

# THOUGHT LEADER FORUM: ROI—FAD OR WAY OF LIFE?

*KNOW* asked some of today's notable marketing and media experts to respond to the following question: "Is today's focus on ROI a fad or a true change of mindset?" Here is what they told us...

## **RON CAPPELLO**

Chief Executive Officer, Infinia Group

In my view, ROI has become a way of life, but like life, there are many different ways of living. The fear that most marketers have is that if they focus more on ROI, they will be asked to wear green eye shades and drift closer to being accountants. This fear is misplaced because even in marketing, what gets measured gets done, and discipline has never been the enemy of creativity.

In fact, some of the more creative and effective marketing efforts are those that leverage the web and other measurable technologies, and represent the most creative and effective forms of marketing and relationship building. So, in a sense the reality of ROI has caught up with the buzz and promise of ROI. Today almost anything can be measured; few print ads don't contain some form of response mechanism to measure the degree the ad is connecting with consumers.

The next challenge in marketing measurement will be to move beyond return on investment—to "return on involvement." This will become necessary as the cost of gaining new customers becomes higher and higher—increasing the value of existing customers, where holding on to existing customers and really understanding their needs will become one of the primary roles of any successful marketer. Marketing measurements matter—but, in the end, the execution of creative and innovative ideas matters more.

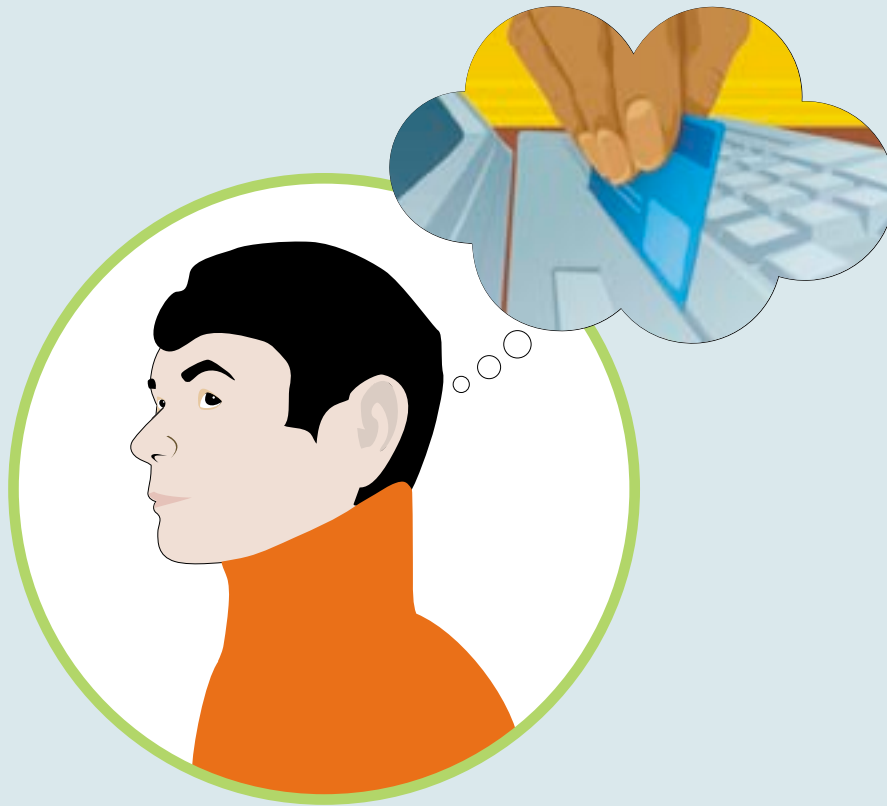
## **MARK LEITER**

Chairman, Leiter & Company

Measuring the ROI of marketing programs is absolutely here to stay, and offers both dark and bright sides for the discipline's future.

On the dark side, by shifting our attention to relentless measurement we implicitly reduce the value we place on artistry and creativity in corporate marketing. Steve Jobs at Apple, Richard Branson at Virgin, and Enzo Ferrari at Ferrari all created truly distinctive brands by following their nose, not numbers. Today's performance microscope only alienates such talent, and therefore large companies will become even more dependent on outsiders for bold innovation. Is this what corporate CEOs really want as an outcome from their pervasive "Six-Sigmatization" of the enterprise?

On the bright side, ask a Chief Marketing Officer to explain how a \$200 million marketing budget will drive economic value and you will unleash a vigorous debate around objectives. There can be no robust ROI measurement until you crisply define "success," and this leads team members to question basic assumptions for how to invest scarce time and money. In fact, marketing teams often end up shifting around 25% to 50% of their activities once they have had these passionate debates. While teams will ultimately install the right metrics and scorecards, they can instantly capture tremendous value before conducting a single ROI measurement simply because the marketing organization finally had the permission to have the right fundamental debates.



## JOE MANDESE

Editor-in-Chief, Media magazine

In the 25 years or so that I have been writing about media, people have always been asking to know more about ROI. But media has gotten more complicated and fragmented and cluttered, and advertisers are less clear on where and when it's working—so they are asking their stakeholders for better proof of value. In the days of six or seven TV networks and four or five major magazines, people knew that advertising worked; they could see a direct line between a given campaign and changes in market share. Now the stakes are higher, and the margins of success have gotten smaller; together, those factors are forcing marketers to ask for more proof.

One danger is that the industry is getting caught up in the seductiveness of black boxes, of “science,”

because they seem to assume this stuff is 100% accurate. In the end, it's still just a regression model of what we think people did based on certain data. It's only as good as the data it's based on.

One of my biggest concerns is that advertisers and media companies alike are getting caught up in short-term thinking. Some of the greatest brands and greatest equities have been based on longterm investments; now there is almost a compulsion about quick results. Pete Seeley, former head of marketing for Coca-Cola, once said that about half of the Coca Cola brand value is intangible – goodwill, happy memories, and familiarity. How will those brands be built if we are willing only to spend on what pays back immediately?