Marketing Management Control in Corporate Practice

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Abstract

This article summarizes the results of a comprehensive empirical study on marketing management control in German-speaking countries. The authors analyze which control instruments, procedures, and key metrics are used in marketing management - and whether particularly successful companies differ from less successful ones in this regard. The results showcase that there are still major implementation challenges in numerous areas of marketing management control. A gap between available theoretical-conceptual approaches and their application in corporate practice is identified.

Keywords: marketing management control, strategic marketing, return on marketing, marketing performance measurement, marketing metrics, marketing accounting

1 Introduction

Over the last twenty years, the topic of "return on marketing" has evolved from a marginal issue into an important research area with high relevance for both science and corporate practice (i.a. Hanssens and Pauwels 2016). Scholars from the fields of marketing and management control as well as management consultants have developed various methods and approaches to help managers ensure effectiveness and efficiency in marketing (Reinecke and Janz 2007; Bauer et al. 2014; Stewart and Gugel 2016). This paper presents the results of an empirical study conducted in German-speaking countries (Switzerland, Austria, Germany). It is investigated which management control instruments, procedures, and key metrics are actually used in marketing practice. Differences between particularly successful and less successful companies are outlined. The empirical study has been conducted regularly for years by the University of St. Gallen (HSG). Hence, the authors were able to show developments over time.

2 Main text

2.1 Marketing management control as a tool for ensuring the effectiveness and efficiency of market-oriented management

Marketing management control constitutes a classic interface between two areas of business administration. The relationship between marketing and management control is ambivalent. On the one hand, they are depicted as twin sisters because both amount to overlapping concepts that are not the prerogative of experts in a particular field (Deyhle 1988, p. 15). On the other hand, a natural conflict of objectives and interests arises where marketing is regarded as *market-led management* and management control as *results-led management.*

Horváth (1985, p. 13) points out an essential, generally accepted difference between marketing and management control: marketing as a direct management task incorporates actual decision-making, while management control is a task that "only" supports decision-making. In the following, marketing is used as an umbrella term that includes sales as a sub-instrument - in this respect, marketing management control also includes sales control. However, marketing management should not be equated with accounting in marketing, even though the latter is an essential source of information. Instead, the key function of marketing management control is to ensure the *effectiveness* (efficacy) and *efficiency* (profitability) of market-oriented management (Reinecke and Janz 2007, pp. 38 f.).

Effectiveness and efficiency are understood as follows: *Effectiveness* in the broad sense refers to the efficacy of a given strategy, and thus to performance output: Are pre-defined objectives

being achieved? *Effectiveness* in the narrower sense defines the degree of efficacy. The central question is if the attainment of objectives is above a pre-defined target level. *Efficiency* is also a question of degree: A measure producing a certain output/input ratio is said to be efficient where no other measure could create a better ratio (whereby the ratio must be at least one) (see Fig. 1). For a detailed discussion of the terms, please refer to Lasslop (2003, pp. 8 ff.) and Bonoma and Clark (1988).

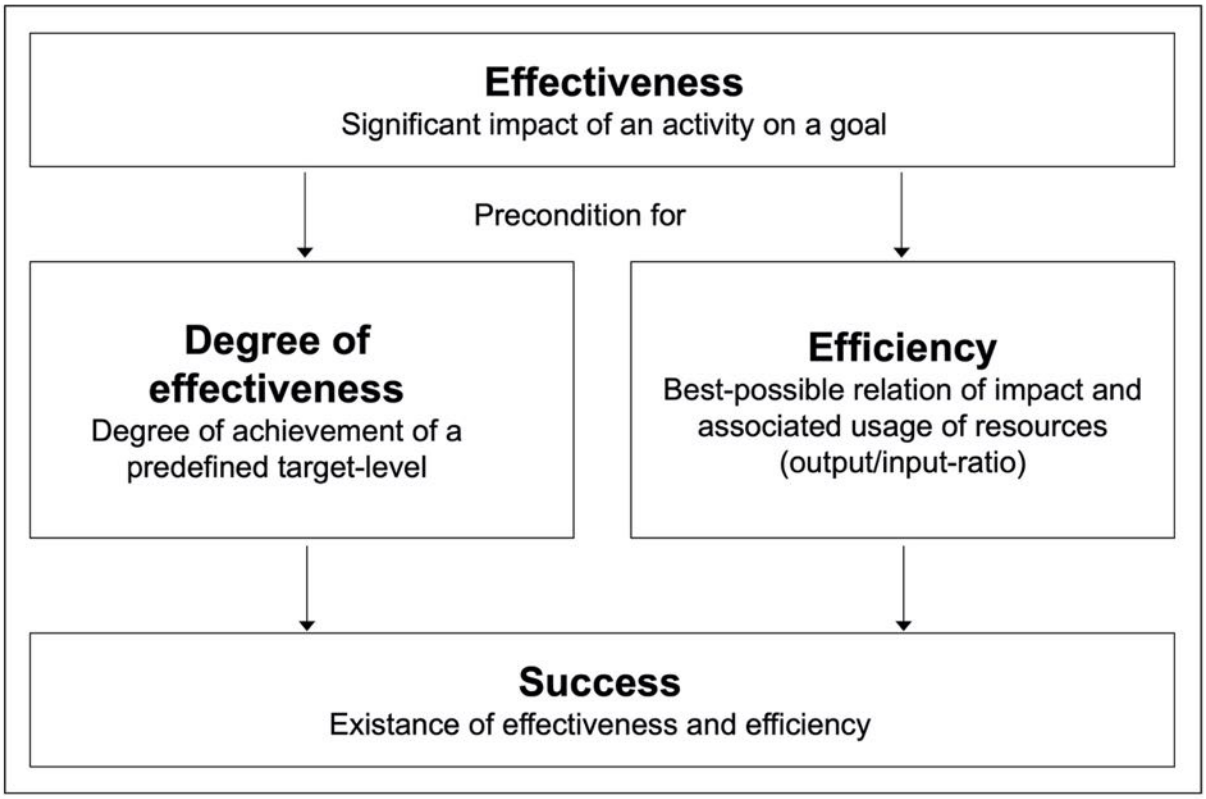

Fig.1 Connection between effectiveness, efficiency, and success. (Source: Reinecke and Janz 2007, p. 39, based on Lasslop 2003, p. 12.)

In marketing science, there is still high interest in the topic of marketing management control (e.g., Bauer et al. 2014; Katsikeas et al. 2016; Hanssens and Pauwels 2016; Bendle et al. 2020). The focus of scholarly research is, on the one hand, the description and proof of the chain of effects from marketing actions to company success (marketing value assessment), and on the other hand, the definition and selection of suitable marketing metrics.

This article is a critical evaluation of the current state of marketing management control in corporate practice:

- To what extent does the management board require proof of the effectiveness and efficiency of marketing activities and the overall "marketing" function? What function is attributed to marketing management control in this context?
- How are marketing and sales budgets planned?
- What are the biggest challenges of marketing management control?
- What marketing and sales metrics are used?
- Which marketing management control instruments are applied?
- How do particularly successful companies differ from less successful ones regarding the use of marketing management control instruments?
- To what extent do large and small companies differ in the intensity they use marketing management control instruments?

To investigate these questions, the Institute for Marketing and Customer Insight at the University of St. Gallen conducted an empirical study in the summer of 2020. In the following, the research design is briefly described. Subsequently, the key findings are presented and discussed.

2.2 Research Design

For this study, executives in German-speaking countries (focusing on Switzerland) were contacted by e-mail or web link and asked to participate in a standardized written online survey. The population surveyed consists of members of the Management Pool of the Institute for Marketing and Customer Insight at the University of St. Gallen (marketing executives from German-speaking countries) and the Swiss Marketing Panel members. 179 executives participated in the online survey during the survey period from June to August 2020.

The majority of study participants holds a management position in their company. Managing directors, marketing executives, and supervisory or administrative board members account for a total of 65% of respondents. A further 31% of respondents are sales or advertising managers. On average, study participants have managerial responsibility for 17 employees. The companies surveyed employ 1960 people on average, with 39% being small companies (< 50 employees) and 28% being large companies (> 500 employees). The sample consists of a broad range of industries, with 44% of the companies operating in services, 22% in industrial goods, 19% in retail & distribution, and 15% in consumer goods. Most companies in the sample are corporations (59% unlisted, 22% public). The study makes no claim to representativeness - neither for the German-speaking nor the Swiss region, even though the sample structure largely corresponds to the business landscape of medium-sized companies.

