



WOW!

What a year. In many ways most of us are glad its over. Besides the US and UK real estate crisis (which seemed to dominate the news), and the related collapse of the traditional Investment banks, many other events took place which will have a far-reaching impact in 2009 and beyond:

- a new and still evolving banking business model
- unwinding of the global Yen carry-trade leading to a dramatically surging Yen.
- unexpected (short-term) strengthening of the US Dollar. And the Euro starting to assert itself as the (long-term) global currency of choice
- collapse of the Dubai real estate market; not surprisingly coinciding with the launch of The Atlantis
- build-up of the next bubbles: risk-aversion and Cash. In fact 3-month treasury's are now yielding 0%; and for some time even had negative yields (Its funny how these bubbles seem so obvious in the rear-view mirror)

These are surely interesting times. As always there will be opportunities for agile businesses to make the most of it. Its tough to predict what will happen in 2009; but in all probability the year will not be as bad as 2008. Equity markets and Oil will rebound (somewhat), gold will continue its long-term climb, and the dollar will succumb. Consumers will save, banks will hoard and Governments will spend. And hopefully 2010 will be a golden year.

In this issue, we have an article by our CEO - Roy Cherian - on accountable marketing spends. The article dwells on ensuring that every marketing \$ works for you. And in current times when costs are under pressure, analytics can add immense value in optimizing your investments for maximum returns.

In keeping with our tradition of introducing our Associates in every Newsletter, we thought it fit to feature our entire team that made 2008 an immensely successful year for us. Please find a few snaps of the Marketelligent Team in this newsletter.

Anunay Gupta

Head of Analytics, Marketelligent

*Wishing you a successful and fun
2009*



Towards Accountable Marketing Spends

Roy Cherian, CEO, Marketelligent



Has anyone of you tried searching for 'Measurable Marketing'? Well the first few pages when you do a Google search will throw up articles primarily on Online Advertising. And further down you do get some articles acknowledging Measurability of Marketing Spends as the biggest challenge faced by today's marketers.

When I was a marketer myself, this was one of the biggest challenges I faced. When I look back I wonder whether the measurability was the issue, or was it that the confidence in the methods and measurability was so low that people never even got started on it. It is the same with a lot of survey results. People pick holes in the surveys and start discounting the validity, effectively making all decisions on 'feel' rather than on facts. But world over smart marketers are rapidly and effectively adopting measurement techniques to increase the effectiveness of their marketing spends.

One of the most commonly used tools for effective marketing is Marketing Mix Optimisation. For the critic there are many holes to pick in this. To start with, besides the question on the validity of the data available, final sales is dependent on many more factors like distribution, packaging etc than just the marketing mix. The other factor is that the mix models discount spends on brand building activities and amplify the effect of promotions, which if not used judiciously can lead to excessive promotional activities and erosion of the inherent brand values which was built painfully over the years. But despite all these drawbacks, for the smart marketers these models give a bench mark to operate and optimise their marketing spends.

For a moment, if we accept that modelling sales to marketing inputs has its own set of constraints, how about modelling the marketing inputs to the brand metrics? At the end of the day, all marketing activities are done to enhance the brand value, which in turn attracts consumers to your brand finally driving the sales. For the impatient business manager it might not make sense, because he is just looking at how his spends are helping him to sell more and not drive some intangible brand health scores. To top it the brand health scores are measured by surveys which opens another can of worms for the critics.

All these arguments coupled with lack of confidence in surveys and the inherent need of everyone to be completely on top of their actions has led to a less rapid adoption of measurable marketing. And to add to this, the complexities of the modelling process and the rigors of statistical analysis can frighten many marketers away. But in today's world with the advancement of analytic techniques and easy-to-understand business visualization tools, this is like leaving behind an important weapon when you fight out with your competitors.

For the cynics I would advise them to take the first step – which is to make a simple dash board mapping the Marketing Spends, Sales Spends, Sales and the Brand Metrics. A two year simple trending with relevant 'due to' will throw significant learning's. And typical of marketers once they see something work they will push it to the limit. They will then graduate to understanding more and analysing the data in more depth and move to effectively influencing the future.

Let me sign off by saying that, what ever may be the shortfalls, decisions guided by diligent analysis of data will any day be superior to decisions taken on feel. You might not get an analytic model absolutely right the first time, but it gets better with experience. But without making a start you can't get the experience. And the earlier the start, the better.