



ROMI: Return on Marketing Investment (1-Day)

Marketing Planning for Profit to Justify and Optimise your Marketing Spend

Description of the Programme *"Business has only two basic functions; marketing and innovation."* Peter Drucker (Management guru, 1909-2005)

This programme focuses on understanding **marketing metrics and their overlap with finance**. More fittingly, we focus on why we need a *combination* of both financial and marketing metrics. A fairly new metric, Return on Marketing Investment (ROMI) is about justifying and innovating better campaigns to optimise your marketing "spend" or rather marketing "investment".

Although Peter Drucker said "The **purpose** of a business is to obtain and retain a customer", we must not forget that the **objective** of a business is to make good profits. In fact, Porter and Kramer (2006, HBR) suggest that the ultimate form of corporate social responsibility (CSR) is to make handsome profits.

Marketing Performance Measurement and Management (MPMM) is a fairly new marketing paradigm that calls for alignment of marketing activities, strategies, and metrics with business goals in order to make marketing more effective and efficient. The paradigm requires marketing professionals to create a metrics framework and key performance indicators, monitor marketing performance, and develop and utilise marketing dashboards to communicate and manage performance. Marketing Performance Management is the foundation for creating performance driven marketing organisations. Marketing organisations need systems, tools, processes, new skills and a culture of accountability to create a performance-driven marketing organisation.

A key part of our process of success at creating performance-driven marketing organisations is getting agreement between Marketing and the rest of the leadership team on how marketing performance should be measured. This is a critical step to ensure you are focused on the right data and analytics. Organisations today are dealing with increasing market pressure and competition and an exploding amount of data. The ability to transform data into actionable business insights that can be used for improving both marketing effectiveness and efficiency is a central challenge and a critical capability for marketers. By managing the performance of the marketing team through metrics, you are more able to proactively manage the marketing processes to improve the bottom line through decreased costs and increased productivity. Appropriate metrics should enable you to track the overall effectiveness of your marketing. ROMI is about measuring a campaign's performance, and an attempt to measure the aggregated effectiveness and efficiency of the marketing organisation to achieve corporate objectives.

These marketing metrics should be relevant to all members of the C-Suite (CEO, CMO, COO, CFO, CSO) and connect marketing to the rest of the organisation's goals. The training is packed with practical marketing metrics, real case studies and stimulating exercises.

Most companies have already cut their costs to the bone and are now looking for the marketing function to sustain their future cash flows. But the marketing department (arguably the most important department) is under increasing pressure to quantify their return on spend to sceptical CEOs and shareholders. Besides many marketers numeric illiteracy, there is also a massive array of complex (and confusing) metrics to collect, review and report. Yet the use of metrics has been proven to contribute to improved business performance, or as Peter Drucker said, "What gets measured gets done." Objectives must be clearly stated, monitored and reviewed. But as Bruce Clark says in *Marketing and Performance Measures* (Journal of Marketing, 1999), "figuring which of these measures are really important may drive a conscientious manager to despair." Thankfully ROMI has progressed a long way since then. Of course the metrics you choose (i.e. dashboard or visual intelligence) should be tailored to your specific objectives and brand.

To optimise the marketing spend, over the short and long term, reliable and objective Return on Marketing Investment (ROMI) and Marketing ROI metrics must be built into a marketing strategy. The advantage of properly monitoring the input (spend) and outputs (revenue, profits, quality of service, customer satisfaction, brand equity, etc.) is that, for the same marketing budget, ROMI improves.

Marketers need to understand the financial impact of their marketing, sales and go-to-market channel plans. Whether you're in a down or upswing economy, ROMI is your ticket to been taken seriously in the boardroom. Take a new look at your integrated marketing communication (IMC) techniques and calculate through research, just how effective your campaign is – before, during and after. Both Business-to-Business (B2B) and FMCG approaches will be covered – so you will walk away with a broad understanding of the two classical promotional frameworks and their ROMI.

This intense 1-day training workshop will provide managers with effective marketing tools to measure their marketing efforts so that they can make better choices as to where and how to invest their companies' money when it comes to marketing. This workshop will be highlighting the potential to transform the way your company thinks about marketing and the way your marketing team operates.

**Programme
structure and
key focus
areas**

The key concepts and ideas covered would be the following:

1. Financial Metrics vs. Marketing Metrics: Two case studies
 2. Why we measure: Costing out alternatives marketing spends (i.e. increase return or decrease investment). Case study.
 3. What we measure:
 - a) Brand Asset: Brand Value (Financial worth -- i.e. Interbrand Sampson). And
 - b) Psychological Value (Awareness, Attitude, Usage -- i.e. Nielsen, Aztec, TNS, Y&R, Millward Brown)
 - b) Customer Asset: Satisfaction, Loyalty, Behaviour (recency, frequency, monetary amount, Customer Lifetime Value (CLV), Discounted Cash Flows)
 4. How we measure actual and expected outcomes:
 - a) Intermediate outcomes (attitudinal, purchase intent, brand equity), and
 - b) Final Outcomes (Sales, GP%, profit, ROI, Reduce uncertainty of cash flow, Enhance cash flow, Customer retention),
 5. Challenges: Validity of data, politics in your organisation
 6. The ROMI debate: Art and Science (Use to "Guide, don't Prescribe")
 7. Mastering advertising, promotions, events, and market communication techniques to ensure ROI for your company
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**Teaching
method**

The module adopts a participant-centric approach. It is with this intent that the pedagogy will leverage the collective corporate experience and intellect of the participants to enrich learning. The cases have been carefully balanced to cover the breadth of the field, facilitate in-depth discussions and class-wide participation.