Population	Members of the Management Pool of the Institute for Marketing and Customer Insight at the University of St. Gallen (HSG) and members of the Swiss Marketing Panel
Sample	179 executives from German-speaking countries**,** of which 142 are active in the Swiss market, 68 in German-speaking countries, 23 in Europe, and 32 worldwide (*multiple answers possible*)
Method	Written online survey
Survey period	June - August 2020

Tab. 1 Research Design. (Source: own illustration.)

2.3 Status of marketing management control in corporate practice

2.3.1 Organizational culture in marketing

The financial accountability of marketing varies among the investigated entities. At some companies, the need to report the *return on marketing* to top management is very high; at others, it is less pronounced. Respondents were asked to indicate their obligation to report *return on marketing* to top management on a seven-point scale, anchored by "intensive" (7) and "not at all" (1). The reported mean value is 4.16. The results show that the obligation to produce proof of efficiency has increased in the last three years (mean = 4.79 on a scale of 7; 7 = strongly increased obligation to provide proof) (see Fig. 2). The observation of an increasing need to report the *return on marketing* is supported by a comparison with two similar studies (Reinecke 2010, 2014). The need to produce proof was lower, with a mean value of 3.94 and 4.14, respectively.

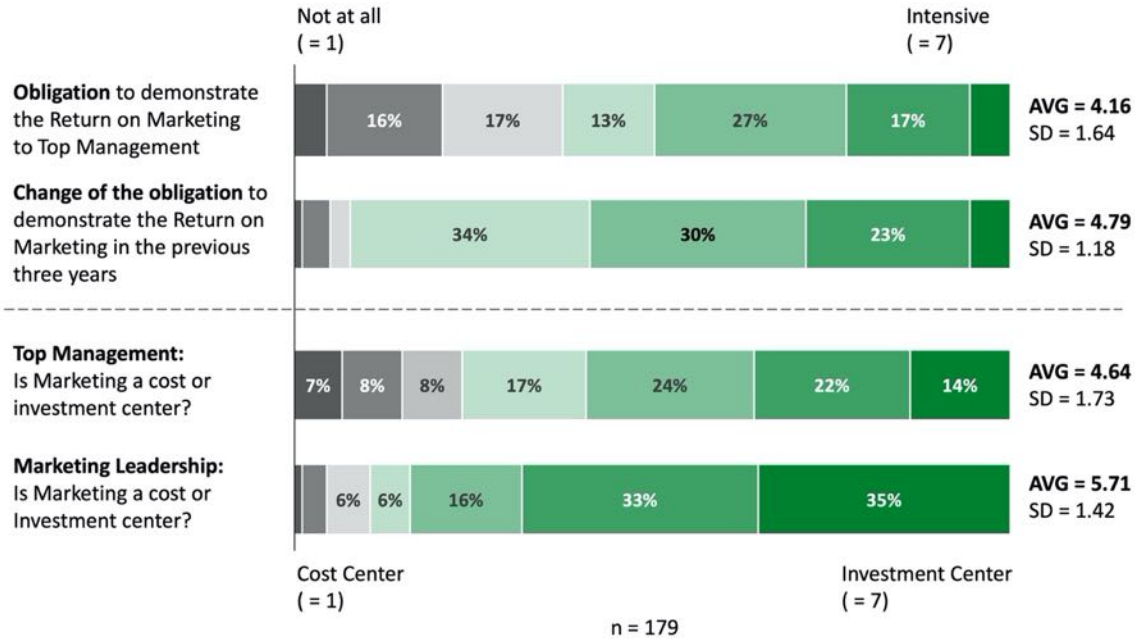

Fig. 2 Obligation to report the Return on Marketing and assessment of marketing as an expense or investment. (Source: own illustration.)

The marketing management of most companies attributes an investment character to marketing (mean = 5.7; polarity scale: 1 = cost center, 7 = investment center). This is not surprising as marketeers increasingly define marketing as market-oriented management, too (see Figure 2). The mean value of 4.64 for the same assessment by top management is a silver lining for marketing management. In the comparable 2010 study (Reinecke 2010), top management perceived marketing as a significantly greater expense (mean = 4.18).

The results imply an important call to action for marketing managers: If marketing is to be ascribed investment character, then this should also be proven in financial terms. Accordingly, it is necessary to apply suitable marketing management control instruments to capture the effectiveness and efficiency of the various marketing activities.

However, this survey shows that marketing decisions are currently less data-driven and more often made *intuitively* (see Figure 3). This does not mean that non-data-driven decisions automatically lead to worse results. The application of management heuristics may even result in more appropriate decision behavior for specific situations (Gigerenzer and Brighton 2009). However, only the targeted use of marketing management control instruments makes it possible to determine and control for the effectiveness and efficiency of marketing activities and to report performance outcomes to top management. The low adoption rate of a data-driven mindset is reflected in a moderate level of internal satisfaction with marketing management control

efforts (Fig. 3). The mean value of 3.94 on the polarity scale (7 = highest satisfaction) implies that marketing managers are only partially successful in ensuring effectiveness and efficiency. Around 40 % of the marketeers are dissatisfied with the current state of their marketing management control efforts.

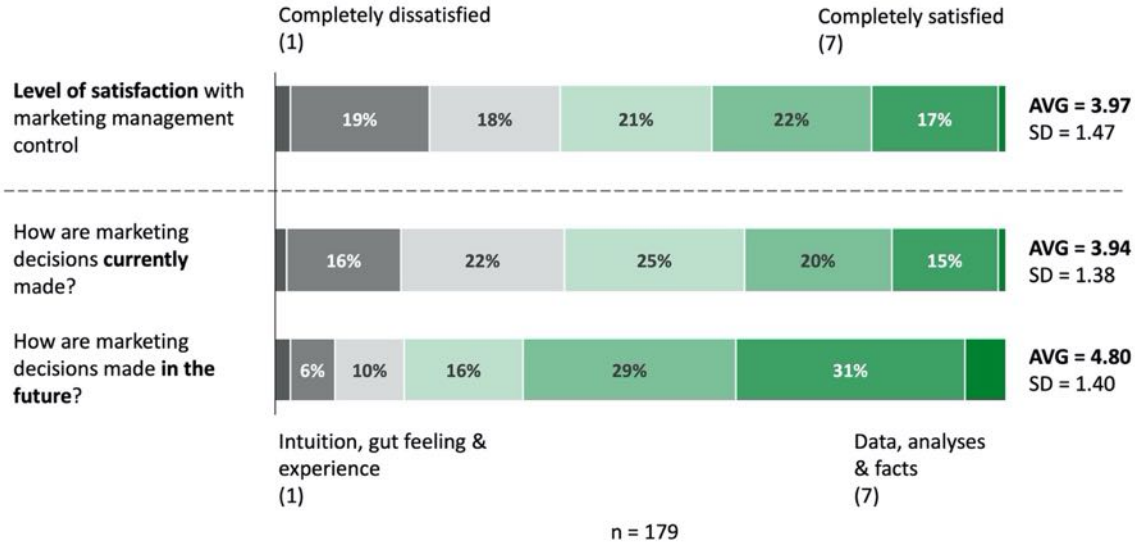

Fig. 3 Satisfaction with marketing management control efforts and decision-making in marketing. (Source: own illustration.)

Marketing executives have recognized the importance of marketing management control and therefore plan to increasingly use *data, analyses, and facts* to support decision-making in the future (see Fig. 3). The effective and targeted use of management control instruments will enable marketing executives to meet the increased obligation to demonstrate effectiveness and efficiency and to position marketing as a value-enhancing function in their own company. However, marketing reality is still far from adopting an actual value- or investment orientation.

2.3.2 Challenges of marketing management control

As part of the empirical survey, the main reasons for the moderate level of satisfaction with marketing management control were identified. The specific *proof of cause and effect of individual marketing measures* and the *measurability of marketing performance* represent the two key challenges in marketing management control (see Fig. 4). *Knowledge and resources in data analytics,* as well as in *data accessibility and collection,* are also seen as major challenges. It is striking that *data analytics* is now more strongly perceived as a bottleneck than *data accessibility and collection.* This development is undoubtedly driven by the rise of digital marketing

and the associated increased availability of behavioral data. More than 50% of companies also report insufficient *financial resources available for marketing management control*.

