Tackling Complexity with Marketing Catalyst

Operationalizing analytics to meet the modern marketing challenge

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For the CMOs of multinational enterprises, there's no question that 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. But tracking the broad range of brands, markets, and channels isn't easy. A global company today may maintain dozens of 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, while others are mature and still others require special nurturing. Keeping up with all of them is expensive, time-consuming work involving thousands of decisions.

BCG's Marketing Catalyst solution simplifies and rationalizes a lot of that work, making it easier for the CMO to see at a glance which programs deserve more support and whether the entire portfolio is fully optimized. In this paper, we will review the roots and consequences of this complexity and review how Marketing Catalyst works.

DATA COMPLEXITY AND ANALYTICAL INADEQUACY

Most marketing organizations are awash with data from diverse sources. This rich source of data can be used to inform multiple analytics approaches that can generate powerful insights. Yet the task of cleaning and analyzing data and then using the insights still eludes most companies, limiting the value of all the analysis produced. Getting this step right is the key problem the new Marketing Catalyst is well-positioned to solve.

Looking back over the last 30 years, we can clearly see that the first wave of analytics was commissioned by early adopter clients as interesting research for use in a small number of major markets. As the use of analytics spread over the last 15 years or so, we entered the second wave, which broadened the use of analytics across multiple markets and brands around the world. However, as in the first-generation marketing analytics, the output was typically not integrated with the rest of the marketers' arsenal, and acting on these insights was not easy. Until the analytics can be placed into the hands of the marketers, where they can be used easily day in and day out, the models and their valuable insights will not be realized.

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But we thought we could do better. As digital and big-data technologies kept growing, we asked ourselves: why can't technology solve the problem? Could we build and deploy a customizable solution that would 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 solution help marketers allocate their budget over dozens of brands in 100 countries – taking into account the future trajectories of product categories, consumer trends, distribution changes, price premiums, brand health status, ROI, competitive pressures, and brand share momentum and profitability?

It was a tall order. Such a solution 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, adjusting the priority between short-term sales growth and long-term brand health, for example. It would need to have a capability that allowed the marketer to over- or under-prioritize different consumer segments or demand occasions in order to find the right balance between brand share gain and profit delivery. This capability would also have to be "live," with the underlying data continuously ingested, cleaned, and structured for immediate use. If all these elements could be put together, housed in the cloud, and accessed by anyone, it would be a true game changer – and give rise to the third wave of analytics: fully operational insights.

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MARKETING CATALYST BY BCG

BCG has built this solution. Drawing on our years of experience working with clients on their marketing challenges, we have harnessed data, software, and analytical approaches to create a marketing decision support capability customizable for each client: Marketing Catalyst. It gives every user access to the same data structured in the same way. This common toolkit, along with a quick, flexible, and straightforward approach to optimizing budget allocation, makes it easy to improve your marketing mix, campaign planning, and digital marketing activities. The solution can be customized to include:

- **Strategic allocation** – Helps determine the best investment of marketing resources across markets and brands.

- **Tactical allocation** – Helps build the most effective marketing plans for short- and long-term brand growth and profit generation, depending on each brand's role in the market and portfolio.

- **Digital campaign tracking** – Monitors all digital spending and tracks the execution of digital media buying and compliance with best practices.

These three components of the Marketing Catalyst solution give companies, based on their needs, a broad-based capability to analyze and control their marketing spending at every level of the organization. Marketing Catalyst 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. Marketing Catalyst also enables workflow management for the company and its partner agencies, and bundles all of the necessary components into one scalable and sustainable capability.

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Strategic allocation. Strategic allocation supports marketing resource investment 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.

The strategic features allow users to:

- Combine 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).

- Set the business constraints, such as strategic investment choices that override allocation rules, contractual obligations, or innovations that are ring-fenced.

- Configure the decision rules, boundaries, and weights governing the relative impact of each lens.

Tactical allocation. Tactical allocation can be used by strategic decision makers, brand teams and external agencies in each market. It can cover the entire planning scope, from the role of brands in the portfolio to individual market activities, and play a key role in fostering a culture shift in brand teams and how they work with agencies.

The tactical features can:

- Support the design of a brand's marketing plan with instant estimates of impact on sales, profit, and ROI. This helps brand managers track sales during the execution year and calculate a sales performance estimate, using real-time results, for the remainder of the year.

- Give brand teams full ownership of marketing plans by providing them complete visibility and planning capabilities for each brand, including media, below-the-line activities, and in-store and point-of-sale activities.

- Link all marketing planning decisions directly and instantly to business outcomes, providing a single version of the plan that all stakeholders can work on.

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Digital campaign tracking. Digital campaign tracking enables leadership teams, digital marketing practitioners, and agency partners to track and measure the performance of all their digital campaigns in one place.

The digital features can:

- Monitor the day-to-day performance of live campaigns, identify optimization opportunities, and enable real-time course correction by flagging KPIs and breaches in digital best practice compliance.

- Provide actionable recommendations to marketing strategists – shared directly with your agency partners, if you choose – making it possible to react and adjust

campaigns in real time across all channels, markets and brands. It also encourages test-and-learn initiatives at scale, allowing marketers to flag and track tactical campaign changes to drive incremental improvements in financial performance.

- Deliver full transparency and consistent measurement of your complete digital performance. It consistently measures the costs of different markets, channels, and strategies and how they are being managed over time – providing an overview that lets executives measure and understand current and long-term performance.

The upshot? As the chart below suggests, Marketing Catalyst can have a rapid and significant impact on your performance.

3%–8%	5%–15%	25%–30%	30%
REVENUE INCREASE	PROFIT INCREASE	EFFICIENCY SAVINGS ON DIGITAL SPENDING	EFFECTIVENESS IMPROVEMENT IN DIGITAL SPENDING

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Whether you are trying to make a decision about tactics for tomorrow or your strategy to meet your six-month sales goals, Marketing Catalyst can help.

CONCLUSION: CATCH THE WAVE

For four years now, Marketing Catalyst has been helping companies capitalize on the third wave of analytics to extract more value from their marketing activities. Marketing Catalyst integrates its findings into your marketing processes, making them fully operational. For the first time, brand teams can take a directly analytical and fact-based approach to all

their decisions, acting from a deeper understanding of the stakes and trade-offs that each investment represents for the company as a whole, and with a greater sense of ownership. Whether you are trying to make a decision about tactics for tomorrow or your strategy to meet your six-month sales goals, Marketing Catalyst can help.

Our highly secure solution is built on cloud-hosted, enterprise-grade technology and can be employed in multiple B2C industries, including consumer goods, retail, telecommunications, automotive, and travel. A dedicated BCG team supports implementation from process realignment to solution deployment and long-term maintenance. If the time is right for your company to take its marketing ROI to the next level, we'd love to hear from you.
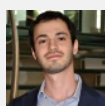
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