



ASIA BUSINESS FORUM

***PLAYERS IN YOUR
BOARDROOM***

*PROVING YOUR MARKETING
STRATEGIES CREATE VALUE FOR
SHAREHOLDERS*

30th October 2008

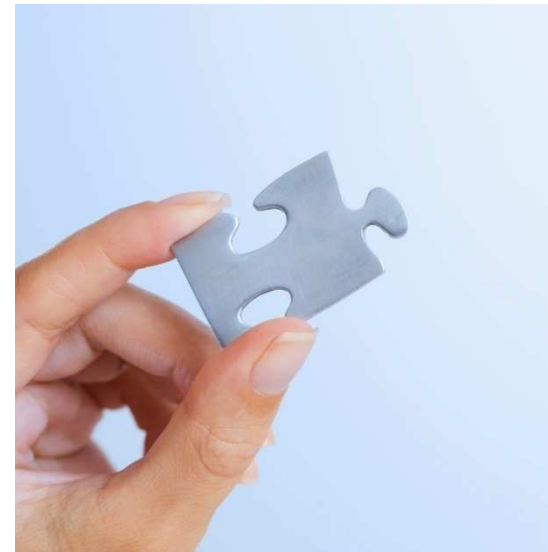


**MATRYZEL
CONSULTING**

LEVERAGING KNOWLEDGE, CREATING VALUE

AGENDA

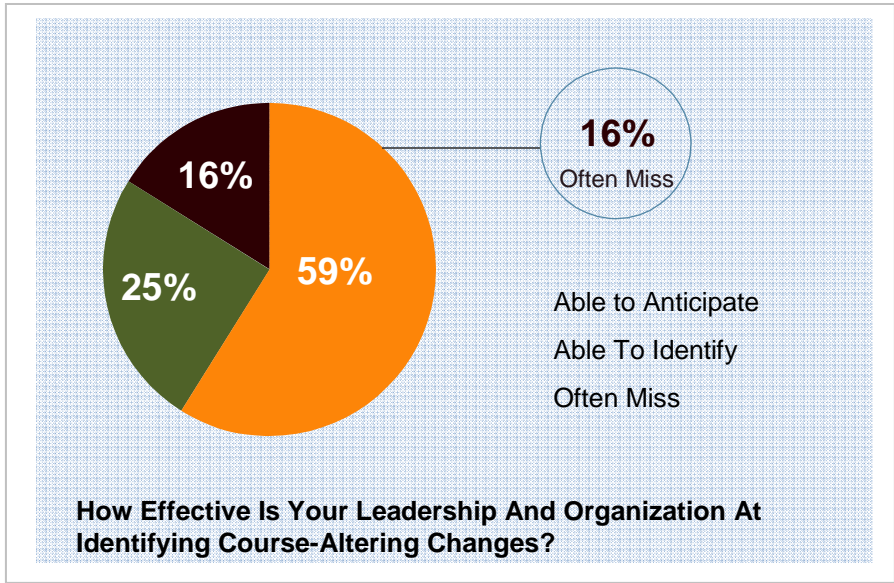