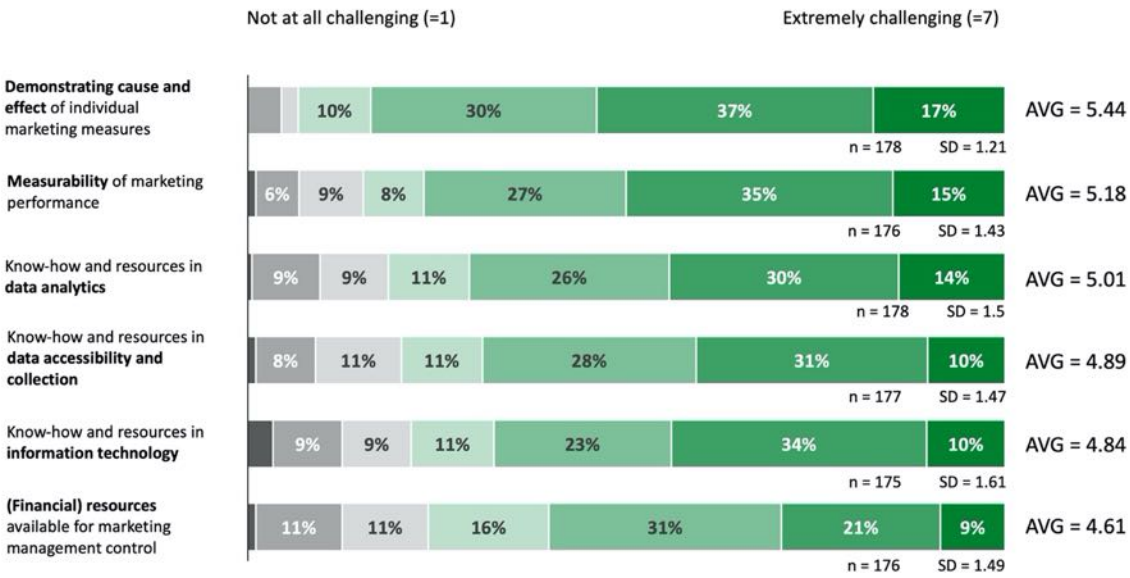

Fig. 4 Key challenges of marketing management control. (Source: own illustration.)

The reported key challenges are almost exclusively areas that can largely be influenced by marketing management itself. A comparison with the 2014 survey results (Reinecke 2014) already shows that the measurability of marketing success (2014 mean = 5.61), as well as the provision of financial resources (2014 mean = 4.92) for marketing management control, are now less of a challenge for marketing than in 2014, although both challenges remain major ones. To improve the measurability of marketing, a more differentiated goal setting with clearly operationalized key performance indicators and metrics would be the first step. Marketing management control in the sense of a *control loop concept* is not possible without detailed planning as a foundation. Without planning target values, no deviations and no performance impact can be determined. Know-how and resources regarding data accessibility and collection as well as data analytics can be improved and internalized through targeted inhouse-training of employees or the acquisition of know-how. It can be assumed that data management will and, in some marketing areas, already has become a core competence of marketing. Appropriate investments in market research and information technology can improve market and customer databases, allowing for systematic analyses and insight gains.

Thus, the empirical results underline that the primary and true challenge of marketing is not measurability but rather the *clear assignment of cause-effect relationships.* As sales targets dominate in marketing, the key question of which marketing instrument (e.g., advertising, social media campaign, trade shows, price promotion, or sponsoring) caused the sales effect can hardly be answered by massive investments in instrumental marketing management control. Ultimately, experiments are required to accurately identify cause- and effect, which in practice mostly fail due to uncontrollable, diverse field influences, and the associated high market research costs. However, in the fields of digital marketing and direct marketing, marketeers are already frequently leveraging experiments to optimize operational measures (keyword: A/B tests, partly based on artificial intelligence, see Reinecke 2020). The difficulty of assessing individual performance contributions increases the need to define precise *intermediate performance objectives* (e.g., visit and contact frequencies, awareness, brand associations, attitudes, and intentions). As customer mindset and customer behavior performance outcomes are causally closer to marketing actions, the specific impact contribution of individual instruments can be assessed more accurately (see Reinecke and Geis 2020).

2.3.3 Marketing budgeting

Marketing budgeting is an essential managerial task at the intersection of marketing planning and control, in which companies decide on the overall budget for marketing (investment decision) and the allocation of resources within the marketing function (allocation decision).

Marketing actions have increasingly become the focus of rationalization processes in many companies due to their high share of total costs and their difficult-to-measure (long-term) value. However, as outlined previously, top management is increasingly demanding the measurement and maximization of marketing's contribution to firm performance and value (Sheth and Sisodia 1995, pp. 9, 2000, pp. 349). Suppose the marketing budget is viewed unilaterally as an expense, there is a risk that marketing activities, for example, a campaign or a tradeshow appearance, fall victim to cost-cutting measures.

The key question in this context concerns the overall budget: what amount should be invested in marketing? It is highly relevant for top management to understand how much or too little budget funds are provided. This study, therefore, examines whether marketing and sales executives identify efficiency gaps regarding their current budgets. Two items were used to determine the estimated potential budget savings (without significant loss of effectiveness) and the potential for optimization in marketing with the same budget level. At an average of 13.1%, the subjective savings potential in marketing (see Fig. 5) is estimated to be lower than the mean

optimization potential of 15.2% for the same use of resources (Fig. 6). Admittedly, this efficiency gap turns out to be considerably smaller than in the statement attributed to the famous US entrepreneur John Wanamaker: "Half the money I spend on advertising is wasted – the trouble is I don't know which half." Nevertheless, the empirical results reveal considerable efficiency reserves that could be tapped by employing improved marketing management control. Compared to the 2014 study, where an average savings potential of 14.7% was indicated (Reinecke 2014), no significant improvements can be identified.

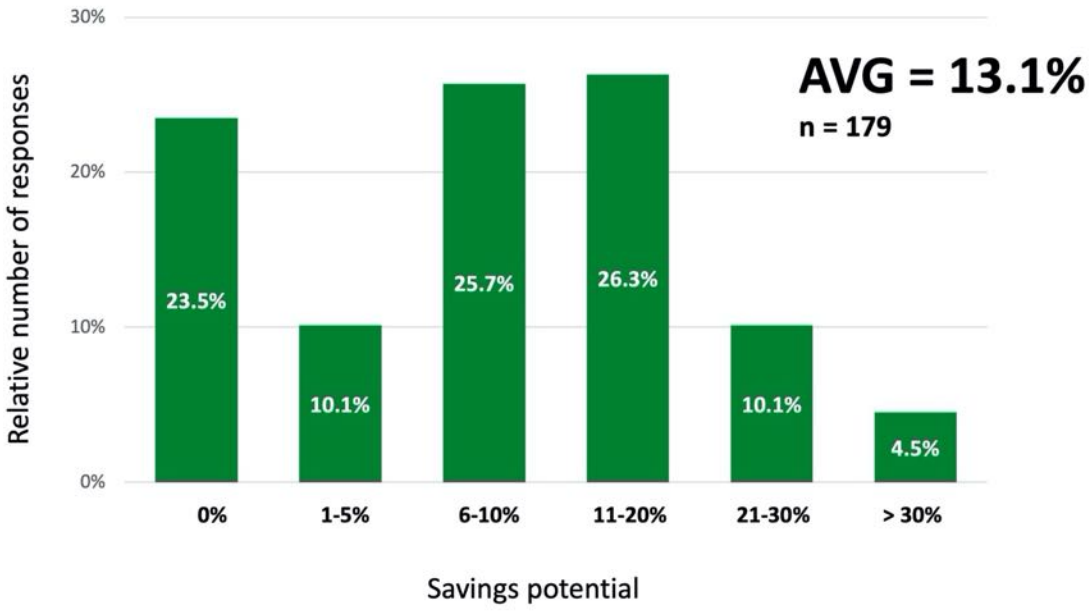

Fig. 5 Estimated savings potential in marketing without effectiveness losses. (Source: own illustration.)

