

Marketing Management Control: Ensuring Marketing Effectiveness and Efficiency

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Marketing management control is defined as ensuring the effectiveness and efficiency of market-oriented corporate management; the methods and instruments of this function are presented in overview. The challenges that marketing management control faces and the different approaches to establishing adequate marketing management control in these organizations are elaborated in detail. The article aims to enable marketing executives to develop a step-by-step plan to ensure the "return on marketing" in their company and enhance their marketing performance.

1 Fundamentals

1.1 Marketing management control as ensuring the effectiveness and efficiency of marketing

For many companies, marketing is an area with high investment amounts, which is why the question of measurability is highly relevant (Rust et al. 2004, Mintz/Currim 2013, Hanssens/Pauwels 2016). Marketing management control is a standard interface between two areas of business administration, which have an ambivalent relationship with each other - marketing and management control. On the one hand, they are characterized as twin sisters because both are overarching concepts that should not be the privilege of individual experts (Deyhle 1988, p. 15). On the other hand, a natural conflict of goals and interests is expressed when marketing is seen as "management from the market" and management control as "management from the result".

However, Horváth (1985, p. 13) underlines an essential, generally accepted difference between marketing and management control: marketing as a direct management task includes decision-making, whereas management control "merely" performs a decision-supporting task.

However, marketing management control should by no means be equated with accounting in marketing, even if the latter is an essential source of information. Rather, the function of marketing management control is to ensure the effectiveness (efficacy) and efficiency (profitability) of market-oriented corporate management (Reinecke/Janz 2007, pp. 38).

Without going into conceptual discussions in detail here (see Lasslop 2003, p. 8 ff. and Bonoma/Clark 1988), effectiveness and efficiency are understood as follows (Fig. 1): Effectiveness in the broader sense refers to the efficacy and thus the output of an activity: Are predefined goals achieved? Effectiveness in

the narrower sense defines the degree of effectiveness: Is the objective achievement above a previously formulated target level? Efficiency refers to the relative degree of the impact: A measure is efficient if, for an output/input ratio, there is no other measure that achieves a better ratio (whereby the ratio must be at least 1).

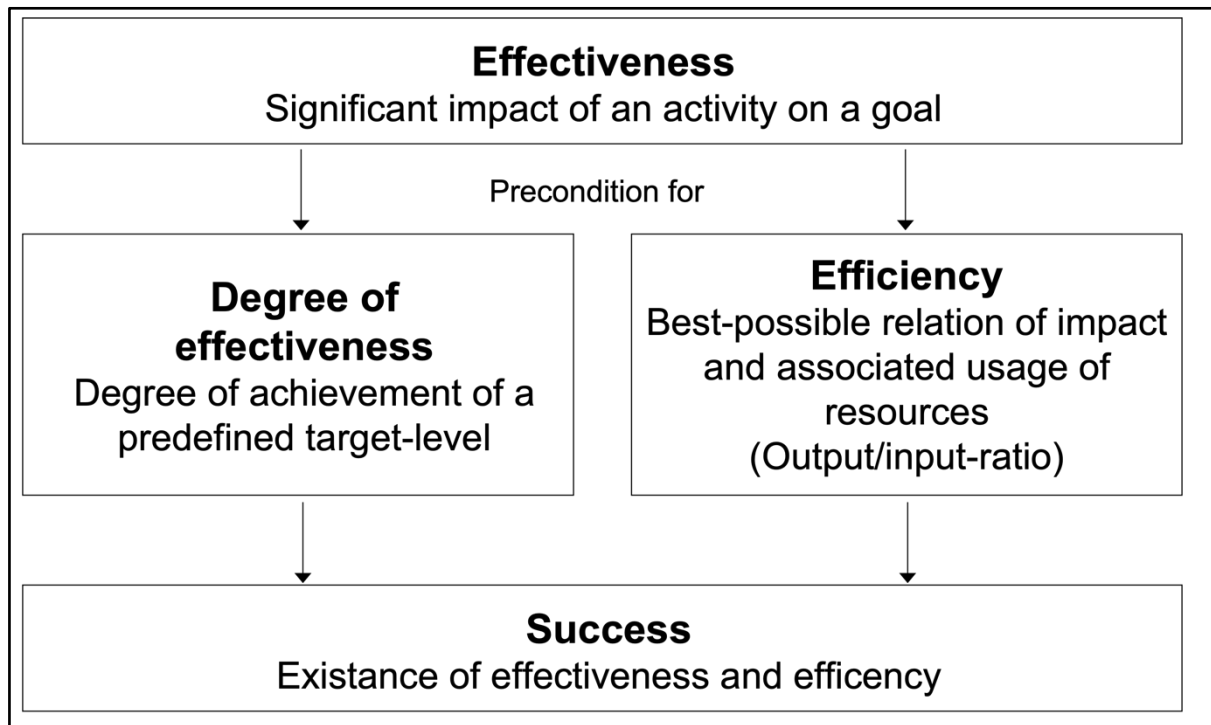


Fig. 1: Relationship between effectiveness, efficiency, and success
(Source: Reinecke/Janz 2007, p. 39, based on Lasslop 2003, p. 12.)

Marketing is used below as a generic term that includes sales as a sub-instrument – in this respect, marketing management control also entails sales control.

Marketing management control instruments are those methods and procedures used to ensure the effectiveness and efficiency of market-oriented corporate management; methods and techniques are therefore not controlling instruments by nature, but by their use (Schäffer/Weber 2004, p. 464).

Fig. 2 presents selected examples of marketing management control application areas. Numerous instruments can be used simultaneously for information supply, planning, and marketing control.

Support of strategic marketing planning & strategic monitoring	Support of operational marketing planning & operational marketing control	Cross-management coordination tasks
• Early warning/detection/awareness systems • Industry structure analyses • Strengths/weaknesses profiles, benchmarking • Portfolios (e.g., concerning business units, customers,	• Supply of information from market research, salesforce reports, sales statistics, marketing analytics, and accounting (e.g., customer satisfaction studies, contribution margin calculations) • Information on the planning and coordination of the marketing mix	• Design of key performance indicator systems for marketing and sales • Design of incentive and commission systems • Target costing • Analysis, planning, and control of

Support of strategic marketing planning & strategic monitoring	Support of operational marketing planning & operational marketing control	Cross-management coordination tasks
innovations, brands, product range) • Segmentation, image, and positioning studies • Customer & brand value calculations, brand strength analyses • Investment accounting • Long-term budgeting • Audit methods/-checklists • Control of core tasks in marketing (customer acquisition & retention, performance innovation & maintenance).	• Customer journey and sales funnel analyses • Short-term budgeting • Control of the marketing mix and tools: ▪ Product management ▪ Pricing ▪ Promotion, advertising & communication, social media management ▪ Sales and distribution • Management result and variance analyses • Complaint analysis	marketing and sales projects (e.g., revision of the brand portfolio) • Analysis, planning, and monitoring of marketing and sales cooperation • Knowledge management in marketing and sales (e.g., moderation of experience exchange, database with learning experiences)

Fig. 2: Selected methods and instruments of marketing management control
(Source: own representation closely based on *Reinecke/Janz* 2007, p. 56, building on *Köhler* 2006.)

