

Digital Marketing Audit Strategies for C-Level Executives

The job of the chief marketing officer has never been so complex, and the emergence of digital tactics is the main reason. With about 25 cents of every marketing dollar going to online tactics today -- up from effectively zero as recently as 2000 -- a CMO's roles and responsibilities have shifted dramatically as a result. As one marketing chief of a multi-billion dollar company once explained to me before a project, "It used to be that I'd set my strategy in October and then methodically execute on it the following year, but now I need to be adjusting tactics in almost real-time, and my old job is practically unrecognizable."

Survey data from Spencer Stuart suggests that the marketplace has adjusted to accommodate new CMO challenges, with average tenures at 44 months in 2015, nearly double the rate of 2004. Though, the study's author notes, "The intensity, the pressure and the demands on CMOs is admittedly unlike I've ever seen in my career". The emergence of new, potentially competing roles in the C-suite -- such as the chief digital officer -- are contributing factors as well.

Given the tumultuous environment, it's critical for a CMO to challenge conventional thinking, and use a variety of tools to survive. A digital marketing audit is one such tool, and the following are issues we advise CMOs to consider when thinking about the potential role of a marketing audit in their operations.

Control The Message – Or Risk Being Controlled By It

The concept of "auditing" is new to the marketing function -- not yet commonplace in practice as it is in finance, human resources, and IT. Fueled in part by rapidly growing digital expenditures that demand attention from financial oversight groups, and also by high-profile strategies employed by companies like Procter & Gamble -- which explained to Wall Street last year during an earnings announcement how the company reduced ad agency spending by 15%, to the tune of \$300 million, with "more savings ahead" -- CMOs are increasingly being held accountable for articulating digital transformation plans and making visible contributions to corporate financial performance. Performance audits offer CMOs with an effective tool for reinforcing the merits of their strategies, and presenting competitive benchmarking. However, it's not unusual for marketing audits to be

commissioned by CFOs, CEOs, or boards - with or without the involvement of CMOs - and those projects rarely end well for marketing chiefs.

Takeaway: Consider a first-mover approach to conducting an audit, even if you don't plan to distribute the findings widely throughout the company. You want to pursue a forensic evaluation before the CFO or CEO requests one.

The Digital Ad Fraud Issue Isn't Going Away Soon

Spending on advertising has irritated CFOs for decades, in large part because the efficacy of TV, radio, magazine, and newspaper ads was (and continues to be) so difficult to measure. The introduction and continued growth of digital formats on the advertising scene gives beancounters another - and far more trackable - bone of contention: outright waste. In what Fortune magazine describes as “a ticking time bomb inside of the online advertising industry”, it's possible that half of all internet ads are never seen by a human being.

Unsurprisingly, the industry is working furiously to wrestle the industry under control. A study sponsored by the Association of National Advertisers (ANA) reported this month that that “\$7.2 billion is expected to be lost globally as a result of nonhuman traffic in 2016”. AdAge's prominent coverage of the topic emphasized how many marketers, in response to hearing this forecast, “usually shrug their shoulders and say something about how ad fraud is just part of the game”. While they may be correct -- marketing professionals know there's waste in the operation, but that it's a cost of doing business -- CEOs and CFOs bristle at the thought of having the issue be so apparent. Regular auditing demonstrates attention is being given to the matter, and that an effort is underway to minimize the impact of fraud.

Takeaway: Though digital ad fraud has no easy solution, regular auditing can help to curtail its effects, and for big marketing operations, a few percentage points of improvement can be hugely impactful.

Think of a Digital Marketing Audit as Cheap Insurance

Marketing operations have dramatically increased in complexity over the past decade, and the function continues to be transformed, and not only due to dollars being allocated to digital. The influx of marketing technology -- which Gerry Murray at IDC predicts will nearly double in size over the next five years, to reach a \$32 billion marketplace by 2018 -- is wreaking havoc on marketing operations of every size and shape. A quick look at Scott Brinker's [Marketing Technology Landscape Supergraphic](#) demonstrates just how convoluted the category has become, and how long it'll require for meaningful consolidation to occur.

While the influx of these new tools have provided marketers with unprecedented capabilities to operate independent of IT groups and become less reliant on external agencies, the movement has also created a new set of responsibilities for CMOs in the areas of technology, talent, and business process management. Indeed, while half of the audits we conduct are laser-focused on digital advertising spending, the other half involve primarily staff/vendor assessments and technology evaluations. Client executives want to maximize ROI on existing investments, but also ensure future strategies are headed in the right direction. With so much of the marketing budget going to relatively new activities -- digital advertising, marketing technology, non-traditional personnel and service providers -- which didn't exist 5 or 6 years ago, the likelihood of misalignment and inefficiency grows.

Takeaway: With so many marketing dollars being directed to digital advertising and technology, objectivity and independence is a rare commodity in the ecosystem, but can help CMOs direct investments to tactics that align with their strategies and needs - not the vendors'.

Additional Reading

- [Auditing Digital Marketing \(Part III\): Vendor Management](#)
- [Auditing Digital Marketing \(Part II\): Promotion](#)
- [Auditing Digital Marketing \(Part I\): Infrastructure & Applications](#)

About Tim Bourgeois & East Coast Catalyst

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