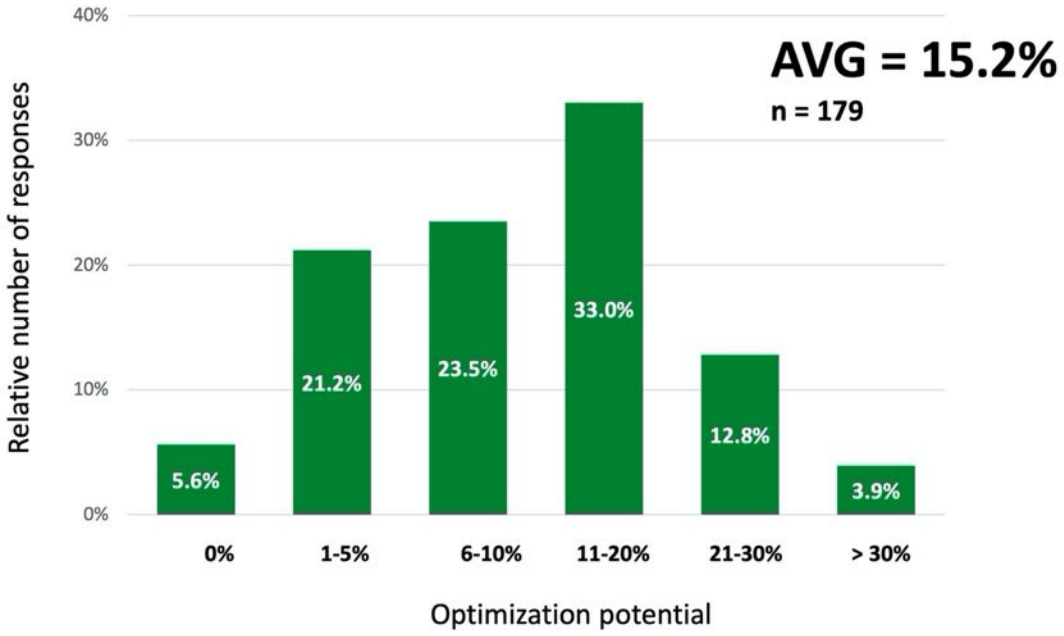

Fig. 6 Estimated potential for optimization in marketing with the same budget level. (Source: own illustration.)

Companies usually use and combine several approaches and methods to plan the (aggregate) marketing & sales budget (Reinecke and Janz 2007, pp. 127 ff.; Fuchs 2008). Hence, respondents were asked to name up to three of the approaches and methods of budgeting they primarily use. The result (see Fig. 7) shows that marketing budgeting is strongly characterized by incremental, inductive, and heuristic methods. For 56% of companies, marketing budgeting is determined according to the *budget for the previous period*. This method is a backward-oriented extrapolation approach, lacking the consideration of results, competition, and strategy. In 42% of the companies, budgeting is based on *management experience*, the rationality of which is difficult to verify. It can therefore be assumed that gut feeling and political power calculation strongly influence the level of the marketing budget. Many of the companies surveyed apply percentage methods (for example, *orientation on the previous year's sales or turnover*, 34 %). While a fast and simple method, there is a risk of pro-cyclical marketing budgeting, as the budget is determined unilaterally by a reference value: For example, if sales are high, the marketing budget increases; if sales are low, it is reduced. Differentiated, target-oriented methods beyond sales or turnover, such as the *objective and task method*, are used less frequently. Competition-related budgeting approaches are seldomly applied (4%) or not at all (*competitive parity method*). The latter is probably because these values can only be determined with great

(financial) effort and are difficult to compare outside consumer goods sectors, which are particularly well developed in market research.

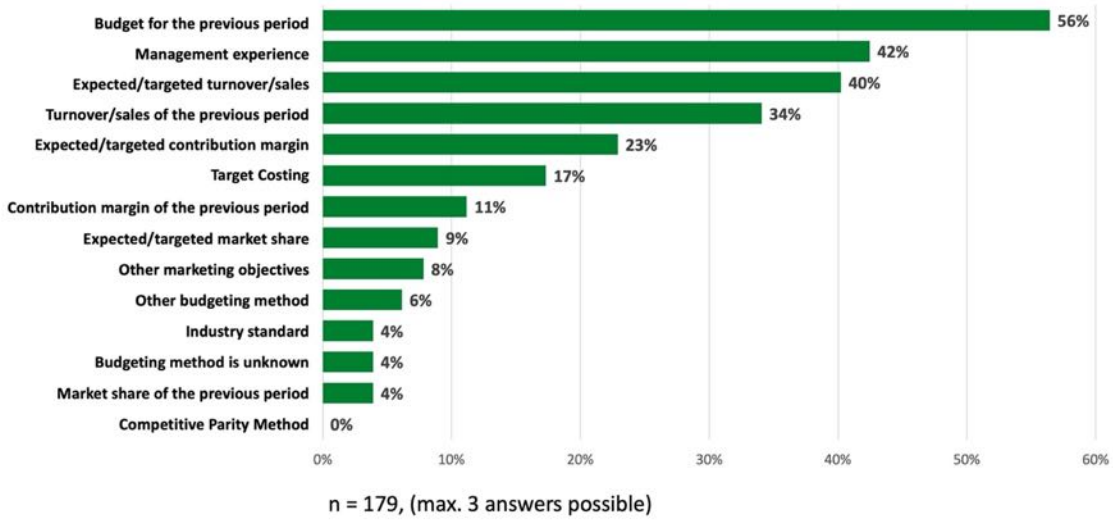

Fig. 7 Approaches and methods of marketing budgeting in corporate practice. (Source: own illustration.)

The results essentially correspond to the comparable survey from 2014 (Reinecke 2014) and illustrate that the choice of approach and methods in corporate practice has remained largely unchanged. The empirical results thus underscore that data- and rationality-driven marketing budgeting remains one of the most extensive deficit areas in marketing planning and control.

2.3.4 Goal setting in marketing

The differentiated setting of marketing objectives utilizing clearly operationalized metrics is an essential task of marketing management control. Within the scope of the study, constant sum methods were used to determine how different objectives are weighted in marketing. Since diverse target systems are used in corporate practice, the companies surveyed were asked to characterize the importance of their goals using three objective target systems.

First, the Balanced Scorecard by Kaplan and Norton (1992) was used to determine how *financial*, *market & customer-oriented*, *employee & process-oriented,* and *knowledge- and innovation-oriented goals* are prioritized in the companies surveyed (see Fig. 8). For this purpose, respondents were asked to distribute 100 points among the four dimensions so that they reflect their respective importance for the company. The results underline the high importance of *financial goals*. With a mean of 37%, these are weighted more heavily than *market- and*

customer-oriented objectives (29%). Financial objectives are even more important among stock-listed corporations in the sample (mean = 43%). The *employee & process-oriented targets* (18%) are weighted significantly lower, as are the *knowledge- and innovation targets* (16%). The weighting of objectives differs significantly from previous, comparable studies (see Reinecke 2004, p. 146), in which *market- and customer-oriented objectives* were reported to be most important. This result reveals that even among marketing executives, financial objectives dominate. Supposedly, this assessment would be even more pronounced if CEOs and CFOs were surveyed. Thus, a "balanced" scorecard cannot be assumed in corporate practice. On the contrary, the importance of financial targets has increased.

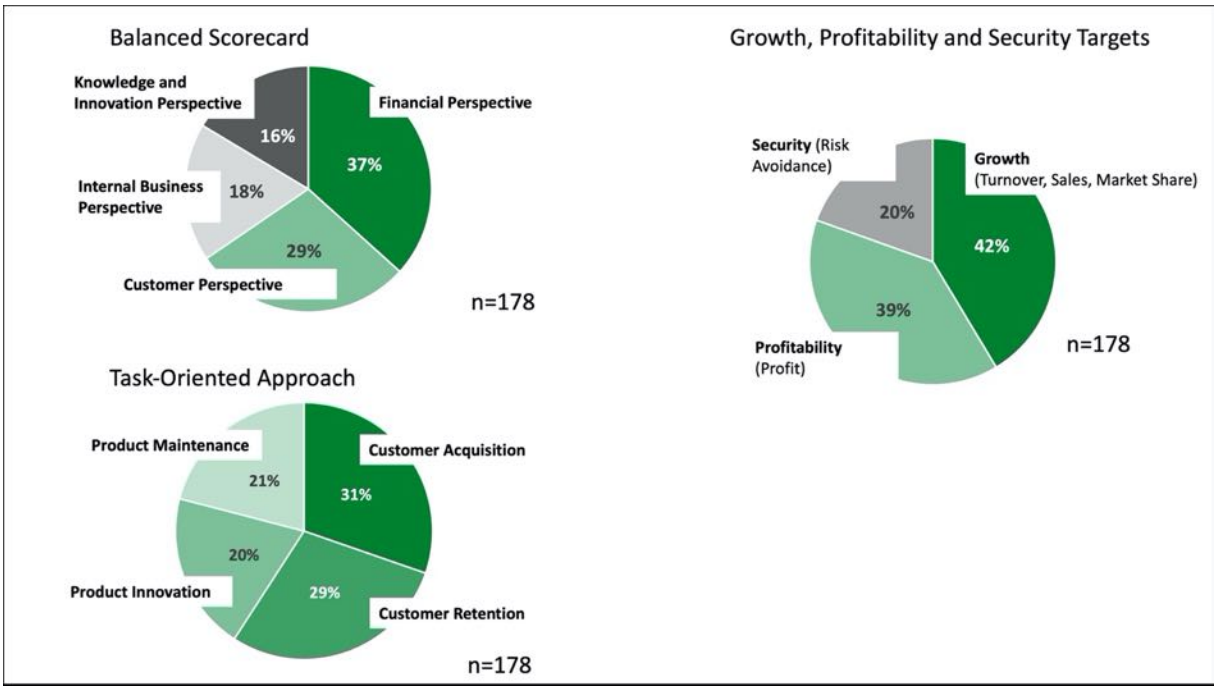

Fig. 8 Weighting of corporate and marketing objectives. (Source: own illustration.)

