Survey on marketing effectiveness among Luxembourg companies
Room for reinforcement
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Method and approach</td>
<td>3</td>
</tr>
<tr>
<td>Marketing departments in Luxembourg: a key function in support of corporate strategy</td>
<td>4</td>
</tr>
<tr>
<td>Areas for improvement: project governance and collaboration between departments</td>
<td>6</td>
</tr>
<tr>
<td>Processes for measuring marketing performance: Luxembourg can do better</td>
<td>8</td>
</tr>
<tr>
<td>Measurement of the ROI must be automated, formalised and integrated at the heart of the company</td>
<td>10</td>
</tr>
<tr>
<td>Focus on marketing surveys: still not enough investment for companies outside the financial sector</td>
<td>12</td>
</tr>
<tr>
<td>Conclusion</td>
<td>14</td>
</tr>
</tbody>
</table>
Method and approach

To assess companies’ different marketing practices, a survey has been conducted since 2010. Deloitte’s UK team (in association with The Chartered Institute of Marketing) has carried out a yearly comparative survey of more than 200 marketing and communications managers selected throughout Europe.

This year, Deloitte Luxembourg launched the same initiative on the Luxembourg market.

The survey focuses on measuring the effectiveness of the marketing function throughout the value chain: from strategy definition to planning and operational implementation of the various activities and, ultimately, the calculation of returns on investment.

Methodology

Our survey produced 45 responses from a panel of commercial and industrial companies based in Luxembourg. Nearly half of the companies surveyed generated a turnover of more than €100 million.

As the charts on this page show, the responses come from fairly diverse participants, not just in terms of sector and business scope but also in terms of turnover.

Business sectors

A quarter of companies surveyed belong to the financial and insurance sector
80% of heads of marketing feel that their marketing strategy is aligned with their company’s corporate strategy.

Most Chief Marketing Officers (CMOs) surveyed feel that their company attaches strategic importance to marketing.

Indeed, 80% of respondents feel that their marketing strategy is aligned with the company’s corporate strategy. Furthermore, 72% think that this alignment is supported by the company’s directors. For two thirds of companies, this is reflected in the clear marketing objectives set for the company.

My marketing strategy is aligned with the company’s corporate strategy (% of companies).

Two thirds of CMOs said that their corporate strategy is clearly reflected through marketing objectives
However, only half of CMOs feel that the various members of their company understand the importance of marketing.

Whether this refers to the perception of marketing internally or to the technological resources needed for the department to be run effectively, the marketing function can sometimes be poorly understood within a company.

For example, only 52% of those surveyed think that the various members of their company understand the importance of marketing and the same number of CMOs surveyed feel that the technological resources needed to implement their marketing strategy are taken into account.

**Staff members’ understanding of the importance of marketing (% of companies)**

- **Completely agree**: 52%
- **Somewhat agree**: 39%
- **Neither agree nor disagree**: 20%
- **Somewhat disagree**: 17%
- **Completely disagree**: 11%

Only half of CMOs feel that the technological resources needed to implement their marketing strategy are taken into account.
Areas for improvement: project governance and collaboration between departments

Only 54% of respondents think that roles and responsibilities are clearly defined when marketing initiatives are planned.

The Luxembourg survey revealed the need for a clearer governance in regards to marketing projects, not just within the marketing department but also between departments with which they collaborate.

Indeed, within the marketing department, only half of those surveyed feel that roles and responsibilities are clearly defined when initiatives are planned. This means that collaboration within the department is only effective in half of the cases, a clear sign of lack of governance.

At a company scale, we can see that the marketing department’s work with other departments could somehow be improved: only 20% of companies surveyed believe that marketing regularly works in coordination with the IT, HR and Finance departments.

In contrast, 61% of those surveyed believe that the marketing department regularly works in coordination with sales.

61% of those surveyed believe that marketing is in constant coordination with sales.
And only one third of CMOs report operational data sharing within the company.