1.2 Further reading

Topic	Literature	Remark
Basics	<i>Steward, D. W./Gugel, C. T. (2016) (ed.): Accountable Marketing, Linking Marketing Actions to Financial Performance, Exeter (UK).</i>	General basic work
	<i>Bauer, T. et al. (2016): Marketing Performance - How Marketers Drive Profitable Growth, New York.</i>	Practice-oriented basic work
	<i>Hanssens, D. M./Pauwels, K. H. (2016): Demonstrating the Value of Marketing, in: Journal of Marketing, Vol. 80, 6, pp. 173-190.</i>	Overview of the current state of research
Marketing metrics	<i>Bendle, N./Farris, P./Pfeifer, P./Reibstein, D. (2020): Marketing Metrics: The Manager's Guide to Measuring Marketing Performance, 4th edition, Upper Saddle River (NJ).</i>	Essential work on marketing metrics
Marketing dashboard	<i>Reinecke, S./Geis, G. (2020): Kennzahlensysteme in Marketing & Verkauf: Gütekriterien, Grundprinzipien, Implementierung, in Zerres, C. (ed.): Handbuch Marketing-Controlling, 5th edition, Wiesbaden.</i>	Conception of performance measurement systems in marketing & sales

2 Bottlenecks of marketing management control

Selected bottlenecks in marketing management control and their causes are explained in detail below.

2.1 Sales-oriented marketing management control: all or nothing

Everyone knows the quote attributed to the famous American retailer *John Wanamaker*: "Half the money I spend on advertising is wasted. Unfortunately, I don't know which half it is." Even though the methods and instruments of marketing management control shown in Fig. 2 have indeed significantly increased both effectiveness and efficiency in the meantime, there remains a great need for action even in highly professional companies despite all the investments in marketing management control and market research.

In many companies, marketing effectiveness and efficiency measurement is still dominated by growth variables, especially sales and market share (*Reinecke/Eberharter* 2010; *Reinecke* 2019). Although sales are generally effortless to measure, they are not suitable as the sole measure for assessing marketing effectiveness and efficiency, primarily because sales only measure growth, but not the other two central corporate goals of profitability and risk avoidance (*Diller* 2001, p. 6). As *Doyle* (2000, p. 300) aptly put it, "Chasing profitless growth has been one of the most common sources of corporate failure." Moreover, sales are a global parameter that is influenced by all marketing instruments and thus does not allow any conclusions to be drawn about the impact of individual marketing measures.

In many companies, thinking in terms of transparent cause-and-effect relationships dominates. This also leads to "simple" questions about the exact impact contribution of individual marketing measures: "What additional sales does a communications campaign generate?" or "Did we do more business by participating in a trade show?"

In most companies, operational marketing and even more so advertising measures certainly have a particular influence on sales and revenue, but rarely in isolation. The following challenges arise (Fig. 3):

- *Interdependence effects*: A marketing measure for a product has both positive and negative impacts on sales of complementary and substitute goods from the same supplier.
- *Transmission effects*: The effect of a single communication measure (for example, a trade show) depends on the other marketing instruments (for example, the degree of innovation of the products and the pricing). Advertising alone does not sell; even a trade show is hardly sufficient for this.
- *Carry-over effects*: Brand-building communication, in particular, is often only reflected in sales and revenue in later periods. Due to the length of the purchasing process for industrial goods (for example, in the investment business), several years can pass between the initial phase with trade fair contact and the subsequent order.
- *Incorrect or unsuitable metrics*: Sales are only partly attributable to marketing and communications; other influences such as the state of the economy, whether or current exchange rates can have a much more significant impact, at least in the short term.
- *Lack of consideration of moderating variables*: Competitive intensity and, for example, technology, innovation, and investment cycles are factors that significantly influence the impact of marketing measures.

Since even the most professional marketing management control is not able to prove the exact cause-effect relationship with mathematical precision, this often leads to a specific reactance: certain investments are required for appropriate marketing management control (rule of thumb: 3 to 5 % of the budget to be controlled) without it delivering precise results – in which case it is better to do without it all together (*Homburg/Jensen* 2007).

In principle, marketing management control fulfills two functions in companies: on the one hand, it justifies investments and budgets to top management, and on the other, it serves a learning function. Even though the learning function in the sense of a proper control loop should be at the center, the justification function usually dominates - with a particular focus on growth targets (sales and revenue) instead of profitability targets.