Second, the relative importance of the target categories *growth*, *profitability,* and *security (risk avoidance)* was determined (see Fig. 8). Respondents again had 100 points at their disposal and were asked to distribute them among the three categories in such a way as to best characterize their relative importance. *Growth objectives* (42%) are prioritized in the companies surveyed, but only marginally more than *profitability objectives* (39%). *Security (risk avoidance) targets* (20%) are prioritized less. The intense focus on growth targets does not surprise, as marketing executives traditionally strongly focus on competition. However, the almost equal weighting of profitability goals implies that the increased need to demonstrate efficiency to top management (i.a., return on marketing) has led to the emancipation of profitability goals. An even greater

weighting of profitability targets will foster marketing's development towards becoming a value-enhancing investment center and overcome the traditional domination of sales targets.

Third, the task-oriented approach (Tomczak and Reinecke 1996; Tomczak et al. 2014) was used to determine the average importance of the four core tasks *customer acquisition*, *customer retention*, *product innovation,* and *product maintenance* (see Fig. 8). For this purpose, respondents were again asked to allocate 100 points to the four core tasks according to their current company-specific weighting. *Customer acquisition* (31%) and *customer retention* (29%) are prioritized over *product maintenance* (21%) and *product innovation* (20%). The stronger focus on tapping and exploiting customer potential is presumably due to the sample's high number of sales companies.

2.3.5 Marketing and sales metrics

Companies use key performance indicators (KPIs) and metrics to strategically control marketing and sales. Respondents were asked to indicate their metric use and mark the five metrics with the highest relevance for their business unit management.

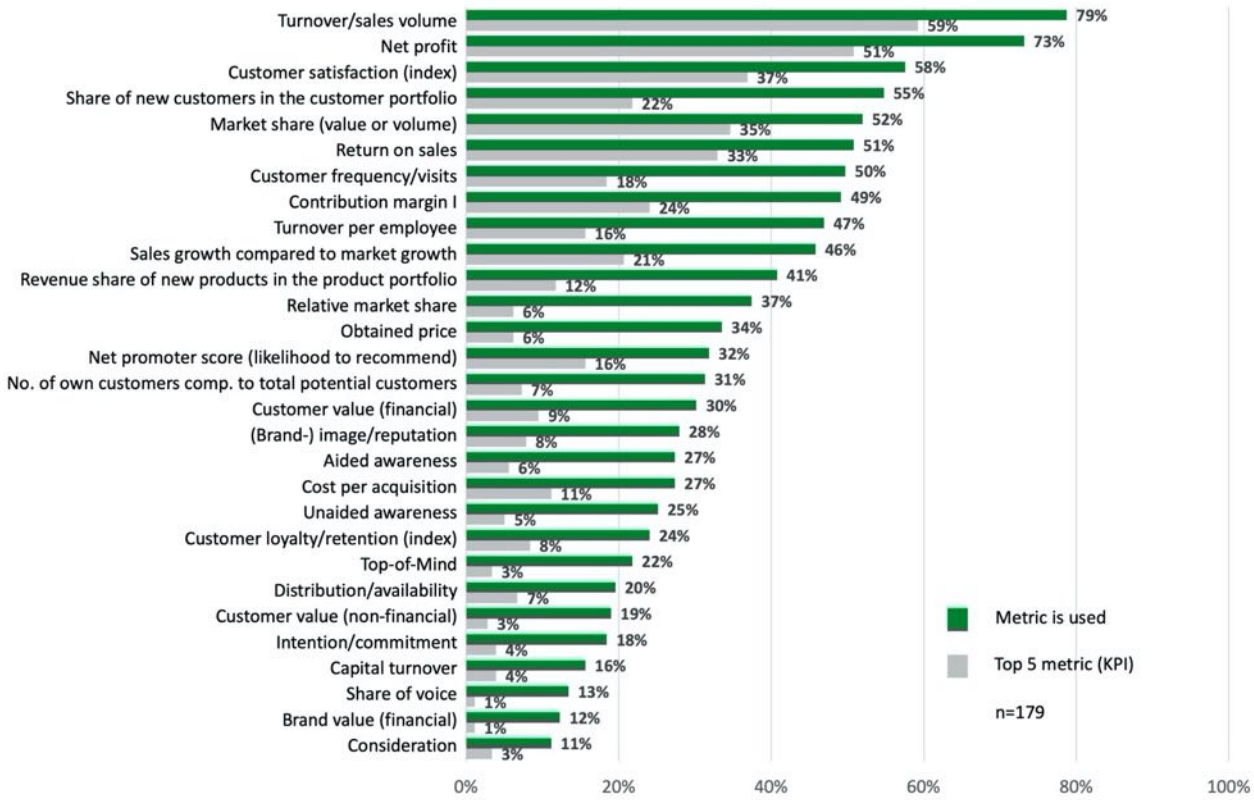

Fig. 9 Ranking of marketing and sales metrics. (Source: own illustration.)

Similar to previous studies (Reinecke 2004; Reinecke and Eberharter 2010; Reinecke 2014), the results show that sales and financial metrics such as *turnover*, *net profit,* and *return on sales* are used most frequently (see Fig. 9). Customer-oriented performance indicators such as *customer satisfaction* and input metrics such as *customer frequency/visits* are also collected but used less regularly as key metrics.

Competitor-oriented metrics (except *market share*) are hardly ever collected. Similarly, more complex, differentiated marketing indicators such as *customer and brand value, consideration,* or *commitment* are rarely used. Rather, the most popular marketing and sales metrics are primarily financial and "conservative" in nature. Thus, the empirical results again underline a fundamental challenge of marketing management control: On the one hand, metrics should be as readily available as possible and therefore not too complicated in terms of their definition or operationalization. On the other hand, marketing performance measurement systems are only suitable to a limited extent if they are one-sided and exclusively entail lagging indicators. For example, it would not be sufficient to choose turnover as the only marketing and sales metric: Sales only measures the "growth" target (but not profitability and security), and is also a past-oriented variable: if sales targets are not achieved, then it may be too late to take proactive measures. Marketing metrics also only ever gain significance through comparisons (Siegwart et al. 2010, pp. 13 ff.): either through time series analyses or through comparisons with competitors. Isolated, absolute indicators without comparison options are not very useful and action-oriented.

Mean value comparisons of the satisfaction with marketing management control regarding marketing metrics show that the use of customer-oriented metrics is positively associated with the internal satisfaction with management control efforts (Fig. 10). In particular, companies that measure *customer loyalty*, *customer value (financial),* and *number of own customers compared to total potential customers* are significantly more satisfied with their marketing management control than those companies that do not measure these indicators.

