

OPTIMIZING YOUR DIGITAL SPEND

How much is enough?

With consumers connecting more and more to the net, there has been a constant debate as to why marketers are not investing more in online. We were curious too, so in a detailed study with 102 regional marketing decision makers late last year, we asked them – what is their biggest barrier? Some of the answers surprised us.

While 40% of respondents cited both a lack of knowledge on their side and a lack of knowledge with their main agency partner as a reason, these were overshadowed by 44% of marketers mentioning a lack of ROI. And this, with the medium where every click, impression and pathway leaves a trail. Both sides have a lot of work to do to close this gap.

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With this in mind, we believe there's some important steps marketers should go through to optimize their investment.

1. Start with your customer – and how they consume the media.

It's a fallacy to say all marketers are under-investing in digital as it depends on the marketer and their customers. Microsoft and Intel, for example, were quick to apportion more than half their spend online in a number of markets, and are reaping the rewards. Likewise, Coca-Cola announced last month they would stop building campaign microsites globally – and focus instead on social media for this type of messaging – again because of insights for their youth target and what they are doing online. As in all great marketing endeavours – the customer is king, and understanding how digital works

2. Find a partner, not a concubine

We're also helping several marketers right now identify more strategic digital agency partners – and it's this trend that can actually overcome all three of the objections above. While it's tempting to test out different agencies on projects, you will get a far better return by running a rigorous review to find a true partner, and then leveraging their strategic talent on a long term basis – with the usual set of checks and balances in place for risk and reward. In this way, you'll get better attention from agency senior management and better insights and long term plans, not quick fixes.

3. Digital is not just a percent of media spend

It seems everyone in the industry is obsessed with this line of debate right now – should I be spending 10%? 20%? Where is the right balance? For some of this, you can rely on your media agency and their analysis, but the truth is, you need a more over-arching digital strategy than just as a percent of media. Firstly, in terms of word of mouth, the medium is unmatched. In terms of corporate communications, there's significant potential for reputation management. Most loyalty programs are also now digitally led. The real question is not looking at your spend as a percent of media, but rather, is your business as a core philosophy truly aligned on digital principles? Digital is a way of life, not just a media plan.

4. Sales is no more the metric for digital than it is for TV

From our research, there's still clearly a lot of pushback in terms of ROI by marketers. It makes us wonder how much money would actually get spent in the TV medium if the only core metric was sales. Again, the critical thing here is to establish the *right metrics*, and build enhanced measurement tools over time. It's easy, for example, to set up pre and post online research with exposed consumers, and measure the impact as specific campaign has had on brand understanding and brand health. There are also plenty of general campaign metrics that can be benchmarked and analyzed over time. In the long run, sales will of course be a critical result of any marketing work, but it's important to evaluate each activity on its merits, rather than just on imagination.

One over-arching thing in all of this is training. Training within the digital agency to keep abreast of the technology. Training with the marketers to get better insights and knowledge – and training by the digital agency with the other agency partners (creative, media and PR agencies) to lower the barrier and fear factor to their role. The best marketers and their partners are doing this already. Are you?

Greg Paull is Principal of R3 (www.rthree.com), a global marketing consultancy with its heart in Asia, working with eight of the world's top twenty brands