



Maximize value from marketing spend

The case for advancing marketing plan and spend competencies

E-Book

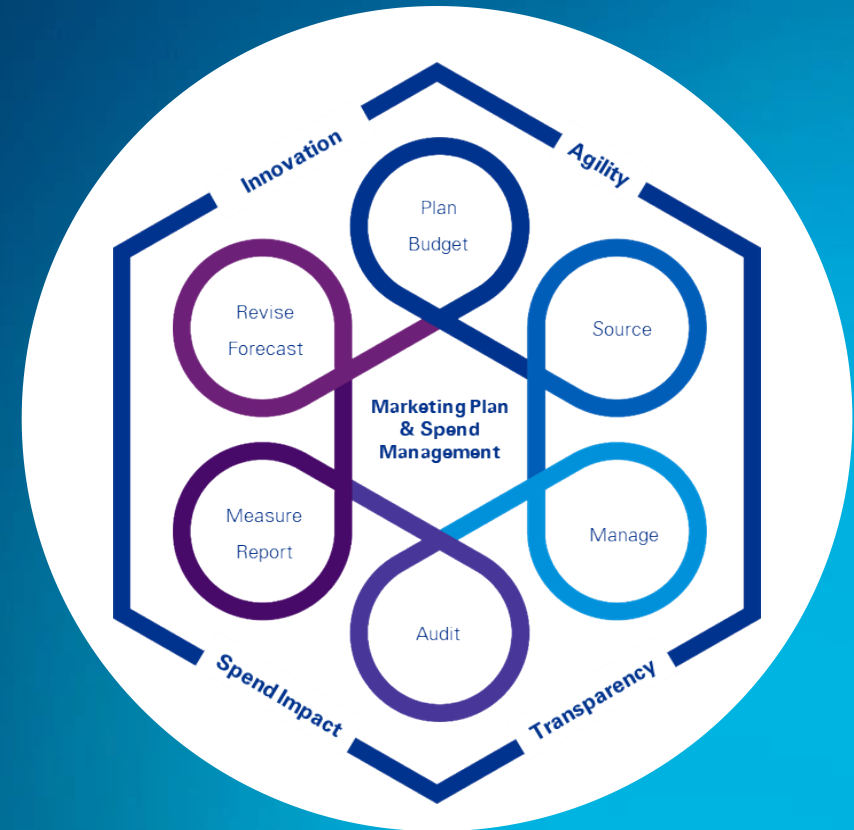
June 2022



The Future of Marketing depends on strong plan and spend capabilities.

Each year, managing marketing investments becomes more difficult while simultaneously becoming more vital. Whether it is formulating strategy, budgeting, procuring, managing or measuring spend, each has a significant impact on a company's top and bottom-line performance.

We believe the future belongs to those firms which can effectively manage and measure marketing spend for greatest impact. Marketing spend management is now a strategic capability which will differentiate marketing winners from losers. Those that fail to build a strong plan and spend competency, unfortunately see negative impacts on marketing as well as enterprise performance.