Metric	Mean value: Satisfaction with marketing management control		Difference	T-Test	Sig.	Significance levels *significant (p<=0.05) **highly significant (p<=0.01) ***highly significant (p<=0.001)
	Metric is used	Metric is not used				
No. of own customers comp. to total potential customers	4.55	3.70	0.849	3.690	0.000	***
Customer satisfaction (index)	4.23	3.62	0.615	2.817	0.005	**
Net promoter score (likelihood to recommend)	4.46	3.75	0.710	3.082	0.002	**
Customer loyalty/retention (index)	4.70	3.74	0.955	3.854	0.000	***
Customer value (financial)	4.59	3.70	0.889	3.853	0.000	***
Top-of-Mind	4.56	3.81	0.757	2.902	0.004	**
Unaided Awareness	4.47	3.81	0.661	2.652	0.009	**
Aided Awareness	4.45	3.79	0.657	2.711	0.007	**
Intention/commitment	4.59	3.84	0.757	2.685	0.008	**
Customer frequency/visits	4.28	3.67	0.614	2.850	0.005	**
Brand value (financial)	4.73	3.87	0.861	2.614	0.010	**
Cost per acquisition	4.47	3.78	0.685	2.832	0.005	**

Fig. 10 Satisfaction with marketing management control concerning the use of marketing metrics (Sourcs: own illustration.)

The survey also investigated the extent to which the use of specific marketing metrics is positively associated with (subjectively assessed) firm performance. The surveyed managers were first asked to assess their company's target achievement over the last three years with regard to the dimensions of the balanced scorecard, the task-oriented approach, and the growth, profitability, and security triad. Subsequently, a mean value comparison of the respective (subjective) dimension-specific firm performance was conducted concerning the marketing and sales metrics used. This procedure made it possible to determine the extent to which companies that use specific metrics rate their firm performance in terms of the individual target dimensions higher than those that do not use these metrics.

Figure 11 suggests a positive relationship between the use of certain metrics and the achievement of business objectives. However, the authors expressly note that no cause-effect relationship can be assumed here. The use of metrics and strong firm performance go hand in hand, but metrics are certainly not the sole cause of this success. Such a cause-and-effect relationship could only be proven experimentally over time in the context of a panel, but not with the analysis of point-in-time survey data, as conducted in this study. A comparison with the previous studies is also not meaningful because this is ultimately a multi-wave study and includes different companies in the respective sample.

Metric	Target dimension	Significance levels *significant (p<=0.05) **highly significant (p<=0.01) ***highly significant (p<=0.001)
Cost per acquisition	Employee- and process-oriented goals	**
	Innovation goals	***
	Security (risk avoidance) goals	***
Sales growth compared to market growth	Customer retention	**
	Growth	**
Market share	Market & customer-oriented goals	**
	Growth	**
Share of new customers in the customer portfolio	Financial	**
	Profitability	**
No. of own customers comp. to total potential customers	Product innovation	**
	Product maintenance	**
Return on sales	Profitability	**
Obtained price	Customer retention	***
Share of voice	Product innovation	**
(Brand) image/reputation	Product innovation	**
Brand value (financial)	Product innovation	***

Fig. 11 Use of marketing metrics and subjective target achievement based on the dimensions of the balanced scorecard, the task-oriented approach, and the growth, profitability, and security target triad. (Source: own illustration.)

The analysis of the correlation between the use of metrics and (subjectively assessed) firm performance shows that both *growth-oriented* and *efficiency-oriented* indicators are positively associated with the respective performance dimensions. The *cost per new customer* indicator stands out, as its use positively correlates with firm performance in three dimensions. It is also noticeable that companies deploying more complex metrics, such as *share of voice*, *brand image,* and *financial brand value,* are more successful in achieving their innovation performance targets.

It is important to emphasize that many *non-financial* indicators are only used by a small number of companies in the sample so that no statistically significant difference in marketing metrics can be demonstrated. Since non-financial indicators are frequently used as absolute effectiveness targets, it cannot be concluded from the data that they are less critical to firm performance than efficiency indicators.

2.3.6 Marketing management control instruments

Metrics and marketing performance measurement systems are merely one building block of a comprehensive marketing management control system; they supplement but by no means replace strategic and operational control instruments. In marketing, numerous areas can only be inadequately covered by metrics alone (Reinecke 2010, p. 81). Hence, the question arises about which instruments and procedures marketing executives use to control and demonstrate

marketing performance. In the following, the application of strategic, operational, and financial control instruments in corporate practice is outlined.

2.3.7 Strategic marketing management control

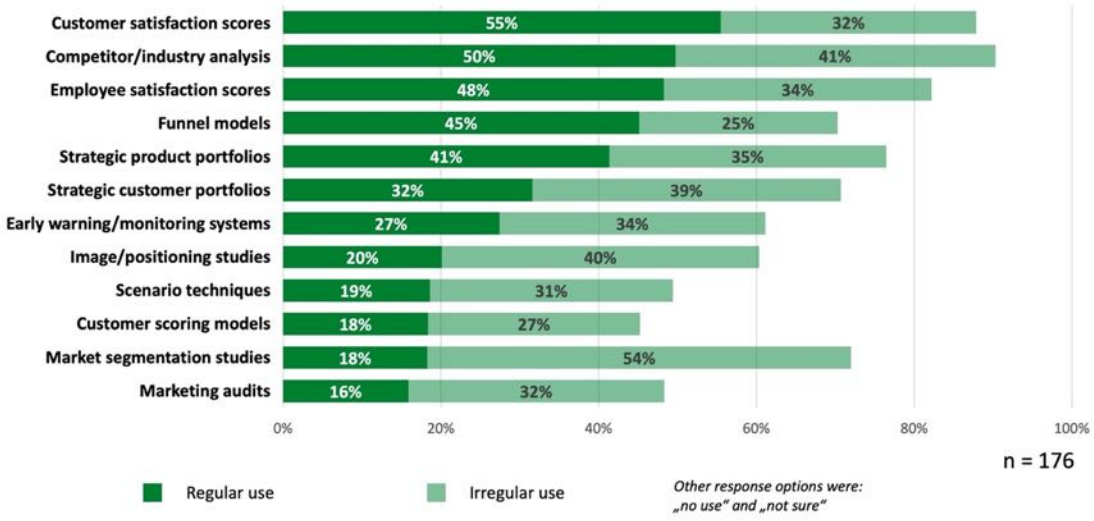

Fig. 12 Use intensity of strategic marketing control instruments. (Source: own illustration.)

Traditional and proven instruments such as *competitor-, industry- and customer satisfaction analyses* are used most frequently (see Fig. 12). *Strategic product and customer portfolios* are also widely adopted and, on average, already used by seven out of ten companies in the sample, at least irregularly. Similar to the results of a previous, comparable study (Reinecke 2014), strategic portfolios are again used more frequently than strategic customer portfolios. This is surprising given the proclaimed "customer-centricity" initiatives of many companies and the increased focus on customer relationship management (CRM) or (key) account management (KAM). Products thus remain the dominant dimension in marketing management control.

Funnel models are used in over 70% of the companies surveyed, which can be regarded as high for these relatively "new" approaches, even though they are ultimately based on very traditional concepts such as the AIDA formula. These funnel analyses (brand purchase funnel), which are particularly popular in management consulting processes (Riesenbeck and Perrey 2004, pp. 100 ff.; Bauer et al. 2016, pp. 40 ff.), are an instrument of strategic marketing control (see in detail Reinecke 2021). The funnel visualizes weak points in the customer purchasing process in relation to key competitors: At which point in the benchmarking process is the churn rate exceptionally high? Lately, the static and sequential brand funnel has been developed into a more dynamic process analysis (Decision Journey Analysis) (Edelman and Singer 2015).

In contrast, the classic *scenario technique is* used irregularly. One reason for this could be the subjectivity and the associated perceived "esoteric character" of forecasts. When it comes to *market segmentation,* a major gap between science and practice is revealed: while the need for sound market segmentation is largely undisputed in the marketing literature, many companies refrain from using segmentation studies regularly. The results indicate that companies still have difficulties in successfully implementing a market segmentation from planning to marketing activities (Belz 2009, p. 79 f.). *Marketing audits* are also not used regularly in many of the companies surveyed. Such a comprehensive, systematic, independent, and periodic examination of a company's or business unit's marketing environment, objectives, strategies, and activities serves to identify both challenges and opportunities and generate a profound action plan to improve marketing performance (see in detail Reinecke and Janz 2007, pp. 146 ff. and Reinecke 2021). Marketing audits are often initiated on a situation-specific basis, for example, when there is a management change in the board or the marketing unit. Hence, their irregular use in the companies surveyed is not surprising.

In addition to the descriptive analysis of the use frequency of strategic control instruments, it was analyzed whether successful companies differ from less successful ones in this regard. These analyses were based on three success indices. The first success index results from the indicated achievement of financial, customer, internal, and innovation targets based on the Balanced Scorecard. The target achievement scores were weighted on a company-specific basis to the reported importance of the respective dimensions. Similarly, the second success index is calculated as the sum of the respective perceived performance regarding the four core tasks of marketing (weighted on a company-specific basis to the stated importance of the core task). The third success index is based on the indicated achievement of growth, profitability, and security targets (weighted on a company-specific basis according to the stated importance of the three targets).

