

Book reviews

Marketing Payback: Is Your Marketing Profitable?

Robert Shaw and David Merrick

FT Prentice Hall, Harlow, 2005; ISBN: 0 273 68884 7; 511pp; £24.99

COMMENT

Concerns about the profitability of marketing are not new: academics and practitioners have become increasingly concerned about the whole question of marketing's contribution. Marketing functions are under increasing pressure to justify levels of marketing spend. The Marketing Science Institute has prioritised research which explores marketing productivity, and this theme has been widely pursued by many leading academic journals. *Marketing Payback* is a fascinating read which comes at a time when worries about marketing effectiveness have come to the fore. As the authors rightly imply, these concerns have a strong basis: 'Good marketing decisions yield substantial profits but bad ones can destroy substantial value' (p. 2). This book takes readers on a journey through the challenges which modern marketers face, providing in-depth insights into the issues surrounding marketing value and making wide-range practical recommendations. In the following review, Lyndon Simkin explores the scope and usefulness of the book, pinpointing those who would benefit from reading it.

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REVIEW

US guru Philip Kotler states on the jacket of *Marketing Payback*, 'a landmark

book, providing marketing practitioners with the tools to professionalize their marketing decision-making'. Make no mistake, this insightful and highly thought-provoking book is a highly worthwhile addition to many marketers' bookshelves and, more importantly, to their practical toolkit.

The text claims to focus on assisting the assessment of marketing payback and the justification of marketing's endeavours to perhaps sceptical colleagues in other functions and to senior leadership teams in corporates questioning the worth of their marketing spend. Themes addressed include expenditure allocation, brand identity changes, brand portfolio planning, valuing brands, integrated marketing communications, how pricing works, how promotions work, customer equity optimisation and getting better value from marketing information, along with useful suggestions for improving marketing planning, budgeting, book-keeping and accounting.

The book is based on Robert Shaw's experiences with a host of companies, including Barclays, BP, BT, Diageo, HSBC, IBM, Orange and Unilever and his role as visiting chair at Cass (City) Business School in London. David Merrick is a mathematician turned management consultant, who has helped BP, WPP, Interbrew, Barclays, Accenture, the World Bank and the Government of the Russian Federation. They have harnessed their combined experiences to

very competently discuss the day-to-day issues addressed by marketing functions and to offer their opinions as to where the stress points really lie and how marketers should go about ensuring their practices result in rigorously assessed payback for their employers.

It is important that the authors' CVs do not put off the more academically inclined reader. *Marketing Payback* is extensively referenced and cites a 'who's who' list of concepts, from Aaker, Ambler, Blattberg, Corstjens, Curhan, Davidson, Doyle, Ehrenberg, Lodish, McDonald, Walters, Ward, among others, supported by the concepts and processes put forward by leading consultancies such as Booz Allen and Hamilton and Coopers. Key concepts from all of these sources are presented with clarity, but more importantly they are woven into the overall structure and story of this provocative challenge to marketers to now deploy some of these ideas in order to systemise their outputs and more readily identify the rewards accruing from their activities.

There is some rehashing of familiar themes, such as marketing's so-called midlife crisis, but once the reader has traversed the first section of *Marketing Payback*, the new thinking keeps on coming in waves. The chapter sub-heads point very effectively to the issues and challenges to be addressed better by marketing professionals if they are to convince those around them of their true worth and contribution. The boxes dotted liberally throughout the book, presenting overviews of jargon and suggesting the emerging dominant themes to be addressed, demonstrate the authors' wealth of experience and also the breadth of their reading. Although there are some vignettes distributed in the text, in places I would have like to see more detailed illustrative examples to help convey the

essence of the authors' otherwise compelling message.

Some omissions that surprised me a little, given the practical circumstances faced frequently by marketers striving to implement a marketing strategy or marketing plan, are channel selection and the optimisation of a mix of channels to market; supply chain harmonisation and orientation around a revised target market strategy; sales force alignment and control; the selection and control of agencies; and, the optimisation of the marketing function itself in terms of staff selection, recruitment, retention and, crucially, their orientation towards the agreed marketing plan. Arguably this last area is one where most senior marketers really would benefit from astute guidance on the application of some performance metrics: the optimisation of the marketing function within the organisation and the assessment of its value or contribution as a team of hard-working professionals. Given the wealth of experience evidently at the disposal of these well respected authors, both leading consultants to a host of blue-chip organisations, the assessment of the marketing function *per se* — in the context of marketing payback — may be worth considering for the future.

The conclusion is that *Marketing Payback* is clever and very interesting, aiming to help the function of marketing address some of its acknowledged weaknesses, notably in the areas of performance monitoring and the adoption of more rigorous processes capable of benchmarking. There is potentially a wide target audience for *Marketing Payback*:

- *Marketing academics*: Most, though not all, will be aware of these issues and possible solutions, particularly those actively involved with executive MBA programmes and acting as consultants.

- *Management consultants:* Senior practitioners will have an awareness of these issues, but most marketing and strategy consultants will be receptive readers for some of the suggested solutions offered here.
- *Brand managers and line marketers:* Arguably, these are the people who would benefit the most from the messages in *Marketing Payback*, although it is difficult to judge whether this time-pressured audience will find this challenging text to be an accessible read.
- *CEOs and senior leadership teams:* The marketing discipline would benefit

from their interest in this book. Hopefully this audience's desire for 'quick answers' will not put them off this lengthy text.

Overall, readers of similar ability and standing to Robert Shaw and David Merrick will be the most receptive and perhaps easily convinced, whereas the field of marketing needs brand and marketing managers to tune into the issues raised so compellingly in *Marketing Payback*.

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