The case conversations are enhanced by participants' bringing their own challenges in marketing for in-depth discussion in the class.

Day One

Session 1:

- Introduction to ROMI and related ROMI formulae. Background to ROMI and a few easy case studies (i.e. website, consulting return, exhibition return)
- ROMI Warning: Art and a Science (a good guide vs. 100% prescribe)
- 40-marketing metrics you should know
- Exercise on Marketing Objectives: Set quantitative & qualitative marketing objectives. Corporate objectives must be inline with your integrated marketing communication (IMC) objectives
- Setting Promotional Objectives: Do What, to Whom and How?
- Net Present Value (NPV or discounted cash flow) case study that looks at ROMI over a multiple period. This will assist you in choosing the best investment for your company and budget.

Session 2: Financial Metrics vs. Marketing Metrics

- Understanding why both Financial and Marketing Metrics are equally important (gain an understanding that Financial metrics can be extremely misleading)
- Case Study: Demonstrates how a company only focussing on financial metrics is skating on thin ice. Metrics accountants track vs. marketers. How far off the mark accountants can be by not simultaneously also focusing on marketing metrics, like: new customer acquisition, churn and satisfaction levels. (Study the financial metrics with a colleague and decide if you would invest in these three companies.)
- Case Study: Would you invest your life savings in Star Foods (Pty) or Cruise Foods (Pty), and why?

Session 3: Fully understand ROMI

- Understanding the 6-steps to execute, evaluate, measure and monitor your marketing project. We also look at Belch & Belch's 8-steps as an alternative model).
- Marketing Metrics required to calculate ROMI: Quick look at some of the classics – Awareness, Attitudes, Usage, Distribution, Creatives (ARS). 6-top Channel Metrics: measuring sales force effectiveness and channel management to understand the strengths and weaknesses.
- Look at a Baseline for ROMI and Return on Incremental Marketing Investment (ROIMI) calculations.
- Brief look at forecasting methods.
- As a group discuss advantages and disadvantages of using ROMI

Session 4: ROMI at FMCG company

- Case Study: look at researched metrics to calculate ROMI for additional

ad-spend

- In this session your facilitator will show you a model to assist with learning & improving on your next campaign. In order to achieve impressive performance, you need to build a sound campaign based on fundamental marketing principles. Your facilitator will be addressing the various steps to optimize your performance.
- In this session your facilitator will be doing evaluations on the calculations of Return on Marketing Investments (ROMI), this session will demonstrate to you if your campaign is financially worthwhile.

Session 5: Look at the infinite combination of media vehicles and promotional vehicles.

- Looking at 40 promotional vehicles.
- How to cost out alternatives: Excel Spreadsheet costing out In-Store Coupons vs. Sweepstakes vs. In-mail Sample
- Case Web Traffic Costs: Cost per Impression, Cost per Click, Cost per Order. Calculate ROMI of your website.
- Case Facebook advert: ROMI

Session 6: Net Present Value (NPV) & ROMI

- In this session your facilitator will show you a model to assist with learning & improving your next campaign. In order to achieve impressive performance, you need to build a sound campaign based on fundamental marketing principles. Your facilitator will be addressing the various steps to optimize your performance.
- In this session your facilitator will be showing you how to do Net Present Value (NPV) calculations, and customer lifetime value calculation. This will assist you in choosing the best investment for your company and budget.
- How to calculate the ROMI of an attitude change (i.e. due to advertising) when sales will only occur in the future

Your Expert Facilitator: Ian is a registered Chartered Marketer (CM), the highest professional marketing qualification recognised in Europe. He also has an MSc (cum laude) in The Management of Technology & Innovation. Prior to starting Markitects Consulting in 2005, his last corporate position was Marketing and Sales Director for the global zipper giant, YKK. He is currently a strategic consultant and facilitator and is regularly voted best speaker at conferences. He is completing his PhD in Persuasion Science (Da Vinci Institute).

What past delegates have said about your facilitator;

“I will be able to manage my campaigns more effectively by using charts, deadlines, & assigning responsibilities. Most importantly, I'll be able to determine the ROI. Ian has extensive knowledge – **if he had been my lecturer at varsity, I would have passed marketing & communications with an A+.**”

- **First National Bank**

“(Presentation 10/10), Years of experience & knowledge shared with us! (Knowledge 10/10), Brilliant. (Learnt something valuable? 10/10), Absolutely will be able to implement; this was a great course & will utilize info daily!”

- **Montecasino**

“This was a well-developed programme, adapted to suit all industries. Ian was excellent – **professional, fun & experienced. Time and money well spent (and I’ve done a lot of courses).**”

- **ABSA**

“The programme was holistic, Ian’s advice was cross-functional – loads of experience. The presentation was **very interactive, professional & extremely well organised.** Very refreshing, engaging & promoted “thinking”. Course material was easy to read, straight to the point & relevant.”

- **SA Tourism**

“Excellent – stupendous!”

- **Eastern Cape Aids Council – NDR**

“Presentation (10/10), Interactive, practical & relevant to my area of work. Knowledge (10/10), A lot of industry insights.”

- **Cell C**

Who should attend:

Top management – VP, Directors, Division Heads, Senior Managers and other senior executives from:-

- Marketing and Sales
- Brand Management/Communication
- Strategic Marketing
- Direct Marketing
- Interactive Marketing
- Product Management
- Channel Management
- Event Marketing
- Advertising
- Brand Communications
- Database Marketing
- Crisis Communications/Crisis Management
- Market Research department