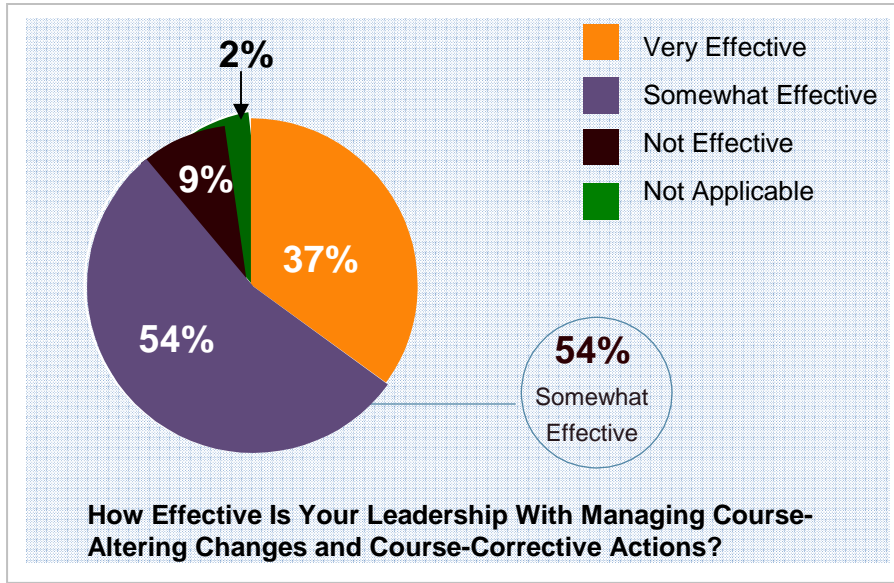
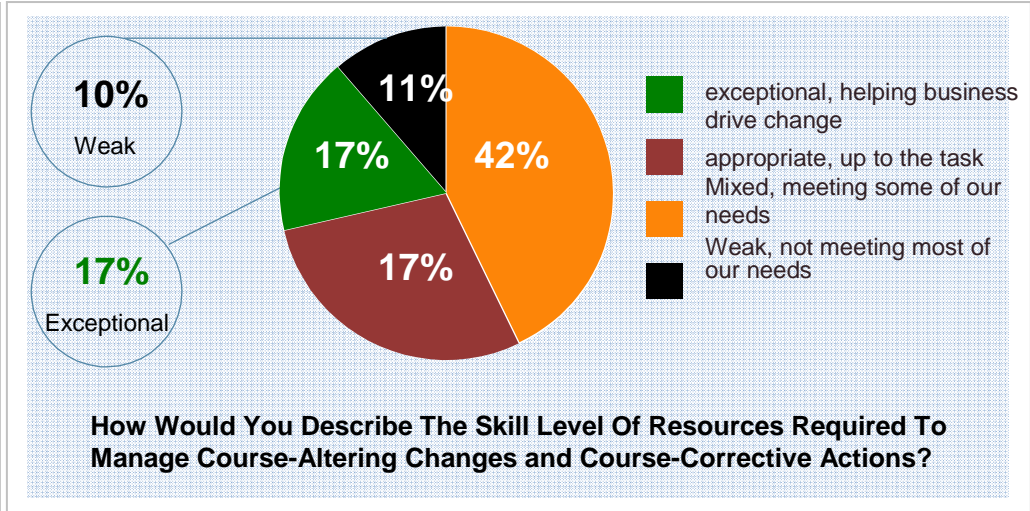
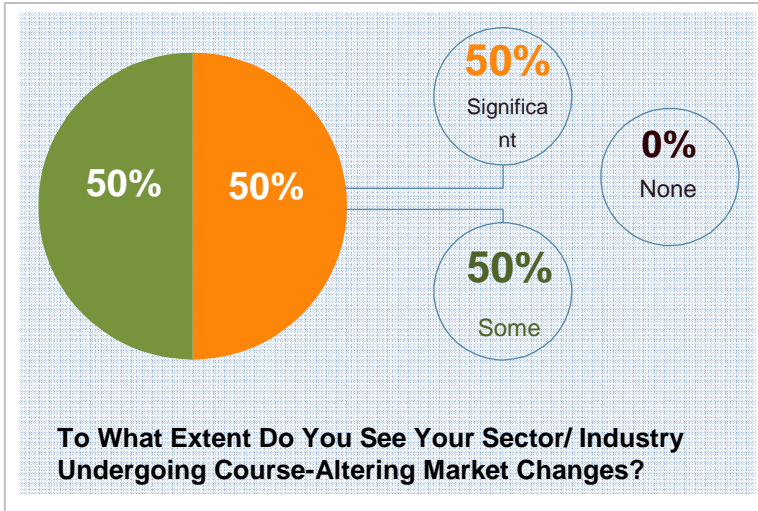
- World Of Business Today
- Marketing & Shareholder Value
- Measuring Influence – *Beyond Marketing To Create Value*
- Measuring Marketing ROI



