Hong Kong - Local marketers have questioned a recent report which claimed that 65% of all marketing spend in 2007 had no effect on consumers.

A recent report from the Fournaise Marketing Group stated that 65% of all marketing spend in 2007 had no effect on consumers.

Arvind Sethumadhavan, Asia Pacific CEO for GroupM Business Science said the figure was extreme and a more realistic figure was around 15%.

Sethumadhavan said a credible analysis of marketing effectiveness needs to consider all aspects of the marketing plan including pricing and distribution and benchmark this against key performance indicators.

In defense of the report, Fournaise said wastage of marketing investment was higher in developed economies like the US and lower in emerging markets such as China and India, where a figure of 40% was highlighted.

"While the focus of a lot of companies in China tends to be on brand building, this is reflective of the market maturity as well as the brand need," Sethumadhavan added.

Anthony Shaw, chief marketing officer for Prudential Assurance Hong Kong, said that in emerging markets like China, businesses are frequently building categories from scratch.

He explained that competition may be limited or non-existent and consumers may be unaware or poorly informed about a product or service or how to use it.

It is inevitable in these instances that companies would try to develop the category and their dominance via brand building campaigns supported by other appropriate market development activities.

He commented that the statements made by the Fournaise Marketing Group are very general but it is reasonable to employ different strategies in different markets dependent on their level of development.

In established markets, where there are frequently a number of viable established brands fighting for share amongst relatively better informed and educated customers, it is reasonable to expect that their marketing strategies employed in these markets place less emphasis on brand building campaigns and more emphasis on tactical campaigns.

Shaw also pointed out the nature of mass media communications implicitly requires some level of 'wastage'.

"However, I'm not sure that it's fair to view this proportion of your spend that reaches people unlikely to respond to your offer as 'waste'. It is a necessary and unavoidable part of mass media campaigns," he said.

Michael Netzley, practice assistant professor of corporate communication for Singapore Management University, also questioned the findings of the report and said data on the sampling methodology were not transparent.

"Now this is where the survey gets a bit self-serving. Fournaise marketing group specializes in offering marketing programs and tracking. One is not surprised to see survey results supporting their business", Netzley said in his blog.

"Though the N=3000 (number of marketers surveyed) in this survey, the report and its methodology is not easily found on the web. I have no way of looking at the research methods to see if this is actually data we can rely on".