

Views from the Street Project Frame-Up

Issue

Despite relative size of marketing budgets, financial analysts have yet to begin studying the affectivity and maximization of marketing spend on a firm's bottom line. Marketing is simply seen as an expense, accounted for as such and there are no rules regarding amortization of marketing expense, no ratios taken into consideration in firm or stock valuation and, given the lack of reliability around long term metrics, no efforts to tie long term effects of brand marketing and future stock value.

Pervasiveness of the Issue

Issue applies across all businesses.

Objectives

Begin the dialogue with analysts to bring a significant expense line item into full view of The Street and to explore the metrics/ratios they and other non-marketers might need to reliably value the return from this spending. While establishing the actual metrics/ratios would result from future MASB projects, this first step will start the process of getting there and bring high level attention to MASB and its Mission/promise. It will determine and/or create the need for understanding marketing metrics and their potential use in firm performance and valuation.

Hypothesis

The Street will be interested in MASB's Mission and the use of marketing metrics that are tied to financial performance as a means to evaluate the spending. They will also offer up many creative ideas as to what ratios might be appropriate to aid in the valuation of brands & bottom line value of marketing on ultimate stock price.

Description

Interviews with financial analysts, needs assessment, gap analysis, start of discussion around education and ratio development needs. Potential creation of accounting standards based metrics/ratios.

Expected Results

Such a study would bring a significant expense line item into full view of the street, enable non marketers to value spend, be it long or short term and it's ultimate effect on sales, future brand value, etc. This in turn would realign marketing and strategy and open doors of communication between CMOs and CFOs as well as bring increasingly disregarded CMOs back to the boardroom.

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