



THE BOSTON CONSULTING GROUP

A GAME-CHANGING PLATFORM FOR MARKETING DECISION MAKING

By Dominic Field and Andris Umblijs

TWO CMOS OF MULTI-BILLION-DOLLAR consumer products marketers sparked a vigorous debate earlier this year when they questioned the efficacy and the transparency of their companies' digital marketing investments. They defended the ROI of good old-fashioned TV spots (the kind no one is supposed to pay attention to anymore) and questioned whether marketers can really assess with accuracy the ROI of digital spending given the plethora of different metrics that agencies use to demonstrate value.

For big company CMOs, there's no question that their size drives both pressure and complexity, especially when it comes to spending decisions. Pressure builds because as marketing budgets grow—well into the billions of dollars—CEOs, boards, and often-impatient investors demand evidence of impact. Complexity emerges because of the sheer number of brands, markets, and channels to manage. A global consumer packaged goods (CPG) company today can have fifty or more brands in a hundred different markets, each with its

own strengths, consumer profile, and strategic role in the portfolio. Some brands are new growth bets, others are mature, and some still need nurturing. From a budgeting standpoint, this means thousands of individual decisions, all of which affect revenue growth, profit, and long-term brand strength.

Data Complexity and Analytical Inadequacy

Most marketing organizations are awash in data from diverse sources. This data is supposed to aid the decision-making process, and its richness should inform multiple analytics approaches that can generate powerful insights. Yet more often than not, cleaning, matching, and structuring the data is a massive chore. More problematic, most approaches to leveraging data come up short.

Take econometric analysis, for example. This approach helps identify the individual impact of multiple marketing activities on business outcomes such as incremental

sales, profit, and ROI. Yet the analysis accounts for only short-term impacts and cannot identify the effects of specific activities at a detailed level. Another approach, digital attribution, shows the impact of digital activities with great specificity, but it too assesses only short-term impacts. Its estimates are also frequently biased because they are blind to the analogue world. Two other approaches, test-and-learn and AB testing, can isolate the impact of individual types of marketing activities, but they also capture only short-term effects, and are not suitable for all types of marketing activities. These tests fail to account for the effect of diminishing returns (cases when the more a company invests, the less effective each incremental unit of investment is). Consumer surveys capture longer-term impacts, but they collect attitudes and behaviors claimed by consumers, which are difficult to correlate with results.

For all their flaws, these tools can be useful—but they often provide different answers to the same question, leading marketers to place limited trust in analytics. Ideally marketers would use the strengths and insights of each approach to cover the inherent weaknesses of the others, but the complexity of integrating the various approaches, and balancing out the shortcomings of each, is overwhelming. Many marketing practitioners revert to simplified concepts and “gut feel.”

This set of issues has bedeviled BCG’s marketing clients for decades. As digital and big data technologies continued to rise, we asked ourselves: could technology solve the problem that technology had created? Could a company build and deploy a single platform to enable marketing staff, from the CMO to country-level brand teams, to ask the right questions, access the right data, and make the right decisions? Could that single platform help marketers allocate their budget over 50 or more brands in 100 countries—taking into account the future trajectories of product categories, consumer trends, distribution trends, price premiums, brand health trends, ROI, competitive trends, and brand share momentum and profitability?

It was a tall order. Such a platform would have to provide data and insights from multiple complementary types of analytics in an easy-to-understand way, using a common format, language, and presentation template. It would have to enable the decision maker to test different scenarios in real time, such as adjusting the priority between short-term sales growth and long-term brand health. It needed the ability to over- or under-prioritize different consumer segments or demand occasions, and find the right balance between brand share gain and profit delivery. The capability would have to be “live,” with the underlying data continuously ingested, cleaned, and structured for immediate use in real time. If all these factors could be put together, housed in the cloud, and accessed by anyone... it could be a new definition for game changer.

MSP Catalyst by BCG

BCG has built such a platform. Based on our years of experience working with CPG clients, we have harnessed data, software, and analytical approaches to create a marketing decision support capability called MSP Catalyst by BCG: The Marketing Suite. Marketing Catalyst gives every user access to the same data structured in the same way, a common toolkit, and a quick, flexible, and easy-to-use approach for budget allocation, marketing mix, and campaign planning. It is organized into two modules:

- A strategic module helps determine the best allocations of marketing resources across markets and brands.
- A tactical module helps build the most effective marketing plans for short and long term brand growth and profit generation, depending on the role of each brand in the market and portfolio.

Together, the two modules give companies a broad-based capability to analyze and control their marketing spending at every level of the organization. MSP Catalyst is a software solution that creates a user-friendly environment for marketers; it allows them to do their daily jobs with all the

power of data, research, and analytics working in the background and supporting the decisions. But it is more than just a software tool. MSP Catalyst enables workflow management for the company and its partner agencies, and bundles all of the necessary components into one capability that is scalable and sustainable.

Strategic Module. The strategic module supports marketing resource allocation decisions. IT can be configured according to any company's particular needs, such as allocating a global or regional marketing budget across countries, products, or brands.

This module combines relevant company data (such as sales volume, revenue, profit, share of market, share of voice, relative pricing, and distribution) with market research results (category trends, consumer demand trends, and brand health data) and analytics outputs (return on marketing investment within the units of allocation estimated by econometrics, digital attribution, AB testing, and ad-hoc research).

The user sets the business constraints, such as strategic investment choices that override allocation rules, contractual obligations, or innovations that are ring-fenced. The user can also configure the decision rules, boundaries, and weights governing the relative impact of each lens.

Tactical Module. The tactical module can be used by both strategic decision makers and brand teams in each market. This module covers the entire planning scope, from the role of brands in the portfolio to individual market activities. It supports the design of a brand's marketing plan with instant estimates of impact on sales, profit, and ROI. It helps brand managers to track sales during the execution year and, based on real-time results, estimate sales performance for the remainder of the year.

The tactical module is key to fostering a culture shift in brand teams and their work with agencies. It puts the ownership of marketing plans squarely on brand teams by providing them full visibility and planning capabilities for each brand, including media, below-the-line activities, and in-store and point of sale activities. The module links all marketing planning decisions directly and instantly to business outcomes. It enables teams to explore a wide range of possible planning decisions and understand the sensitivity of each decision. Marketing Catalyst reveals the best decisions and trade-offs to boost overall performance.

High Impact In a Hurry

Marketing Catalyst can have a quick and significant impact. One CPG company rolled out the platform across 60 markets in less than 12 months. The company estimates that in its first year, Marketing Catalyst will generate an incremental profit impact equivalent to more than 5% of the global marketing budget from accelerated top-line growth. It expects similar levels of growth in the years ahead. Equally important, Marketing Catalyst is leading a culture shift. Brand teams are taking a more analytical and fact-based approach to decision making, and feeling greater ownership of their decisions and the results they can generate.

Marketing Catalyst has a proven value creation track record. The highly secure platform is built on cloud-hosted, enterprise-grade technology and can be employed in multiple industries, including consumer goods, retail, telecommunications, automotive, and travel. A dedicated BCG team supports implementation and execution, from requirement diagnostics and client process realignment to solution deployment and long-term maintenance. If you feel like the time is right for your company to take its marketing ROI to the next level, we'd love to hear from you.

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