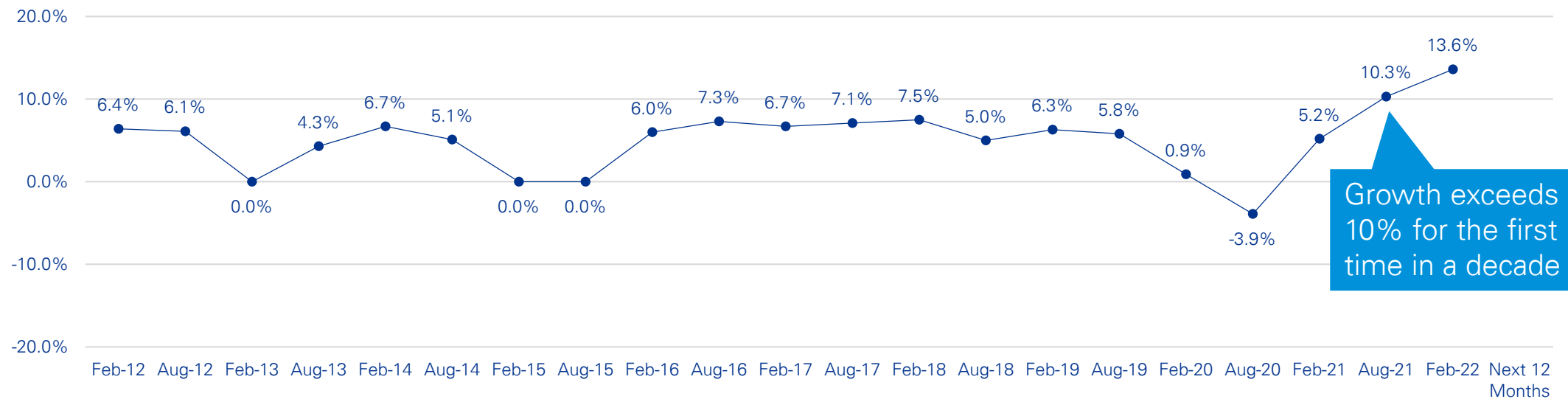


Unfortunately, the organizational impacts of marketing investment challenges are far greater than most firms realize.



Marketing spend is growing again after pandemic challenges...

Percentage change in overall marketing spending over prior 12 months and anticipated for next 12 months¹



...but marketing organizations remain challenged by weaknesses in their infrastructure, processes and orchestration around plan and spend.



There are five key areas where marketing plan and spend challenges impact enterprise performance.

Strategic
Alignment

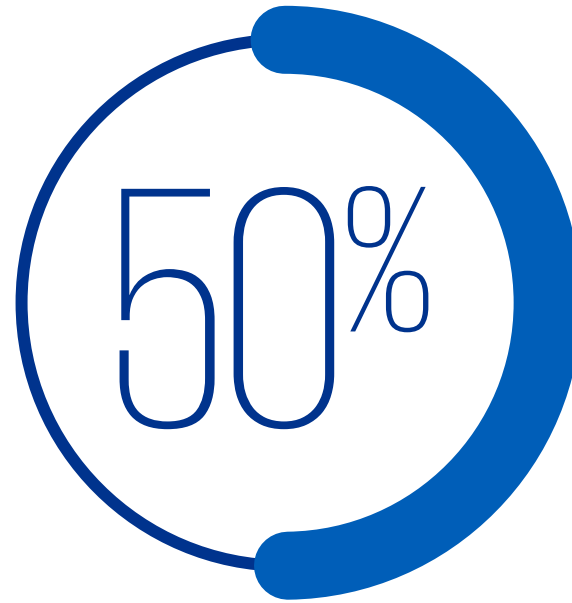
Production
Forecasting
Accuracy

Sales
Productivity

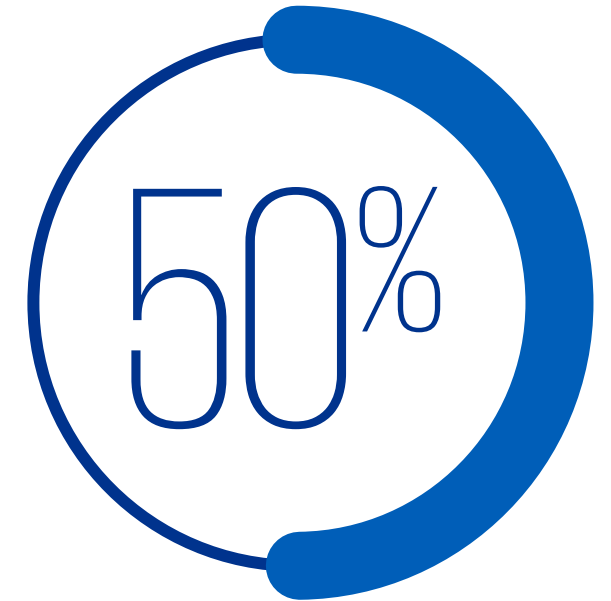
Channel Partner
Commitment

Financial
Reporting

When plan and spend management capabilities are limited, marketing struggles to direct, allocate and manage financial investments to meet strategic goals and objectives.



of CEOs say that setting the growth agenda is the CMO's #1 priority ²



of marketers report feeling increased pressure to prove the value of marketing to CEOs ³

When marketing struggles to identify how money is being spent, the resulting impact in the market and budget, then demand forecasts suffer.



of total inventory value is paid in holding/inventory carrying costs⁴

When Marketing can not align spend tactically & operationally with partners then the impact of co-op/trade promotion management (TPM) is minimized. Expanding budgets and vendor lists only make it harder.

