MASB Standards Project

MASB Metrics Catalogue

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Marketing Accountability Standards Board of the Marketing Accountability Foundation

Objective

Create a Catalogue of Marketing Metrics that provides detailed documentation regarding the psychometric properties of the measures and specific information with respect to reliability, validity, range of use, sensitivity . . . particularly in terms of validity and sensitivity with respect to financial criteria.



Issue

Two interns engaged in the initial stages of the project encountered problems finding specific measures offered by commercial providers.

This is not a problem in the academic literature, but commercial providers offer little detail about their measures. Most focus on integrated suites of products and services with little technical information or reference to characteristics of specific measures that would allow profiling according to MMAP.

Alternative Solution

Use the MMAP Training and Advisory Services to populate the Metrics Catalogue as metric providers have their offerings audited and profiled.



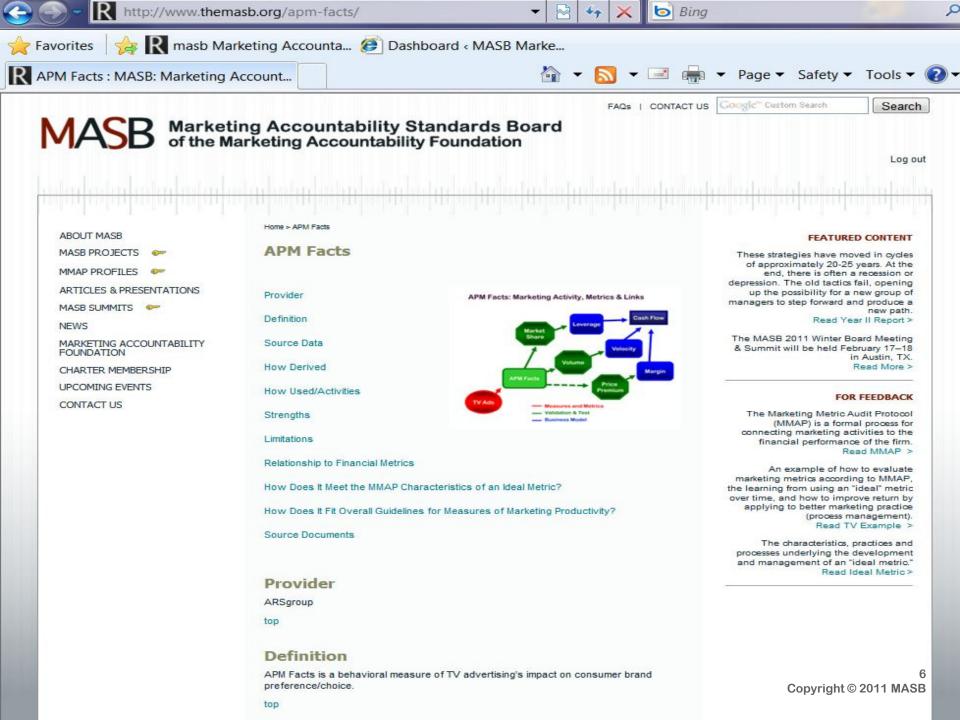
Metrics Catalogue Next Steps (Feb 2011)

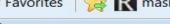
- APM Facts published to Catalogue (August 2010)
- **Finish CoreBrand metrics profile (March 2011)**
- Form audit review team for posting (March 2011)
- Revisit BAC profile information (Summer 2011)
- Include other Metrics as they are profiled (2011+)

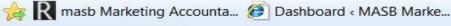


Thank you!



























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Source Data

Using a large randomly selected sample, brand preferences/choices are collected before and after incidental, clutter exposure to TV material.

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How Derived

APM Facts = % Brand Preference Post - % Brand Preference Pre

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How Used/Activities

APM Facts is used to:

- 1. Quantify likelihood and magnitude of TV advertising's impact on future sales volume and market share for advertised brand and brand portfolio (halos). For next four weeks and next business quarter.
- 2. Quantify appropriate level of GRP spending for discrete executions to optimize media investments.
- Allocate GRP spending for discrete executions within and across brands to optimize return for brand, division, company.

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Strengths

APM Facts has withstood the test of time and been proven: Reliable, Relevant, Valid, Calibrated, Empowering, Hygiened.

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Limitations

- Currently applicable to only TV advertising
- Limited validation for "new to the world" categories

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Relationship to Financial Metrics

APM Facts predict TV advertising's impact on market results at ~.90 level when the TV activity is isolated from the other elements of the marketing mix (about as high a relationship as possible, given sampling probability). Within the context of other marketing activities, APM Facts predict TV advertising's impact on change in market share at the ~.70 level.