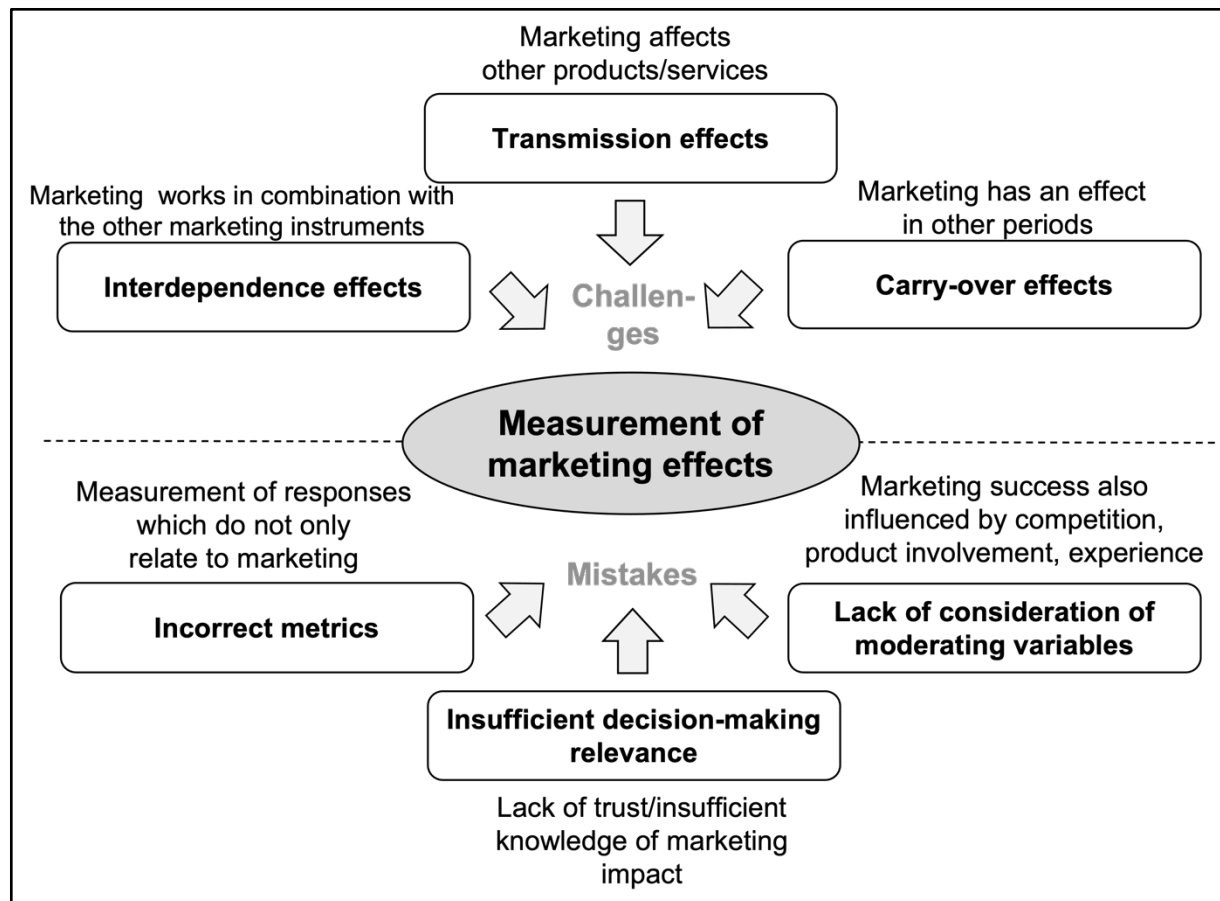


Fig. 3: Problems and errors in marketing measurement

(Source: own representation closely based on Reinecke/Janz 2007, p. 235, Behrends 1996, p. 153, and Janßen 1999.)

2.2 Organizational fragmentation

Marketing and sales ("distribution") are functionally separated in many companies. Collaboration is also often not without conflict (Homburg/Jensen 2007): Training, proximity to customers, internationality of orientation, centrality of activity, time horizon of measures, career orientation, and length of stay in the respective position vary greatly.

Marketing should neither be a pure staff department of sales – nor should sales be seen exclusively as an executing instance of marketing. Common goal orientation is necessary to implement the first approaches of marketing and sales control. If possible, a counterpart should be turned into a partner.

But management monitoring and control is still often equated with pure control, and sales reacts very critically to reporting ordered from headquarters, the meaning of which is not clear to the individual employee. In most companies, marketing management control is doomed to failure without sales involvement. For example, in many CRM systems, sales representatives do not maintain the data or only do so pro forma because the individual salesperson does not recognize any added value or is even afraid of sharing their implicit customer knowledge, thus losing control over the customer relationship.

For example, it does not make sense for a company to develop a sales performance indicator system on the one hand - and introduce a separate marketing scorecard on the other.

Instead, it is necessary to implement an integrated marketing and sales metrics system that allows for different user-appropriate perspectives (see Reinecke 2004 and Reinecke/Geis 2020).

However, collaboration within marketing is also characterized by increasing fragmentation in many companies. For example, action-oriented online marketing (websites, social media platforms, email campaigns) and "classic" brand management (brand presence, image advertising, out-of-home communication) are often divided into two sub-departments: The culture, mindset, and planning

processes are very different, which often leads to challenges in collaboration. However, since almost all marketing campaigns today require a combination of online and offline measures, it is necessary to define integrated goals for controlling and optimizing the measures. Media-specific control alone is hardly helpful.

2.3 Lack of know-how and unclear responsibility for controllership

Marketing management control has a certain commonality with other quality assurance measures such as complaint management: Both are considered essential, and a central need for action is recognized but are not consistently implemented in corporate reality because they fall "between the areas of responsibility". Complaint management could theoretically be the responsibility of quality management, customer service, internal sales, field sales, marketing, or corporate development departments, but for "internal political" reasons, no one often assumes responsibility (fear of competence disputes, high workload with low profiling potential).

The same is often the case with marketing management control: On the one hand, the finance & accounting department could be responsible for this – and increasingly it is also stimulating projects (*Reinecke* 2006 in detail). Unfortunately, these financial impulses are often associated with insufficient knowledge of marketing and sales contexts. Thus, financial managers like to demand the collection of the key figure "return on marketing" without defining it precisely (What does marketing stand for? For advertising, for communication, for sales, or market-oriented corporate management? Does "return" refer to sales, revenue, contribution margin or cash flow?) Also, key figures are often formed that reflect inappropriate cause-effect relationships or one-sided efficiency considerations. For example, a "return on marketing" can be maximized by minimizing marketing investment – thus optimizing efficiency at the expense of effectiveness. Some indicators do not have sufficient relevance to action: For example, it is not helpful to show customer satisfaction as an index in the balanced scorecard of a large, diversified stock corporation because this aggregated indicator will probably never change significantly due to the many influencing factors and therefore conveys hardly any information. (At the business unit level, however, this indicator may well be relevant for action) (see *Siegwart/Reinecke/Sander* 2010 for detailed information on key figures).

Just as financial experts often lack marketing knowledge, marketing executives do not have sufficient expertise in finance & accounting. The lack of "financial literacy" leads to fear of contact and communication barriers with the finance department.

Marketing management control ultimately supports the decision-making of marketing and sales management - which is why it is generally advisable to assign marketing and sales control to the marketing department, albeit in close coordination with the finance/accounting department (*Köhler* 2006, pp. 55).

Close coordination is also required in marketing accounting, for example, when defining common cost types in cost accounting. It is not helpful, for instance, if the accounting department specifies cost types such as printing costs, but the marketing department requires campaign costs differentiated according to creation and placement.