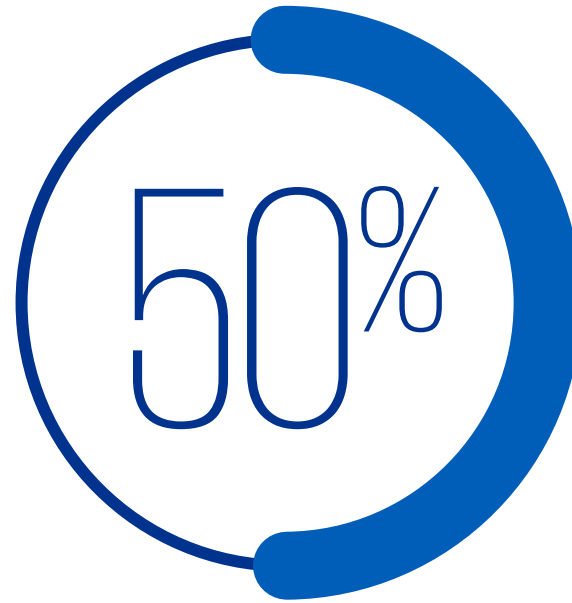


Global growth in the advertising market forecasted for 2022⁹

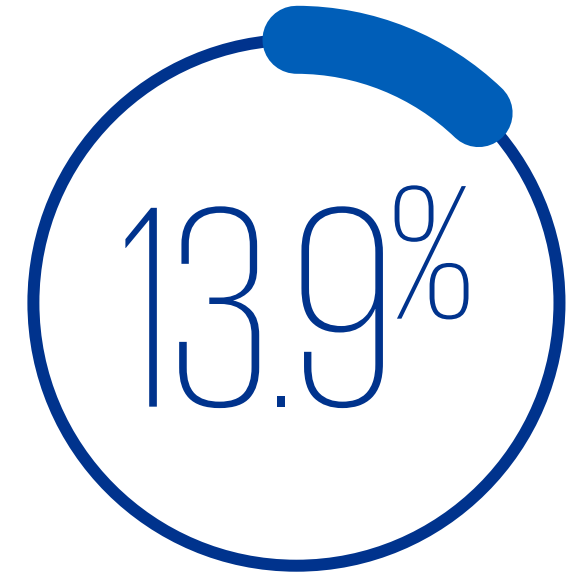


the number of active partner contracts the typical marketing organization is responsible for tracking at any given time¹⁰

Marketing's lack of financial acumen and capability increases financial reporting cycle times, and the scale/significance of reporting errors.



of marketers use quantitative metrics to demonstrate long-term marketing results¹¹