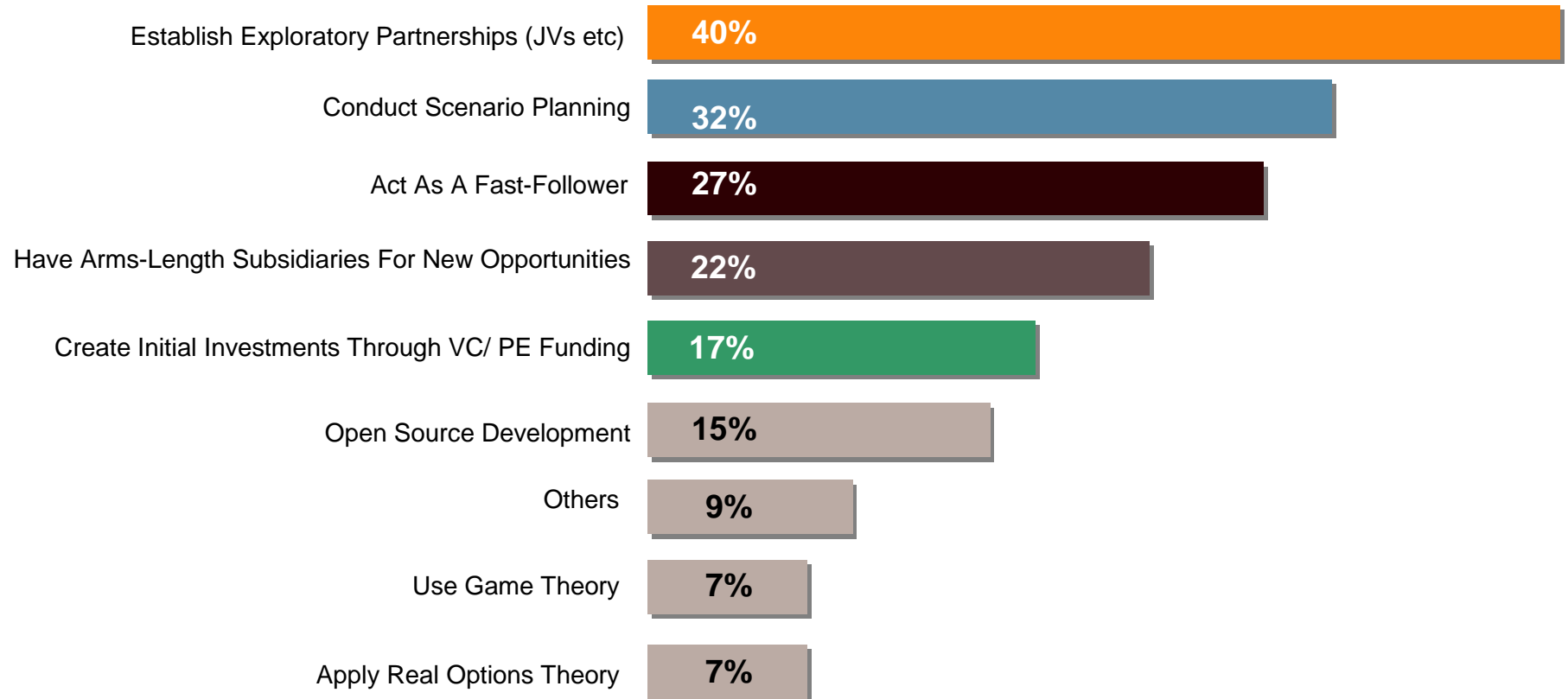
WORLD OF BUSINESS TODAY



CEO Concerns Worldwide Are Endemic



As They Struggle With Various Options



CEOs Struggling With Various Tools That They Either Plan To Use, Do Not Plan To Use, Have Knowledge Of, Are Told To Use To Assess Potential Course-Correcting Actions

CORPORATE VISIBILITY – GLARINGLY MISSING AT THE STRATEGIC LEVEL

MARKETING & SHAREHOLDER VALUE



Do We See Focus On Shareholders? Or Customers?



Brochures, Advertisements, Free Promos – Are They Sufficient?