An additional challenge in many marketing departments is the rapid change of positions or personnel. If, for example, a marketing specialist is responsible for a company's trade show appearance, but this trade show only takes place every two years, it is highly likely that the person will only have overall responsibility for the trade show once or twice at the most, because after that he or she will usually already have a new function in the company. However, without personnel continuity, it is tough to implement learning processes – know-how deficits are reflected in control because this is perceived as a freestyle rather than a duty (see *Reinecke* 2014).

2.4 Lack of trust in market research

Market research is often equated with "standardized surveys" – and due to prejudices, these are usually considered expensive, unreliable, and contradictory. Since the customer does not know what he wants anyway, the rationale often is to better neglect market research altogether.

Even if criticism of traditional standardized surveys is often justified, this should not tempt marketers to dispense with market research altogether. The customer almost always compares an offer with that of

the competition. Thus, competitive market research is an essential part of the company's information supply because otherwise, the customer is better informed than the supplier itself. Companies like Dell, for example, invest heavily in price market research to have as accurate an overview as possible of regional market prices – an essential prerequisite for professional price management.

Information about customers, competitors, sales agents, sales assistants, and market and technology trends is an indispensable basis for professional marketing. As a rule, it makes sense not only to measure (click) behavior but also to survey its causes and associated attitudes (*Reinecke/Wortmann* 2018). Marketing management control without market research is just as impossible as without accounting: If you want to record and understand the effect of marketing tools such as trade shows, social media, personal selling, direct marketing, or advertising, market research is necessary.

But the classic Pareto principle also applies to market research: with 20 % of the resources, 80 % of the results can usually be achieved. However, this 20 % must then be invested intelligently. Especially for small and medium-sized companies with small numbers of customers, qualitative market research (for example, focus groups or semi-structured personal interviews), observations, and experiments should be prioritized in the market research mix.

2.5 Insufficiently differentiated marketing planning

Peter Drucker is credited with the quote, "What you measure is what you get." And marketing often does not seem to be truly measurable. However, this challenge is not caused by insufficient marketing management control but rather by inadequate marketing planning. One of the significant marketing problems, and thus of assessing marketing performance, is that objectives are not clearly defined, let alone operationalized. Suppose there is no clear objective for overall marketing and no precise target systems for individual instruments such as trade show appearances or product brochures. In that case, it is not possible to measure success, even with a high level of resources for market research and marketing accounting. *Wild* summarized this as early as 1974: "Planning without control is (...) pointless, control without planning, on the other hand, is impossible."

Therefore, it is necessary for marketing not only to pursue overall sales targets but also to set more differentiated goals, for example: Which marketing goals are to be achieved with a specific key account in the next year? What customer acquisition, customer loyalty, and possibly even market research goals are to be pursued with the following trade exhibition? How many percentage points, for example, should the aided awareness of brand X be increased in the next two years among target group Y in country Z? These goals must be precisely operationalized in advance so that it is also possible to measure them later.

The key challenge in marketing management control is, therefore, not the measurement process itself but the differentiated and operationalized objective: marketing management control begins with marketing planning.

3 Implementation of marketing management control

There is the possibility of a "greenfield" approach in many companies due to the relatively low level of implementation of marketing management control. On the other hand, due to the enormous variety of instruments and functions of marketing management control, there is a risk of losing the overview and getting bogged down.

Based on the author's experience in supporting numerous corporate projects in marketing management control, three approaches are recommended below as to how marketing management control can be implemented step by step (see *Reinecke* 2015, *Reinecke* 2019):

- *Instrumental approach*: This more traditional approach is based on the classic marketing mix. Based on the budget allocation, one focuses on the most relevant marketing expenditures and strives for optimization.
- *Holistic approach*: This involves conducting a holistic marketing audit to identify strengths and weaknesses in market-oriented corporate management systematically. The most important starting

points are then analyzed to eliminate weaknesses and build on pronounced strengths in a competitive comparison.

- *Metric-based approach:* In this approach, one focuses on the most critical aspects of a company's or business unit's marketing strategy; these are then operationalized with the help of a structured system of suitable indicators. Such a cockpit approach helps to link marketing planning with marketing management control.

3.1 Instrumental approach: Optimization of marketing instruments

This more traditional approach is based on the classic Pareto or 80:20 principle. Based on the budget distribution, the focus is on those few marketing instruments (approx. 20 %) which cause the highest marketing expenditure (approx. 80 %) (e.g., image advertising, content marketing, web search, or trade exhibitions). These are initially examined individually with the help of instrument-specific checklists concerning effectiveness and efficiency (see *Reinecke/Janz* 2007 for the typical marketing instruments), which essentially scrutinize the following aspects:

- Are the objectives of the respective marketing instrument, for example, sponsoring, clearly defined and measurably operationalized (target and addressee group, content orientation/message and tonality, monetary objectives such as sales/recovery contribution, non-monetary objectives such as brand awareness, brand sympathy and knowledge of the brand message)?
- Is the message unique, relevant, and understandable to the target audience(s)?
- Is the operational execution of the instrument exemplary (assessing consistency, degree of innovation, and craftsmanship)? Have the socio-technical fundamentals been taken into account?
- Is the achievement of objectives adequately measured and reviewed?
- How has instrument efficiency (output/input, e.g., cost per qualified contact) developed, and how does it compare to the other marketing instruments?
- Are learning processes for the future design of the respective marketing instrument initiated with the help of the instrument control?

The Swiss advertiser *Frank Bodin* developed a simple 3-question check to test the effectiveness of classic communication:

1. *Does it make sense?* (Fit with communication or marketing strategy? Comprehensibility?)
2. *Does it move people & the brand?* (Creativity? Fresh idea? Talk of the community?)
3. *Is it exemplary?* (Excellent execution? New standard? Ethics?)

In addition to the instrument-specific aspects, the effects of the entire marketing mix must then also be scrutinized, for example:

- Do the instrumental targets cover the objectives and target groups defined in the marketing concept (keyword: buying center, i.e., all parties involved in the purchasing decision)?
- Are the intended instrumental effects synchronized in time and harmonized in content?
- Are the right priorities being set? Can synergies be exploited between the marketing instruments?

Bauer et al. (2016, pp. 94) show how econometric models can optimize the marketing mix if a company has a sufficient database, for example, for fast-moving consumer goods.