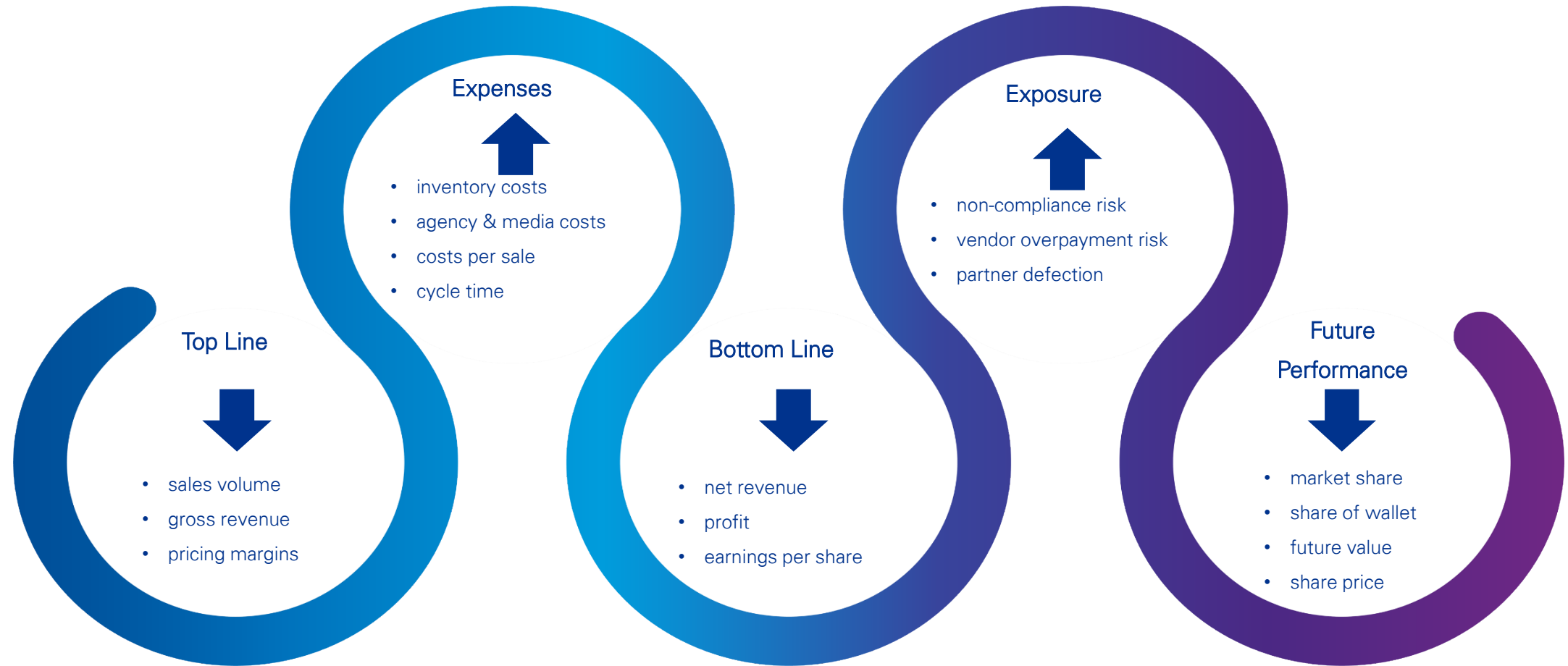


measure their impact with ROI¹²

9th out of 9

The priority of financial acumen among skills CMOs look for in hiring talent ¹³

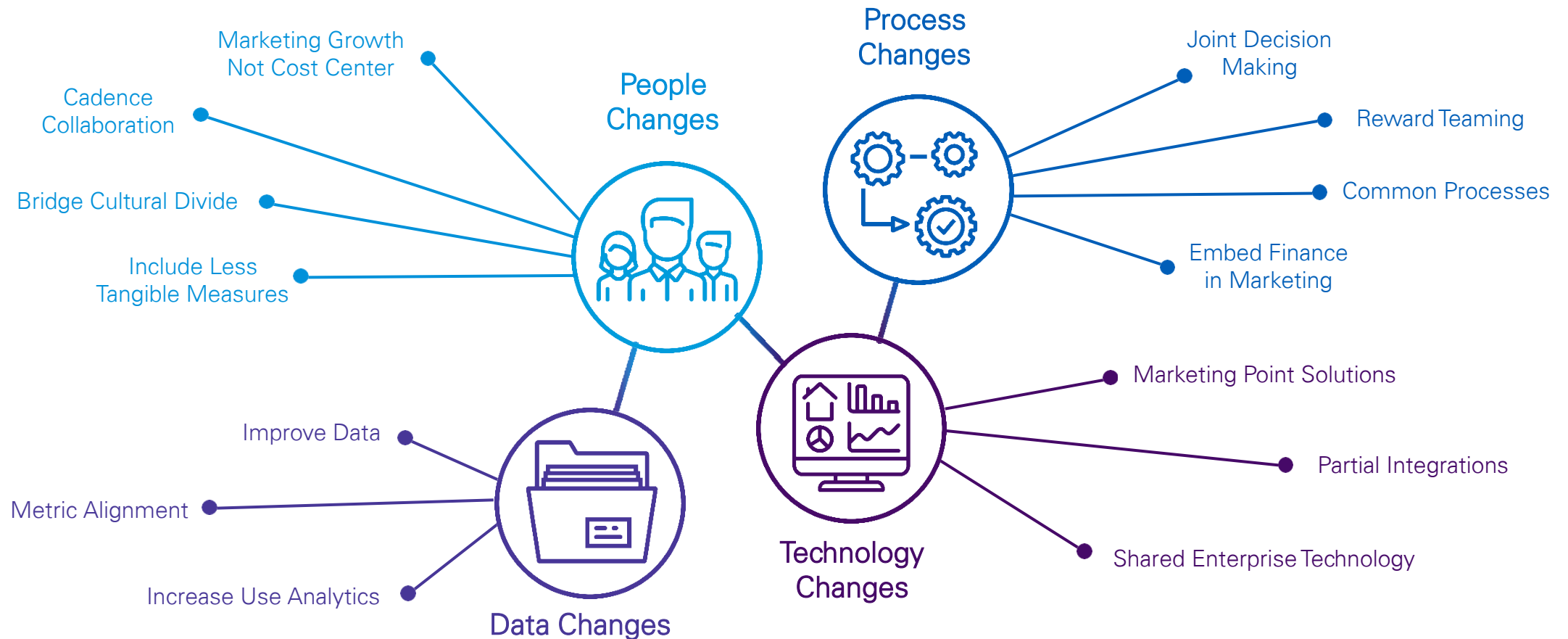
Marketing investment challenges impact top-line, bottom-line, current & future performance.