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How Does It Meet the MMAP Characteristics of an Ideal Metric?

- Relevant . . . addresses and informs specific pending action Is proposition strong enough to proceed w/ad development? How much weight behind each ad to achieve desirable impact?
- Predictive . . . accurately predicts outcome of pending action Predicts ad impact on quarterly sales volume impacted and market
- Objective . . . not subject to personal interpretation What consumers choose post-ad exposure minus pre-exposure
- Calibrated . . . means the same across conditions, categories & cultures
 - 2 is a 2 and 7 a 7 in US, Latin America, Europe . . . for new, restaging, and established brands . . . no indexing or modeling in derivation
- Reliable . . . dependable and stable over time Test-retest reliability @ >.90 over 3 decades
- Sensitive . . . identifies meaningful differences in outcomes A 2-point difference is detectable, and a 2-point difference results in a 0.4 difference in quarterly market share
- 7. Simple . . . uncomplicated meaning and implications clear Level of impact on consumer brand choice
- 8. Causal... course of action leads to improvement Improvement in return +83% to +130% on average
- Transparent . . . subject to independent audit Furse, Stewart, Jones
- Quality Assured . . . formal/ongoing processes to assure 1-9

Systematic reliability and validity processes & management

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How Does It Fit Overall Guidelines for Measures of Marketing Productivity?

A. Return on Marketing Investment (ROMI) is inherently a financial construct. No measure or measurement system is complete without a specific link to financial performance.

APM Facts predict TV advertising's impact on market results at ~.90 level when the TV activity is isolated from the other elements of the marketing mix (about as high a relationship as possible, given sampling probability). Within the context of other marketing activities, APM Facts predict TV advertising's impact on change in market share at the ~.70 level.

MEASURES OF RETURN ON MARKETING INVESTMENT SHOULD:

B. Reflect the standard financial concepts of return, risk, the time value of money and the cost of capital.

These relationships are consistent with standard business quarters for reporting.

C. Provide information for guiding future decisions by predicting future economic outcomes as well as provide retrospective evidence of the impact

APM Facts predicts the return of TV advertising (impact on sales, share, market value) plus risk/opportunity of alternative investments / ad plans.

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APM Facts: MASB: Marketing Account...

D. Recognize both the immediate, short-term effects of marketing actions and longer-term outcomes, as well as the fact that short and long term effects need not be directionally consistent.

APM Facts predict TV advertising's impact on market results at ~.90 level when the TV activity is isolated from the other elements of the marketing mix (about as high a relationship as possible, given sampling probability). Within the context of other marketing activities, APM Facts predict TV advertising's impact on change in market share at the ~.70 level. Also related to market value over time.

E. Recognize the difference between total return on investment and return on marginal return on investment.

A difference of just two APM Facts is associated with a +0.5 market share increase over a 4-8 week period and +0.4 market share increase over a business guarter. From long-term study, a difference of just +1.2 points (+3.3 to +4.5) takes a brand from a sales decline to a "modest" sales increase over a five-year period. A further improvement of +1.2 points (+4.5 to +5.7) leads to "substantial" growth over a five-year period.

APM Facts is predictive of incremental impact and total impact on volume (as determined by MMM)

- F. Recognize different products & markets produce different rates of return. N/A
- G. Distinguish between measures of outcome and measures of effort. APM Facts is a measure of outcome and TV advertising effectiveness.
- H. Provide information that is meaningful and comparable across products, markets, and firms.

APM Facts is calibrated across brands, categories, and countries.

- I. Clearly identify the purpose, form and scope of measurement. N/A
- J. Be documented in sufficient detail to allow a knowledgeable user to understand their utility & make comparisons among alternative measures. Predictive of TV advertising's impact on future brand preference, sales, market share and market value.
- K. Be assessed relative to generally accepted standards of measurement development and validation.

30+ years of documented RRVCE (Relevance, Reliability, Validity, Calibration, Empowerment)

L. Be recognized as necessary investment for assuring sound decisionmaking, accountability, continuous improvement, and transparency for all stakeholders.

Been managed to generally accepted RRVCE standards, subject to independent academic audits, and meets characteristics of an ideal measure. While recognized as necessary by the provider, still viewed as a marketing expense, expensive, and not necessarily necessary by the buyers.

Thank you!