Such an instrumental approach to the introduction of marketing management control is undoubtedly a first step toward triggering learning processes in marketing. However, this approach is primarily aimed at optimizing the instruments – the fundamental orientation of marketing is less questioned. This approach is also not sufficient to explain and "justify" the size of the overall marketing budget. It requires a more holistic approach, which is described below.

3.2 Holistic approach: marketing audit

Preventive medical checkups have proven their worth. However, such precautionary checks are hardly typical in marketing. Yet, just as with medical checkups, the objective advantages are apparent: Especially for an area as dynamic as marketing, it makes sense from time to time to ask ourselves the fundamental question: Are our marketing and sales measures effective and efficient?

The most frequent reason for a marketing audit is undoubtedly a change in top management or marketing or sales management. However, other external causes such as takeovers, mergers, and cooperation can also lead to a critical examination of the overall effectiveness of previous marketing and sales efforts. Furthermore, benchmarking, total quality management, certification, or rationalization programs initiated by corporate headquarters can lead to a marketing audit.

Following *Kotler/Keller (2012)*, a marketing audit can be defined as a comprehensive, systematic, non-directional, regular examination of the marketing environment, objectives, strategies, marketing processes, organization, and measures of a strategic business unit (Fig. 3). Its purpose is to uncover challenges and opportunities and draw up an action plan to improve marketing performance (see checklist in Fig. 3). The individual features of such an audit will be briefly explained below:

Customer orientation • Need orientation (priority) • Market segmentation (intensity of use) • Marketing system perspective regarding customers, channels, competitors, environment (given - not given) Adequate marketing information • Use of market research (frequency and intensity) • Knowledge of sales potential and profitability of different market segments, products, and channels as well as assessment of risks (quality) • Effectiveness checks on the various marketing measures (frequency and intensity, use for learning processes) Strategic orientation • Formal anchoring of marketing planning to ensure systematics, decisions, and communication (scope of use) • Marketing strategy: relevant differentiation from the competition (quality) • Use of scenario technique and contingency planning (extent).	Operational efficiency • Anchoring/communication/ implementation of the marketing perspective (quality) • Effectiveness of the marketing mix and the marketing resources (degree) • Responsiveness to sudden changes (speed and efficiency) Integrated marketing organization • High level/formal importance of marketing in the organization (possibility of integrated control of essential marketing functions given - not given) • Collaboration between marketing and other functional areas (quality) • Innovation management and product development process (degree of systematic) • Integration of marketing tools, departments, and processes, e.g., between marketing & sales and online/offline marketing (degree of integration)
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Fig. 3: Checklist for assessing the market orientation of corporate strategy,
(Source: own representation based on *Reinecke/Janz 2007*, p. 147, *Kotler 1977*, pp. 67,
and *Kotler/Keller 2012*.)

- A marketing audit is *comprehensive*: A "real" marketing audit must always relate to the general area of marketing & sales. In contrast to marketing accounting, the focus is not primarily on profitability (efficiency) but the effectiveness of the entire marketing mix. For example, an isolated price audit does not achieve its objectives because it is only possible to assess whether pricing strategies, systems, and conditions are appropriate in connection with product management.
- A marketing audit is *systematic*: An audit serves coordinated monitoring and thus requires a specific order. Systematics has three primary effects: relief, completeness, and comparability. Relief because you don't have to reinvent everything and act more efficiently. Completeness, because audit checklists give you the security of not neglecting or even forgetting any central marketing area. Comparability, so that the audit results can be compared over time or with the results of the audit of other business units and thus used for learning processes. *Kotler* has developed questions for checking the market orientation of the entire company and hence marketing effectiveness, which is also suitable as audit instruments (*Kotler/Keller 2012*, see Fig. 3)
- A marketing audit is *not bound by instructions*: While marketing managers, especially in small and medium-sized companies, often have to and can take on many marketing management control tasks themselves, this is hardly possible in a "real" audit. Only the personal independence of the auditor guarantees the necessary critical distance: Who actually questions one's own decisions?
- A marketing audit is carried out *regularly*: A marketing audit should be carried out regularly at longer intervals (three to five years) or at least sporadically. The frequency depends on how dynamic the market is.
- A marketing audit is *strategy-related*: Based on a review of the environment, a comprehensive marketing audit questions both the target system and the selected marketing strategy.
- A marketing audit is *process- and organization-related*: An audit also clarifies whether processes are designed efficiently and whether the selected marketing organization fits the purpose. For example, marketing, sales, and R&D must work together efficiently and not fight each other.
- A marketing audit is *action-oriented*: A doctor does not stop at analysis but makes a diagnosis and recommends a therapy. Although marketing audits initially serve the purpose of monitoring, they should also necessarily include a critical assessment in the sense of a diagnosis. It would even be desirable to derive different therapy proposals, whereby the selection of therapy measures should no longer be the auditor's responsibility under any circumstances but should be reserved exclusively for management. In principle, however, there is an essential difference to medicine: the marketing audit is not only about finding out "health" problems but at the same time also about uncovering market opportunities.

In addition to conducting a marketing audit using a checklist (see Fig. 3), it is also possible to perform a brand audit. This aims to produce the most comprehensive analyses possible of all the factors influencing brand value to obtain information for strategic brand management (see, among others, *Keller 2013*, pp. 324 and *Reinecke/Janz 2007* pp. 154).

The so-called brand purchase funnel (*Braun/Kopka/Tochtermann 2003*, pp. 19, *Riesenbeck/Perrey 2004*, pp. 100 and *Bauer et al. 2016*, pp. 40) is frequently used as a brand audit tool. A brand funnel is a behavior-oriented approach to comparing different brands of a company or competitor brands. It is ultimately based on a classic and the most widespread stage model in practice (despite justified criticism) due to its memorability, the AIDA model (*Ambler 2000*, p. 299). This model is based on the following formula developed by *Lewis* in 1898 (*Töpfer 2005*, pp. 865): communication must first arouse the target group's attention before it can trigger interest in the advertised product or service, and finally, desire and action. The brand funnel divides the process of customer acquisition and retention analogously for each target group segment into the five steps of awareness, interest, trial, preference, and loyalty (Fig. 4).