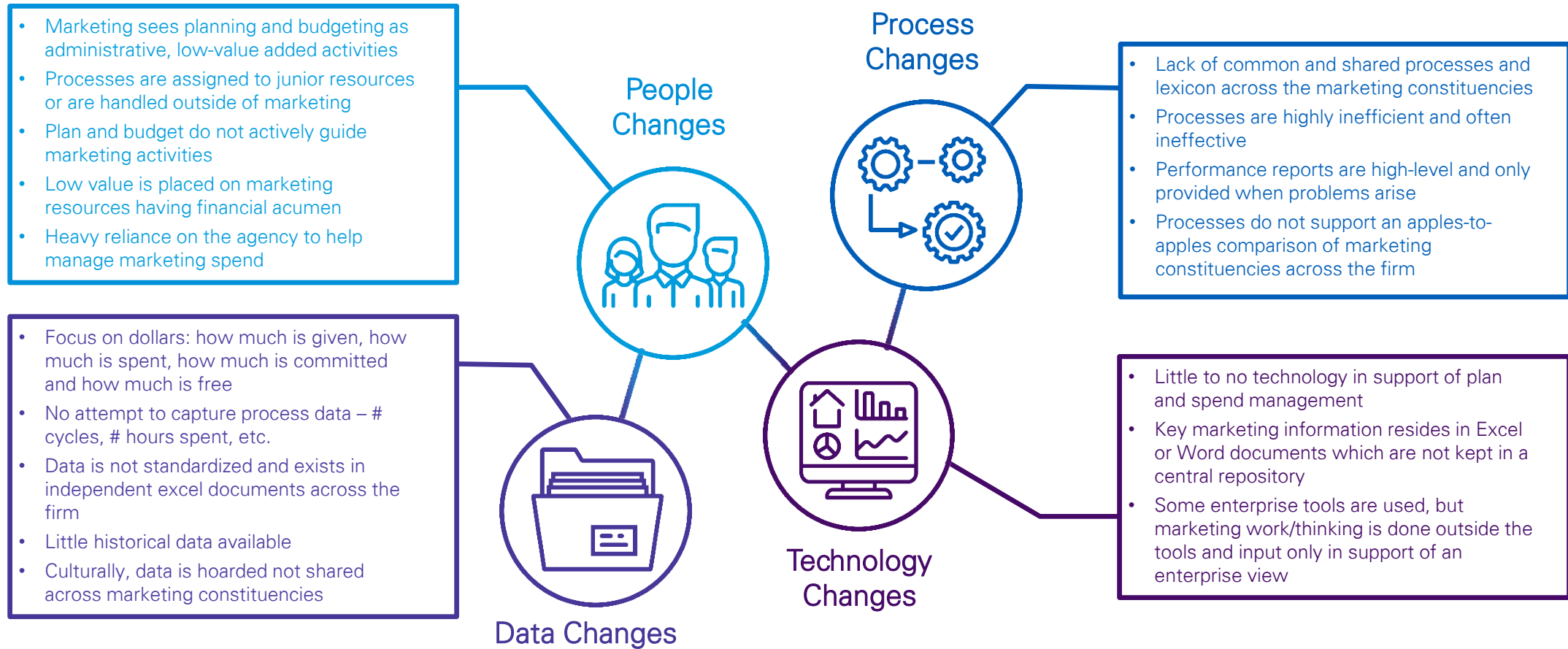
Plan and spend management success is found by connecting goals to budgets and execution; and reconciling planned, committed and actual spend across the enterprise.