Subsequently, the 25% most successful companies (indices-based) were compared with the 25% least successful companies in terms of their use of strategic control instruments (see Fig. 13).

Use of the strategic control instrument	T-Test Sig.	Significance levels *significant (p<=0.05) **highly significant (p<=0.01) ***highly significant (p<=0.001)
Success index: Balanced Scorecard		
Marketing audits	0.022	*
Employee satisfaction scores	0.046	*
Success index: Task-oriented Approach		
Image/positioning studies	0.023	*
Strategic customer portfolios	0.004	**
Strategic product portfolios	0.05	*
Employee satisfaction scores	0.021	*
Funnel models	0.01	**
Success index: Growth, profitability, and security target triad		
Funnel models	0.019	*

Fig. 13 Strategic control instruments used significantly more frequently by successful companies. (Source: own illustration.)

The results of the quartile comparison show that successful companies make greater use of *marketing audits*, *employee satisfaction measurements*, *funnel models, image and positioning studies,* and *customer and product portfolios.* The significantly higher use intensity of *strategic customer portfolios* and *funnel models* among companies that are particularly successful in fulfilling marketing core tasks indicates that these companies are more customer-centric. Once again, the authors note that no cause-and-effect relationship between instrument use and firm performance can be assumed: It is also conceivable that successful companies only use the strategic control instruments described above to an above-average extent because they have higher financial resources for marketing control efforts due to their success. Nevertheless, the results outline that controlling intensity and success go hand in hand. This is a significant indication that greater weight should be given to customer- and employee-oriented approaches in strategic marketing control.

2.3.8 Control of the marketing instruments

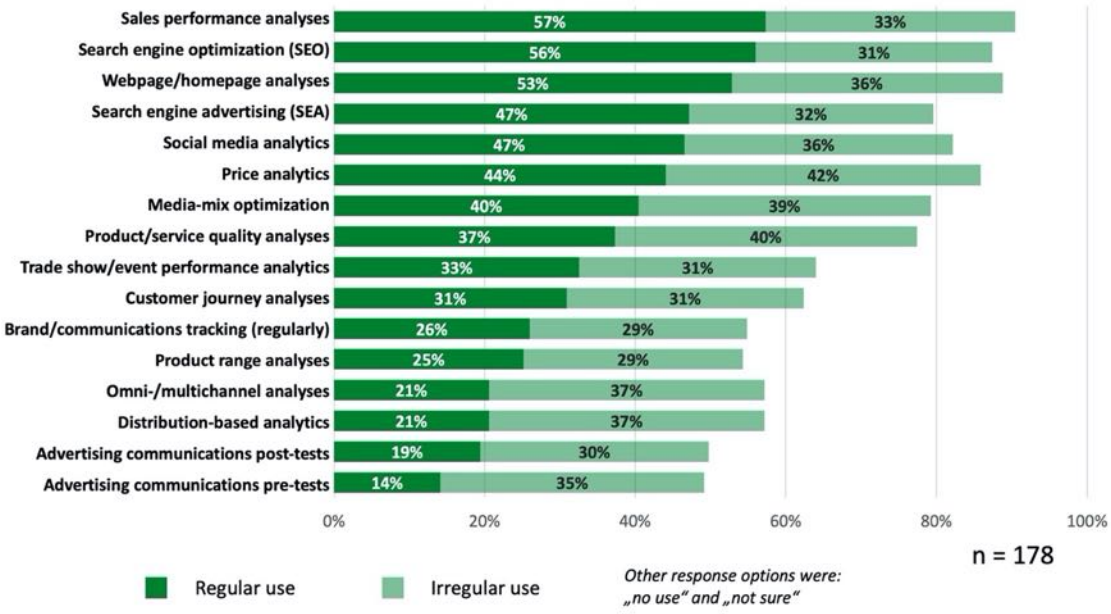

Fig. 14 Use of operational marketing control instruments. (Source: own illustration.)

Operational marketing control primarily relates to the four classic marketing instruments: Product, pricing, communication, and distribution. The results (see Fig. 14) show that operational marketing control focuses on the traditionally most expensive marketing instrument: *personal selling*. Compared with previous studies, it is also apparent that *online marketing control* has become more important - this is likely due to the increased share of online marketing measures in the budget and better data accessibility via online tools. *Customer journey analyses* are also used, at least occasionally, by more than 60% of surveyed companies.

The results outline a quite frequent *analysis of the success of trade shows and events.* Trade shows are often criticized for their limited effectiveness. Hence, inreased control of these forms of "live communication" is reasonable - especially since many industrial companies spend over 50% of their marketing budget on trade shows and other live communication activities.

Except for *social media communication,* traditional *marketing communication* is only controlled intensively in a few cases. At first glance, this may seem surprising, given that communication still accounts for a large share of the overall marketing budget. However, the costs of professional advertising and communications control are relatively high, which is why it is mostly performed intensively by larger companies (see Fig. 15). Other reasons for the low adoption rate of advertising and communications control are likely the advanced methodological expertise required for it and fundamental reservations about the overall possibilities of conducting communications control. For example, *advertising pretests* are used regularly by 14%

of the companies surveyed, although they are strongly recommended for large campaigns, at least to check the comprehensibility of the main message. *Ad hoc posttests* are used regularly by 19% of the companies. It is striking that only 18% perform regular communication tracking, an essential foundation for professional brand management. Irregular tracking is less goal-oriented and only of limited use to enhance performance.

In summary, it is apparent that only those operational control instruments are used, which are already available from standard market research studies, online tools, quality management, or routine financial reports. Especially the implementation of *omni-/multichannel analyses* remains another area for improvement; in times of integrated marketing and distribution approaches, the authors identify a clear need for action.

Subsequently, the extent to which large and small companies differ in their use intensity of operational control instruments was examined. Conducting a quartile comparison, the 25% largest companies surveyed (in terms of the number of employees) were compared with the 25% smallest companies. The results illustrate that large companies control all four classic marketing instruments (product, pricing, communication, and distribution) with a significantly higher intensity (see Figure 15). On the one hand, this can be justified with the lower financial resources available to small companies. On the other hand, the results also suggest a lack of simple, pragmatic, and cost-efficient operational control procedures that can be applied regularly by SMEs.

Use of the marketing instrument	Sig.	Significance levels *significant (p<=0.05) **highly significant (p<=0.01) ***highly signifcant (p<=0.001)
Product/service quality analyses	0.003	**
Product range analyses	0.002	**
Price analytics	0.000	***
Advertising communications post-tests	0.001	***
Advertising communications pre-tests	0.000	***
Brand/communications tracking	0.000	***
Seach Engine Advertising (SEA)	0.000	***
Customer journey analyses	0.004	**
Distribution-based analytics	0.004	**
Omni/multichannel analyses	0.000	***

Fig. 15 Quartile comparison of the use intensity of operational control instruments between the largest and smallest companies (measured by the number of employees). (Source: own illustration.(

In addition, the extent to which the use intensity of operational control instruments is positively associated with firm performance was examined. For this purpose, the most successful 25% of the companies surveyed were compared with the 25% least successful concerning their control intensity of marketing instruments. To form quartiles, the success index of the task-oriented approach (target achievement regarding customer acquisition and retention as well as product innovation and maintenance) was again used. The success index was preferred, as the task-oriented approach is more specific to operational marketing than overall corporate target systems. Figure 16 shows the corresponding results. It is evident that successful companies differ from less successful ones, especially in controlling for *omni- and multichannel analyses* and *media mix optimization*. The results underline the necessity of analyzing the effects of the entire marketing mix in addition to media-specific aspects. Only integrated marketing performance management generates cross-channel and cross-instrumental synergies and enables an effective implementation of marketing strategy. Successful companies also perform *webpage analyses,* and *communications control* more intensively. Even if no cause-and-effect relationship can be assumed between the use of operational control instruments and firm performance, it stands to reason that the professionalism of operational control efforts has a positive influence on the achievement of marketing objectives.