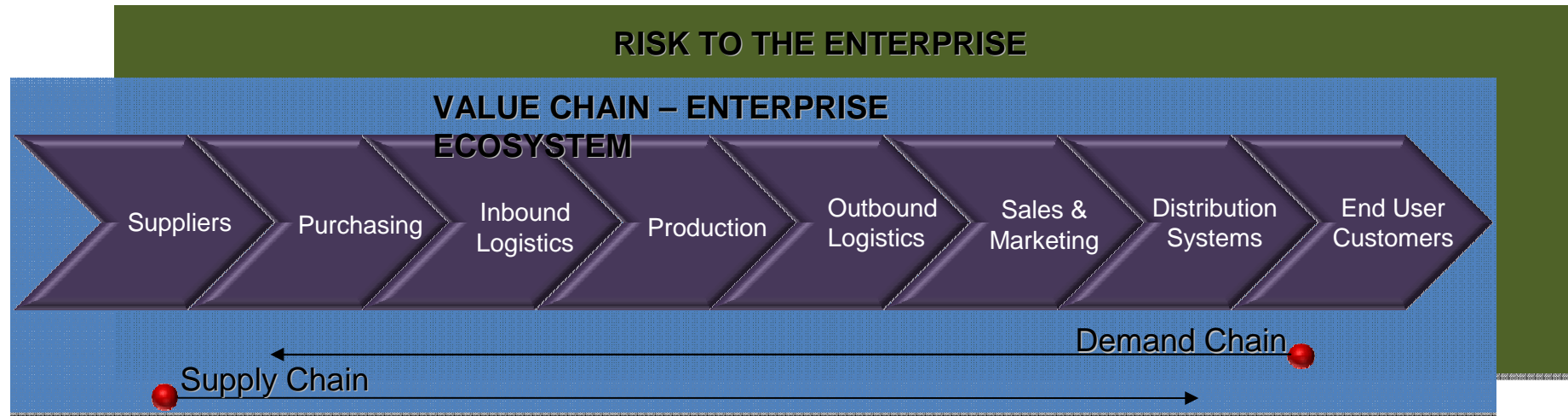
- ✓ I Spend Approx. 25% of my Revenues On Marketing – I Can't See Any Value Being Derived Out of It Enough To Convince My Board!
 - ✓ *CEO, Fortune 500 Product Company Spending Over \$4 Billion Annually*

- ✓ 80% of CMOs Cannot Demonstrate Business Value & Impact To Shareholders. This Equates To Over \$45 Billion In Annual Marketing Spend.
 - ✓ *CMO Council, 2008*

- ✓ My Marketing & Branding Team Submits Proposals To Participate & Exhibit In Conferences Worldwide, At Least Once A Month. When I Ask Them For A Report On How Many Such Events Resulted In Actual Deals Vs. Monies Spent, I Get No Answer!
 - ✓ *CMO, Top 10 Technology Services Provider*

- ✓ One Key Issue I Face In Presence Of Sketchy Statistics On Marketing Performance, Is My Inability To Trust Marketing Effort. I See A Total Lack Of Coherence & Consistency Between Functions Within My Organization – esp. Between Design & Marketing. This Is Frustrating For Me & My Board!
 - ✓ *Chief Innovation Officer, Fortune 20 Insurance Company*

Shareholders Value Excellence Across – And Visibility To All Activities Across The Ecosystem



- ✓ **Are Current Marketing & Branding Approaches Addressing This Need?**
 - ✓ *Online Ads, Customer Care Waiting Time, Brochures, Unverifiable Claims*
- ✓ **Too Much Emphasis on Product, Packaging, Competitive Responsiveness**
- ✓ **Too Little Emphasis On Customer Experience, Process or Technological Innovation and Sales Performance**
 - ✓ *Too Much Technical Jargon – Baby Formula, Pregnancy Test Products, IT Services*
- ✓ **No Emphasis On “Influencer Impact” or “Recall Value”**
- ✓ **Cluttered Websites – Aping Competition**
- ✓ **Product Marketing Replicated By Services & Solutions Companies**