Many Chief Financial Officers (CFOs) and Marketing Officers (CMOs), try to effect change, but the impact is often insignificant.



...because underlying challenges are not addressed.



While most firms struggle with allocating and optimizing marketing investments, not all do.



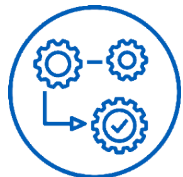
People

- Invested in financial acumen skills
- Marketers & agencies held responsible for ROI
- Common goals & metrics among 'growth partners'



Data

- Broad integration of internal & external sources
- Centralized repositories
- Invested in data/analytics skills
- Data & learnings widely shared



Process

- Designed for digital
- Data-driven
- Rapid insight generation
- Focus on continued efficiency & effectiveness improvements



Technology

- MPSM platform with enterprise technology integration
- Transfer of standard and consistent information across martech stack
- Real-time reporting across multiple views (i.e., channel, brand, geography)

High performers have made a greater commitment to planning, managing & measuring marketing performance.

High performers realize environmental trends are only increasing the challenge and importance of superior marketing investment management.

External trends

Businesses are still recovering the shock of the pandemic, and many have permanently changed their risk management and tolerance

The increasing complexity and continued proliferation of media channels

Customers, both consumer and business, expect personalized interactions

The increase of customer expectations and a growing hunger for 'new'

Emerging market maturity slows growth engines, resulting in a move to 'market penetration' strategies (accretive growth)

Internal marketing impact



Marketing budgets are under greater scrutiny, and CMOs are expected to be accountable for their spend



Marketing will need to spread and manage its budget across a larger more varied set of channels



Marketing's cost per interaction climbs as personalized interactions cost more than mass interactions



Marketing will need to secure funds for innovation and testing



Accretive growth requires more consistent marketing presence and the ability to flex spend to meet consumers' buying cycles

So, high performers have already begun a systematic approach to building their marketing plan and spend management capabilities.