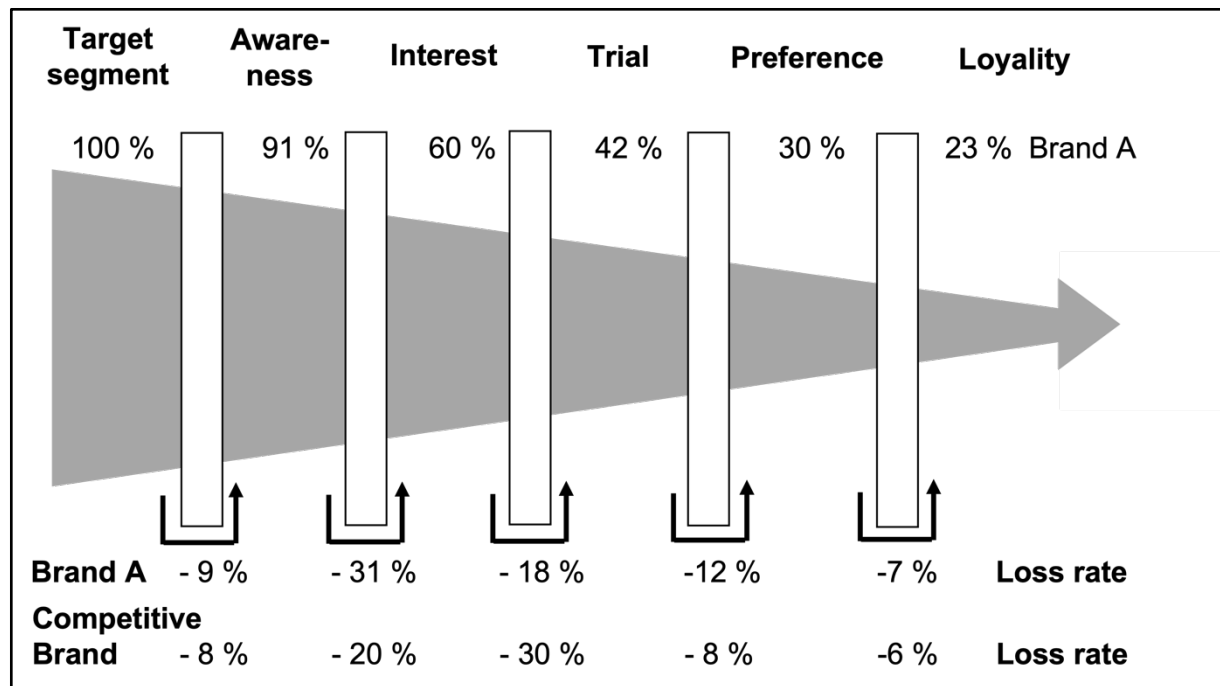


Fig. 4: Brand funnel (Source: Reinecke/Janz 2007, p. 155, based on Braun/Kopka/Tochtermann 2003, pp. 19.)

The funnel visualizes weak points in the customer process: At which point in the benchmarking process does a brand lose particularly many (potential) buyers or customers?

The brand funnel is a simple, effectiveness-oriented tool that strives to provide top management with guidance on using (scarce) marketing resources effectively. Often, the goal is to use a reduced marketing budget more efficiently. However, the use of the brand funnel must be highly differentiated. The following challenges must be taken into account:

- *Expansion of strengths or reduction of weaknesses:* The brand funnel is often interpreted as a defensive instrument. In those areas with deficiencies in the competitive comparison, one should invest to compensate for them. In contrast, one should avoid overinvesting in those stages where one performs relatively well. However, successful strategies are often based on the consistent expansion of relative strengths; this would mean that, if necessary, those levels in which one is already very good in a competitive comparison should be defended or even expanded through targeted investments.
- *Customer segmentation:* An aggregated view based on all customer groups is undifferentiated and can lead to consequential misconceptions. For example, the funnels of the "Millennials" and "Golden Agers" segments can differ dramatically in terms of their strengths and weaknesses. A segment-specific analysis and interpretation are imperative to derive effective, different target group-specific marketing measures. Especially when comparing with the competition, it is essential to note that only the same customer groups should be compared.
- *Undifferentiated AIDA model:* The fundamental problem of the brand funnel is based on the basic assumption of the underlying AIDA model that the various impact stages must be passed through one after the other. This model assumption has been heavily and is no longer upheld today in its original form (Aaker/Day 1974, pp. 281). For example, it must be considered that attitude influences buying behavior unilaterally and that buying behavior also influences attitude the other way around – for example, using the purchased service or a trial purchase. Furthermore, there are impulse purchases, a shortened purchase decision process, or funnel. The newer versions of the brand funnel distinguish between awareness, familiarity, consideration, purchase, and loyalty.
- *Insufficient differentiation by the degree of involvement:* Consumer involvement is the degree of inner participation or personal commitment with which consumers turn to communication or a product, for example (Kroeber-Riel/Gröppel-Klein 2019, pp. 389), is insufficiently integrated into

the brand funnel. For example, active brand awareness has been shown to have the highest behavioral relevance at low levels of involvement (in terms of performance). In contrast, the consumer's brand attitude primarily determines purchase behavior at high levels of involvement (Janßen 1999, p. 34).

- *Danger of uniform action implications:* Often, the goal of applying the brand funnel is already fixed in advance: financial resources are to be saved, and the remaining resources are to be invested highly efficiently. In practice, this leads to financial resources often being saved in the front part of the funnel in awareness generation, particularly in the case of mature brands, because expensive mass communication is usually required for this. It seems rational to save in this area to invest some of the funds in customer loyalty, for example, if above-average losses are recorded there in the competitive loss. However, this can lead to milking strong brands in the short term.
- *Challenging allocation of the marketing budget to the funnel stages:* It is often not easy to allocate the marketing instruments used and the associated budgets to the respective funnel stages. Sponsorship, for example, can be aimed at both awareness and loyalty (through corporate hospitality measures). However, the brand funnel promotes differentiated target setting and prioritizes marketing instruments on the positive side.
- *Market research data:* A prerequisite for applying the brand funnel is reliable market research data. If all budget decisions in marketing are made based on this instrument, high demands must be placed on the validity and representativeness of the data. As is the case with most market research data, its information potential only entirely unfolds over time through tracking analyses; one-off cross-sectional data is much less productive.

Overall, when used in a differentiated, segment-specific manner, the brand funnel is a valuable auditing and management control tool for marketing executives, mainly because it is highly competitive and helps to set, prioritize, and control marketing goals in a differentiated manner. As an undifferentiated global instrument for (one-time) identification of savings measures, on the other hand, it is dangerous; this is especially true if users are not sufficiently aware of the limitations of the underlying AIDA model.