What are the obstacles to an effective governance across all departments? According to the survey, one obstacle can be the lack of a culture regarding the measuring and data sharing within the company.

Two thirds of CMOs who took part in the survey have yet to put in place key performance indicators to measure their activities (73%) and feel that data is not shared within their companies (62%).

Putting in place KPIs\(^1\) can serve as an effective management tool

---

\(^{1}\) KPIs: Key performance indicators
Processes for measuring marketing performance: Luxembourg can do better

Luxembourg companies lack experience in terms of measuring the performance of their marketing activities compared to other European companies...

Fundamental performance measurement processes are not sufficiently integrated within Luxembourg companies. Indeed, only half of respondents make effective use of valuable indicators like customer acquisition rates and loyalty rates. In Europe, the proportion is 70%.

Measurement of customer loyalty rates (% of companies)

- Very effective: 9%
- Somewhat effective: 46%
- We do not measure this aspect: 17%
- Not very effective: 20%
- Not at all effective: 9%

In Europe, the proportion is 70%.

Additionally, some specific indicators, generally linked to a particular business sector, deserve more attention in companies. This is the case for trade marketing in particular: more than 70% of CMOs surveyed in Luxembourg feel that their company either does not measure trade marketing, or does not measure it very effectively, compared with just 46% in Europe.

Measurement of trade marketing (% of companies)

- Very effective: 13%
- Somewhat effective: 15%
- We do not measure this aspect: 43%
- Not very effective: 20%
- Not at all effective: 9%

In Europe, the proportion is only 46%.

---

2 Marketing activities aimed at maximising the effectiveness of relations and negotiations with distributors – activities specific to the B2B sector but also more specifically to mass retailers
... especially in terms of measuring the return on marketing investment.

In Luxembourg, most CMOs surveyed recognise that they have not established processes to automatically evaluate the return on marketing investment, particularly regarding media investment. Indeed, less than half of respondents feel that their companies effectively evaluate their traditional media activities compared to 60% across all of Europe.

Measurement of presence in traditional media (% of companies)

- Very effective: 42%
- Somewhat effective: 33%
- We do not measure this aspect: 24%
- Not very effective: 30%
- Not at all effective: 4%

In Europe, the proportion is 60%.
Measurement of the ROI\(^3\) must be automated, formalised and integrated at the heart of the company

Less than half of CMOs take into account the success of their past actions when planning future activities.

Most companies that took part in our survey have not developed a strong culture of reporting marketing performances within their company. Indeed, over 50% of those surveyed admit that they do not use adequate resources to effectively analyse their marketing actions.

This lack of post-action analysis results in a lack of corrective action when planning future activities: only 42% of those surveyed base decisions regarding future actions on the analysis of the performance of their previous actions and campaigns.

**Use of adequate resources to analyse marketing actions (% of companies)**

- 55% Not used at all
- 17% Used quite regularly
- 15% Used half of the time
- 13% Used for performance
- 9% Not used often

**Use of performance indicators to help plan marketing activities**

- 42% Not at all
- 24% Completely
- 22% 9%
- 13% 7%
- 9% 7%
- 0% 2%

\(^3\) ROI: Return On Investment
Only a third of companies in Luxembourg seem to have an effective reporting system in place, compared to nearly half in Europe.

Indeed, just one third of Luxembourg CMOs produce specific, timely reports measuring the effectiveness of their marketing actions, compared to half in Europe.

**The financial sector: top of the class**

Marketing strategies in the financial sector rely more on measured data from past activities: 66% of CMOs in the financial sector claim to adopt such an approach, compared to only 37% across other sectors. This makes it easier to take a corrective action if necessary and helps plan future activities. We also note that staff in this sector have a better understanding of the performance measurement system in place, and adhere by it.

---

4 In this document, the 'financial sector' refers to respondents in the banking, investment management and insurance industries, a total of 10 companies
Focus on marketing surveys: still not enough investment for companies outside the financial sector

80% of CMOs regularly carry out customer satisfaction surveys and benchmarking analyses.