Holistic View

Roadmap to an end-to-end solution

Financially Focused

Anchored in financial value generation

Performance-Driven

Comprehensive performance metrics

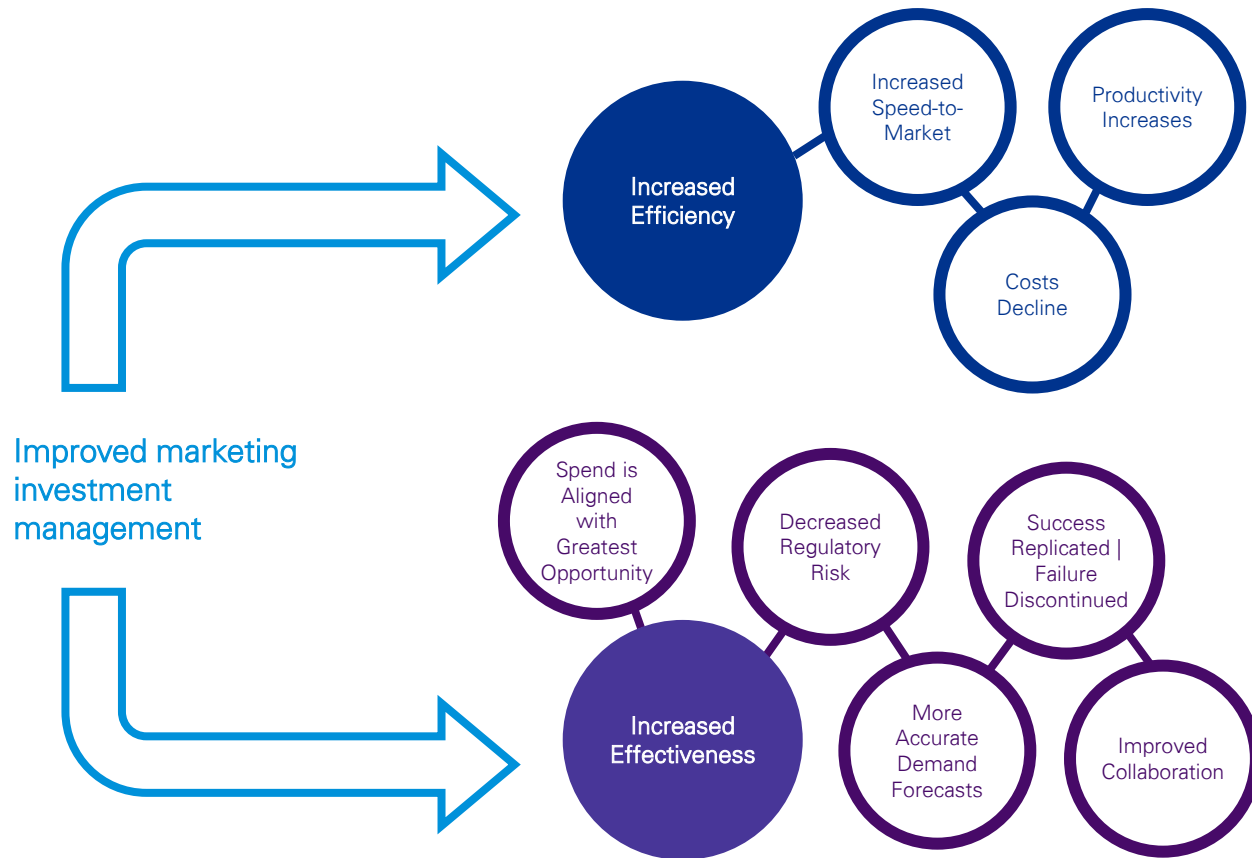
Organizationally Aligned

Agreement on shared goals & measures

Technology Enabled

Integrated Marketing spend management platform

Improving capabilities has resulted in tangible business value.



High-performing marketing organizations

- Adjust digital strategies to changing customer expectations (92% vs. 74% of underperformers)
- Have a fully defined AI strategy for use cases such as driving next best actions and personalizing the customer journey (64% vs. 45% of underperformers)
- Are more likely to be satisfied with their ability to create more relevant experiences with customer (47% vs. 8% of underperformers)¹⁴

Marketing plan and spend management affects your entire business, so **we create holistic solutions** to improve your business.



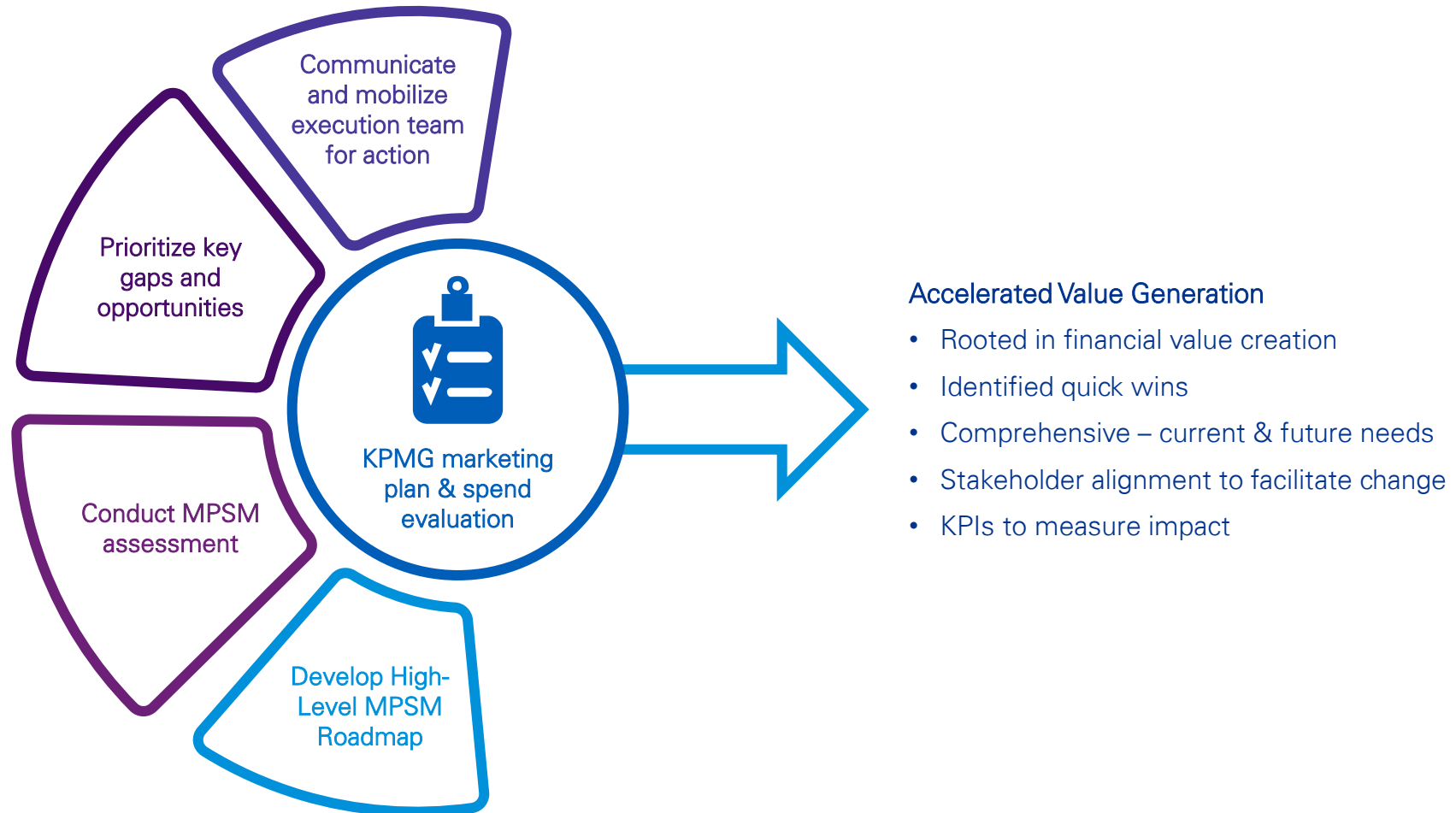
Marketing Plan and Spend Management addresses these key financial management processes.