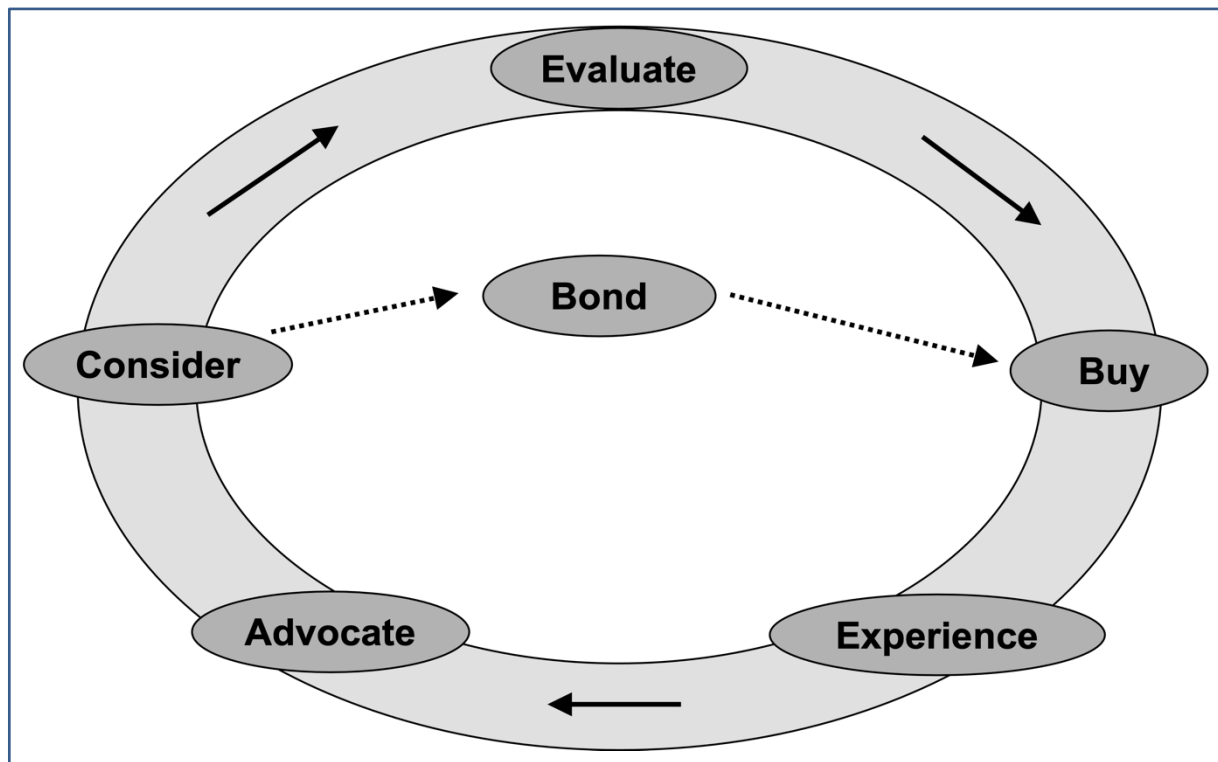


Fig. 5: Customer decision journey
(Source: Bauer et al. 2016, p. 42 and Edelman/Singer 2015, p. 90.)

The relatively static brand funnel has been further developed over the years into a more dynamic purchase process analysis (customer decision journey) (Fig. 5). The core idea here is that the evaluation

phase in the purchase process is significantly shortened so that the model also covers impulse purchases and many online purchases.

In summary, marketing audits are an essential qualitative and effectiveness-oriented component of integrated marketing management control. A marketing audit is particularly suitable as a fundamental basis and "zero measurement" for companies to introduce structured marketing management control. A checklist-supported marketing audit (Fig. 4) can produce valuable findings even if only used once. The funnel model (Fig. 5) develops its full potential only when used several times for specific segments, i.e., to assess development over time.

3.3 Metric-based approach: development of a marketing cockpit

Frequently, marketing management control projects do not start in the marketing department but the finance department. For example, the Chief Financial Officer asks marketing management to define a limited number of key performance indicators that can be used to prove the success (or failure) and efficiency of marketing management (see in detail *Reinecke 2006*).

In principle, the usefulness of key figures is generally acknowledged: "Key business figures [...] are figures that provide information in a concentrated form about a numerically ascertainable business fact" (*Stahle 1967*, p. 62). The intrinsic characteristic of key figures is thus the condensation of quantified information (*Wolf 1977*, p. 11; *Gritzmann 1991*, pp. 30). They reduce the danger of technical and semantic communication disturbances on the way from the transmitter to the receiver of the information to a minimum (*Stahle 1973*, p. 223). Key figures are therefore also important in sales and marketing management control. However, in principle, they only become meaningful through comparisons (*Sieglwart/Reinecke/Sander 2010*, pp. 26).

It is crucial to measure isolated individual key figures in marketing and sales and set up a performance management system: This is a logical or arithmetical linking of several key figures that are interdependent and complement each other.

The following explanations describe a possible ideal-typical basic structure (Fig. 6), based on which an integrated metric system appropriate to the situation can be designed for a company or a business unit (see *Reinecke/Geis 2020* for details and an overview of other performance measurement systems, *Reinecke 2004*).