MEASURING INFLUENCE



Focusing On The Standard – Erodes Value



TACTICAL INDICATORS

- ✓ Stock Price
- ✓ Capital Market Perceptions
- ✓ # of Events Attended
- ✓ Brand Equity
- ✓ Advertising & Promotions



STRATEGIC INTERPRETATION

- ✓ Not A Result of Marketing Alone – External Factors
- ✓ Markets Have To Memory!
- ✓ Too Cluttered – No Value Statement
- ✓ Commoditized Products or Services Don't Provide Equity
- ✓ Perceptive Buyers Don't Depend On It – Messaging Too Warped



Are You Measuring The Right Factors?

TACTICAL INDICATORS

- ✓ Revenue Generated
- ✓ Qualified Leads
- ✓ Feedback From Sales Channels
- ✓ Customer Retentions & Relationship Deepening
- ✓ Website Traffic & Content Viewing



STRATEGIC INTERPRETATION

- ✓ Increased Bottom line
- ✓ Higher Conversion Opportunities
- ✓ Opportunities For Innovation
- ✓ Reference-Ability & Expansion
- ✓ First Point Of Call & Opinion Formulation

MEASURING MARKETING ROI



The Marketplace View Today – Shared By Stakeholders



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

Measuring Marketing ROI



WHAT TO MEASURE & WHY

- ✓ **COST PER LEAD** – Are You Spending More Than The Opportunity Itself?
- ✓ **LEAD-TO-CLOSE RATIO** – Use Solution Selling Methodology To Track This.
- ✓ **COST TO FULFIL A DEAL/ ORDER** – How Much of Pre-Deal Spend Is Because of Marketing?
- ✓ **RENEWAL RATES BY CUSTOMER SEGMENT OR SERVICE/ PRODUCT LINE** – Vital To Ensure Marketing & Value-Messaging Focus Appropriately Directed
- ✓ **EVENT-BASED ROI** – Leads From Events vs. Deals Closed; includes # of Analysts & Influencer Groups Met With [incl. Advisors, Media et al]

WHAT TO ANALYZE & WHY

- ✓ Standard financial and marketing measurements: Net Present Value (NPV); Gross Margin; Incremental Customer Value (ICV); Customer Lifetime Value (CLV)
- ✓ ROI Threshold or Hurdle Rate
- ✓ Comparing Incremental Revenues vs. Incremental Costs
- ✓ Past marketing investments vs. future decisions

And Be Aware of Myths



Myth: Various vendors' ROI assessments are useful for comparing their applications' contribution. In reality, payback period is a much more effective relative measure of a given application's ability to deliver value.

Myth: Hard numbers are all that matters in defining ROI. It's a safe assumption that 70 percent of the total cost of any CRM implementation is going to be training and assisting people to change how they work today. For every dollar spent on CRM, at least two or more additional dollars needs to be spent on assisting the people who actually use the application change how they work. It's the numbers spent on "soft" strategies like changing how people work where the true ROI gets earned -- and when marketing has an idea of their performance on processes with the metrics above, this myth gets exposed quickly.

Myth: You can predict ROI using industry-specific averages. One company's best practices can be another's worst. Too often companies buy into the vision of ROI by proxy instead of performance. When a company is armed with marketing metrics, this is much easier to refute.

Myth: When all else fails, cost-reduce your way into a positive ROI. A hold-over strategy from the recession, this rarely works and as many have said, it's impossible to cost-reduce your way into market leadership.

Myth: Sustainable ROI is possible without integration. The most dangerous of all myths, because there is evidence everywhere that the exact converse is true. In the case of marketing, the more integrated the processes the higher the ROI of the systems added to automate the information required to complete the goals the processes were designed to achieve in the first place.

Myth: ROI on a per-project basis is always traceable. This is certainly not true, and only happens when a process is owned from start to finish, and has clear boundaries. Cause-and-effect happens when processes change first and technology gets selectively applied.



Bobby Varanasi, COP
Chairman & CEO
bobby@matryzel.com

KUALA LUMPUR | NEW YORK | DALLAS | MUMBAI



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