We recommend a value-focused, performance-driven approach...

Characteristics	Actions taken	Business value
Anchored in financial value creation	<ul style="list-style-type: none"> Identify areas of greatest opportunity Size the potential upside Assess the time to value realization 	<ul style="list-style-type: none"> ✓ Spot low-hanging fruit ✓ Prioritize improvements
Multi-dimensional analysis	<ul style="list-style-type: none"> Use root cause analysis Identify gaps across all capabilities Consider all stakeholder groups 	<ul style="list-style-type: none"> ✓ Comprehensive view of changes required ✓ Roles/responsibilities clearly articulated
Alignment across the enterprise	<ul style="list-style-type: none"> Align marketing, finance, sales, production, procurement and partner views Identify common objectives 	<ul style="list-style-type: none"> ✓ Build agreement and momentum for changes ✓ Produce shared goals & performance metrics
Quantifiable metrics	<ul style="list-style-type: none"> Comprehensive performance metrics are identified Continuous improvement goals are defined 	<ul style="list-style-type: none"> ✓ Changes can be measured and managed ✓ Financial impact can be calculated
Future proof solutions	<ul style="list-style-type: none"> Solution meets today's problems and tomorrow's aspirations Value-based/performance-driven roadmap to capabilities 	<ul style="list-style-type: none"> ✓ Invest first in areas with greatest ROI ✓ Performance milestones guide pace of future investments

...that starts with identifying areas of opportunity and building a plan to accelerate value realization.



Contact us to learn more
about our approach to
Maximizing Value from
Marketing Spend



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Source

1. Fuqua School of Business, Duke University, "The CMO Survey; The Highlights and Insights Report" (February 2022)
2. Chief Outsiders, "3rd Annual Survey: CMOs Increasingly Being Tapped to Lead Growth in Difficult Business Environment in 2022" (March 2, 2022)
3. Fuqua School of Business, Duke University, "The CMO Survey: Managing and Measuring Marketing Spending for Growth and Returns" (August 2021)
4. Oracle NetSuite, "Inventory Carrying Costs: What It Is & How to Calculate It" (November 6, 2020)
5. CMO Council, "Marketers Struggle to Forge The Future Of Customer Experience" (2020)
6. Ibid.
7. Salesforce, "State of Marketing" (2021)
8. Ibid
9. Nielsen Company, "2022 Nielsen Annual Marketing Report" (2022)
10. McKinsey & Company, "The forgotten hero of marketing excellence: Spend management" (March 11, 2020)
11. Fuqua School of Business, Duke University, "The CMO Survey; The Highlights and Insights Report" (February 2022)
12. Ibid.
13. Fuqua School of Business, Duke University, "Covid-19 and the State of Marketing" (June 2020)
14. Salesforce, "State of Marketing" (2021)



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