Use of the marketing instrument	T-Test Sig.	Significance levels *significant (p<=0.05) **highly significant (p<=0.01) ***highly significant (p<=0.001)
Product/service quality analyses	0.004	**
Price analytics	0.020	*
Advertising communications post-tests	0.015	*
Brand/communications tracking	0.005	**
Search engine optimization (SEO)	0.005	**
Social media analytics	0.002	**
Webpage/homepage analyses	0.001	***
Customer journey analyses	0.011	*
Media-mix optimization	0.000	***
Distribution-based analytics	0.021	*
Omni/multichannel analyses	0.000	***

Fig. 16 Operational control instruments frequently used by successful companies (fulfillment of the core tasks of the task-oriented approach). (Source: own illustration.)

2.3.9 Marketing Accounting

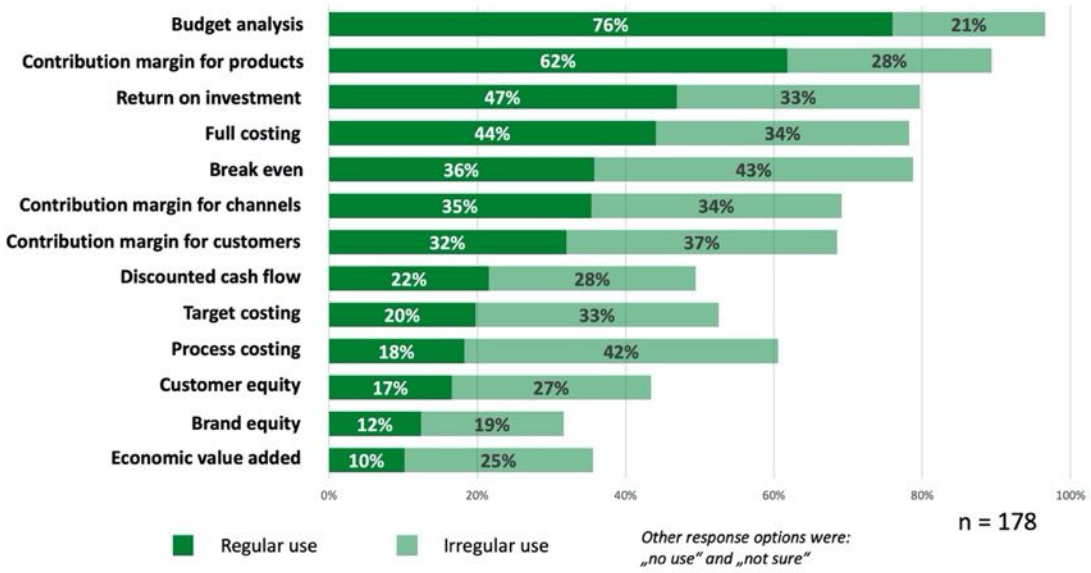

Fig. 17 Use intensity of marketing accounting instruments. (Source: own illustration.)

Cost and performance control instruments are directly related to finance. As Figure 17 shows, *budget analysis* is used most frequently among these instruments. The relatively low level of professionalism in determining the size of the marketing budget (see Fig. 7), which has already been discussed, raises the question of whether this analytical focus is purposeful. Admittedly, the frequent use is reasonable since the marketing budget size is often one of the few financial figures that finance receives from the marketing function - and thus, marketing understandably focuses on controlling these cost aspects. However, if - as explained - marketing budgeting is primarily experience-based and past-oriented, a priority orientation of control to budget analyses is somewhat questionable because questions of efficiency ("Are budgets being adhered to? ") are then asked before questions of effectiveness ("How high should the marketing budget be? In which instruments and areas should it be invested?") have been answered. In summary, budget analyses are essential but only meaningful if marketing budgeting is also conducted professionally.

In addition to *budget analysis*, *contribution margin calculations for products/orders/projects* (62%) as well as *investment calculations* (47%) and *full costing* (44%) are reported to be among the most frequently used instruments. Thirty years ago, these marketing accounting instruments were at the center of marketing management control. Before the introduction of standard business management software, they addressed a central information bottleneck in many

companies; today, information technology for management control solutions broadly provides satisfactory standard analyses. The survey reveals another challenging gap to marketing management: marketing planning has become significantly more customer (segment)-oriented in recent decades (Homburg et al. 2008). However, *contribution margin calculations for customers* are regularly used in less than one-third of companies. This result suggests considerable deficits in operational marketing accounting. How can customer-oriented marketing be planned and implemented if no information on which of a company's customers (segments) are actually profitable is provided? This deficiency is particularly concerning to service companies, which represent a large proportion of the sample, as customer-oriented marketing control is essential for them. Brand value calculations (12% of companies report regular calculations) are also rare. On the one hand, this may be because there is still no reliable standard method that meets companies' (practicability) requirements. On the other hand, a control focus on brand value is often inappropriate for smaller companies for economic reasons.

Overall, traditional and established methods dominate in marketing accounting. Newer and methodically more sophisticated procedures are not widely established. Perhaps, they are considered too risky, complex, or expensive in corporate practice, or the necessary know-how for these methods is not developed yet. However, it is precisely these innovative marketing control instruments that enable the quantification and monetarization of marketing activities and thus bring companies closer to the goal of value-oriented marketing management.

2.4 Conclusion: No marketing control without marketing planning

The empirical results illustrate a great need in corporate practice to ensure effectiveness and efficiency in marketing and prove the "return on marketing". However, suitable instruments that help optimize the marketing management process and the profitability of marketing measures are often not implemented in practice. The survey results suggest that marketing reality is often far from a true value or investment-oriented marketing.

Demands for improved reporting to top management are not reasonable if they are not accompanied by technical and methodological competence development. Planning without control is also of limited use. Therefore, it seems advisable to use a certain share of the marketing budget to optimize marketing management control. Investing scarce marketing funds for the evaluation of possibilities to increase effectiveness and efficiency is particularly useful where feedback in the sense of a control loop process has been largely dispensed with. There is a particular need for action in the professionalization of marketing budgeting, communications control, differentiated marketing metrics, and customer (segment)-oriented marketing accounting. In digital

marketing, data availability is significantly better, which leads to the above-average deployment of marketing control in this area.

The results also reveal a criticism of marketing research: Management control and marketing science are challenged to develop procedures that SMEs can also apply to enhance their marketing performance. In corporate practice, the greatest challenge for practitioners remains the determination of cause and effect of individual marketing activities.

3 Summary: Marketing Management Control 2021

- The results of this cross-industry study are based on a written online survey in German-speaking countries (with a focus on Switzerland). 179 managers participated. The study took place in summer 2020; it does not claim representativeness.
- The need to demonstrate the "Return on Marketing" has increased significantly over the past three years. Marketing executives increasingly plan to use data, analyses, and facts to support decision-making in marketing.
- The function of marketing management control is to ensure the effectiveness (efficacy) and efficiency (profitability) of market-oriented management. Satisfaction with marketing management control is modest overall and exceptionally high in a few companies.
- The greatest challenges of marketing management control are the proof of cause and effect of individual marketing measures, the measurability of marketing performance, and limited know-how and resources for data analytics, data accessibility & collection, and information technology. Furthermore, financial resources for marketing control efforts are often insufficient.
- Justified rationality-driven marketing budgeting is lacking in most companies.
- Financial objectives are prioritized in corporate practice. Marketing executives give growth and profitability targets roughly equal weighting.
- Simple and "classic" marketing and sales metrics (primarily sales and financial indicators such as turnover, sales volume, net profit, and return on sales) are widely used in business practice. Customer-oriented indicators are also collected but used less frequently as key performance indicators. Competitor-oriented metrics (except market share) are hardly ever collected.
- Firm performance and the use of selected financial and non-financial marketing metrics are positively associated (no simple cause-and-effect relationship can be assumed).
- The results indicate that particularly successful companies use customer scoring models, marketing audits, employee satisfaction measurements, and funnel models more intensively in strategic marketing control.
- In operational marketing control, the most frequently deployed instruments used are already available from standard market research studies, online tools, quality management, or routine financial reports. The underdeveloped control of classic marketing communications marks a key area for improvement. Successful companies differ from

less successful ones in particular in the frequency with which they conduct product and service quality analyses.

- In marketing accounting, budget analysis, contribution margin calculations for products/orders/projects, investment calculations, and full costing are standard tools. Especially for service providers, however, customer-oriented marketing accounting would be particularly important, particularly customer contribution margin calculations.
- Marketing planning without marketing control is meaningless, but marketing control is not possible without differentiated marketing planning. The goal of marketing management control is always to initiate learning processes to enhance marketing performance.

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