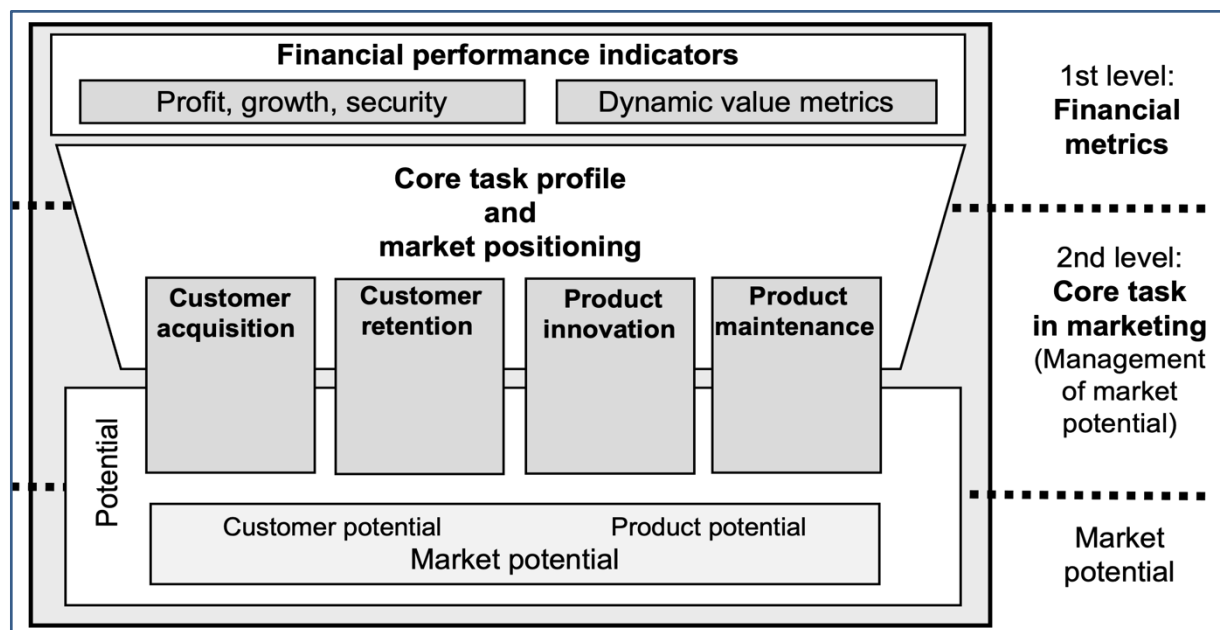


Fig. 6: Task-oriented marketing & sales cockpit – ideal-typical structure
(Source: *Reinecke/Geis 2020* building on *Reinecke 2004*, p. 384.)

The first level of the overall performance indicator system comprises the key financial performance indicators. These measure the extent to which the defined profit, growth, and security targets of a company or business unit have been achieved; in this context, a link to financial value driver concepts

appears desirable to ensure both dynamism and the best possible connection with overall corporate targets. Since financial indicators alone can neither reflect substantive sales and marketing results nor operationalize strategies, the second stage addresses customer and performance potential handling. In this context, the key indicators of market positioning are of particular importance as qualitative target and result variables (see Fig. 7).

Metric		Operationalization
Market share	Volume	Share of own sales in total sales volume of all suppliers in the relevant market
	Value	Share of own sales in total sales value of all suppliers in the relevant market
	Customer potential	Proportion of the number of own customers to the total number of demand carriers (or targeted customers)
Pricing	Relative price or price premium achieved	Ratio of market share by value to market share by volume
	Price range compliance (in terms of volume)	Proportion of sales achieved within the target price range
	Price range compliance (in terms of value)	Proportion of sales achieved within the target price range
Market penetration	Numerical distribution ratio	Share of the number of stores carrying the brand as a proportion of the total number of stores carrying the relevant merchandise category
	Weighted distribution ratio	Share of sales of stores carrying the brand as a percentage of total sales of all stores carrying the relevant merchandise category
Awareness	Unaided brand awareness (recall)	Proportion of target customers who spontaneously name the own brand
	Aided brand awareness (recognition)	Proportion of target customers who recognize the own brand
Image position	(Brand) Sympathy	Percentage of customers in the relevant market who rate their own company or brand as likable
	(Brand) Consideration	Percentage of customers in the relevant market who would consider one's own brand when making a purchase.
	(Brand) Status	relation of awareness, (brand) sympathy, and (brand) use
	(Brand) Image	Type and characteristics of the (quality) features and competencies associated with the company or brand or product
Customer satisfaction	Customer satisfaction index	Percentage of customers who are (very) satisfied with the company, brand, or product
	Relative customer satisfaction	Own customer satisfaction index in relation to the customer satisfaction index of the main competitor

Fig. 7: Selection of central key indicators of market positioning
(Source: Reinecke/Geis 2020, building on Reinecke 2004, p. 258 and Becker 2019, pp. 65.)

The other key figures measure the handling of market potential and thus the four core tasks in marketing: customer acquisition, customer retention, product innovation, and product maintenance (Tomczak/Reinecke/Kuß 2018). Based on the marketing strategy of the respective company, it is necessary to check which of the four core tasks are most important for the individual company and should therefore be considered particularly intensively both in planning and in monitoring (see in detail Reinecke 2004). Fig. 8 shows examples of parameters that have proven effective regarding the respective core tasks. However, one should be cautious about using these indicators as a template for a cockpit – instead, the selection must be justified very intensively based on cause-effect relationships specific to the industry and company. It is also generally not advisable to measure all core tasks with the same intensity.

Customer acquisition	Customer retention
Salesperson qualification	Customer contact quality
Number of first customer contacts	Willingness to recommend
Number of new customers	Customer penetration (= share of wallet)
Average sales at first purchase	Customer migration rate ("churn")
Product innovation	Product maintenance
Number of innovations	Unaided awareness
Average time to market	Brand image index
Innovation image	Availability/distribution level
Innovation success rate	Market share changes

Fig. 8: Examples of task-oriented performance indicators (Source: own illustration).

For many companies, it has proven advantageous to define few but well-considered key performance indicators that are in line with their strategy. Data availability is generally lower than in consumer goods markets, which is why too many key figures can be associated with high (market research) costs. Instead, it is advisable to start with those metrics suitable as targets for marketing and sales; these few metrics could later be supplemented by additional, more diagnostic metrics to explain cause-and-effect relationships. The latter can also operationalize the third level of the KPI system outlined in Fig. 8. For example, the development of the strategic indicators "customer value" and "brand value" can be taken as an indicator of how the marketing potential of a company has developed over time.

4 Conclusion: ensuring learning processes in marketing & sales

Marketing management control is becoming increasingly crucial to companies to provide proof of marketing success. However, the implementation of marketing management control in practice is still at a modest level overall.

Nevertheless, it has been shown in the context of this chapter that it is very much possible to implement initial approaches to marketing and sales management control. In this context, it is essential to convey that the focus should be less on the (retrospective) justification function and more on the (proactive) control function of marketing management control. Marketing management control serves to trigger learning processes in marketing and sales. Only if clear marketing objectives are defined, and their (non-)achievement is measured, it is possible to analyze the causes of success and failure in marketing consistently. If this control loop is run through repeatedly for essential marketing areas and instruments, good conditions are created for higher marketing performance. The increased use of so-called artificial intelligence in the context of marketing decisions (see in detail Reinecke 2020) will also lead to an acceleration of marketing learning processes.

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