The participating companies regularly carry out surveys: nearly 70% have carried out their latest survey in the last two years. Our analysis also shows that the cheapest market research is the most popular: 80% of those surveyed regularly carry out customer satisfaction surveys and benchmarking analyses.

This type of research requires the least financial investment as it is generally carried out directly by the company. More precise research that is harder to put in place is less common. Examples include distribution network studies, brand perception and essence surveys as well as segmentation research.

Different types of market research carried out in Luxembourg (% of companies)

- Customer satisfaction survey: 20% (Yes), 80% (No)
- Competitor analysis: 20% (Yes), 80% (No)
- Brand awareness survey: 31% (Yes), 69% (No)
- Distribution network study: 53% (Yes), 47% (No)
- Brand perception and essence survey: 58% (Yes), 42% (No)
- Segmentation research: 58% (Yes), 42% (No)

Nearly 70% of CMOs have carried out their latest survey in the last two years.
67% of companies surveyed in the financial sector carry out segmentation research, compared to 42% of participating companies.

Financial sector companies are most likely to carry out more expensive studies, such as segmentation research.

**Use of segmentation research (% of companies)**

In Luxembourg

- Yes: 67%
- No: 33%

In the Luxembourg financial sector

- Yes: 67%
- No: 33%
Conclusion

While it is considered an essential function in supporting corporate strategy, the marketing function in Luxembourg needs to optimise its organisational and analytical capabilities to ensure that its importance is given due recognition within the company.

According to our survey, most companies attach significant importance to a marketing strategy which is aligned with the corporate strategy. However, marketing function remains poorly understood within half of the companies.

The survey revealed a need to establish clearer governance of marketing initiatives, strengthen collaboration within and between departments, and develop a culture of measuring and sharing data within the company. Generally speaking, Luxembourg companies seem to lack experience in terms of measuring the performance of marketing activities (except in the financial sector) and often lack enhanced measurement processes and automated systems to give a better idea of the return on marketing investment.

Paradoxically, it is when budgets are under close inspection, as is the case today, that establishing a performance measurement culture in marketing departments becomes essential as it highlights successes and the need to invest in them. Many companies in Europe increasingly use campaign management tools to automate the production and analysis of the results of marketing activities. Herein may lie the most imminent challenge for CMOs in Luxembourg.
Many companies in Europe increasingly use campaign management tools to automate the production and analysis of the results of marketing activities.
Contacts

Customer & Market Strategy Practice

Petra Hazenberg
Partner
Corporate Finance Advisory
+352 451 452 689
phazenberg@deloitte.lu

Julie Marizien
Senior Consultant
Corporate Finance Advisory
+352 451 454 277
jmarizien@deloitte.lu

Advisory & Consulting

Benjamin Collette
Partner
Strategy, Regulatory & Corporate Finance Leader
+352 451 452 809
bcollette@deloitte.lu

Basil Sommerfeld
Partner
Operations Excellence & Human Capital Leader
+352 451 452 646
bsommerfeld@deloitte.lu

Pascal Martino
Partner
Corporate Finance Advisory
+352 451 452 119
pamartino@deloitte.lu

Ronan Vander Elst
Director
Technology Advisory
+352 451 454 322
rvanderelst@deloitte.lu

Deloitte Luxembourg
560, rue de Neudorf
L-2220 Luxembourg
Grand Duchy of Luxembourg

Tel: +352 451 451
Fax: +352 451 452 401
www.deloitte.lu

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (‘DTTL’), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as ‘Deloitte Global’) does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte’s more than 200,000 professionals are committed to becoming the standard of excellence.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the ‘Deloitte Network’) is, by means of this communication, rendering professional advice or services. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2014. For information, contact Deloitte Touche Tohmatsu Limited.
Designed and produced by MarCom at Deloitte Luxembourg.