or even before the third phase. However, many organisations prefer to embed ways of working and capability first.

Ultimately the result will be the alignment of technology, people, processes and data. Bringing these elements together is usually best tackled through a modular approach to EMM development. Take a ‘best-of-breed’ EMM platform and develop this around business priorities to harness capabilities such as integrated planning and budgeting, ‘real-time’ decisions on the use of in-bound and out-bound data, advanced analytics and multi-channel execution all managed by a single ‘organisation wide’ view of the customer record.

Reaping the rewards

Delivery experience has proven that MRM solutions not only provide consistently high return on capital investment, but perhaps more importantly can enable a step change in the professionalism of the Marketing function.

There was a time when only the largest, most complex or geographically dispersed organisations would gain significant benefit from MRM solutions, but that time has passed. The fragmentation of media channels, reduced mindshare of customers and heightened expectations of relevance, the proliferation of transactional data and the ever more complex management of internal resources and third party suppliers means the time has come for mass adoption.

The good news is the cost of entry is now relatively low, the technology stable and capable of easy integration into existing back end systems and there exists an experienced resource pool of practitioners available to help organisations design, build and adopt MRM solutions.

Properly implemented, a successful Marketing Resource Management initiative enables effectiveness, efficiency and cost reduction. In today's turbulent markets, who can afford to be without it?

Why Deloitte?

With 11,000 exceptional people across the UK, Deloitte has the broadest and deepest range of skills of any business advisory organisation. Our broad business perspective means we are uniquely placed to optimise the end-to-end marketing value chain.

We work with our clients to translate organisational goals into executable marketing strategies, plans and actions. And to deliver this we seek to build the required operating models and develop the underlying capabilities, ensuring shared understanding between Marketing and the functions they must effectively collaborate with to deliver growth.

We seek to underpin marketing capabilities by driving value from technology, turning data from information into insight then into action. To demonstrate the value and impact of marketing on shareholder value we align marketing measures with strategic goals to provide both internal and external metrics of success.

Finally we seek to link the value chain by providing marketing controls and spend management to enable continuous learning and reprioritisation of investment.

Contacts

Nick Turner

Director, MRM Lead
Tel: +44 20 7007 3591
Email: nickturner@deloitte.co.uk

Malcolm Wilkinson

Partner, Marketing Effectiveness Lead
Tel: +44 20 7007 1862
Email: malcolmwilkinson@deloitte.co.uk

Or visit www.deloitte.co.uk/marketing

²2007/8 Marketing in 3D: Highlighting perspectives on marketing effectiveness examines the role of marketing in driving growth and analyses the differing attitudes of Chief Executive Officers (CEO), Chief Financial Officers (CFO), Chief Marketing Officers (CMO) and senior marketers to the marketing discipline. The study draws on in-depth interviews with 217 individuals in senior management positions in companies with a turnover of more than £200 million in five Western European countries.

Deloitte refers to one or more of Deloitte Touche Tohmatsu ('DTT'), a Swiss Verein, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTT and its member firms.

Deloitte LLP is the United Kingdom member firm of DTT.

This publication has been written in general terms and therefore cannot be relied on to cover specific situations; application of the principles set out will depend upon the particular circumstances involved and we recommend that you obtain professional advice before acting or refraining from acting on any of the contents of this publication. Deloitte LLP would be pleased to advise readers on how to apply the principles set out in this publication to their specific circumstances. Deloitte LLP accepts no duty of care or liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

© 2008 Deloitte LLP. All rights reserved.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Tel: +44 (0) 20 7936 3000 Fax: +44 (0) 20 7583 1198.

Designed and produced by The Creative Studio at Deloitte, London. 26823

Member of
Deloitte Touche Tohmatsu