
MASB

Standards Project

Return from CPG Target Segments using CLV

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Foresight ROI**

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**Marketing Accountability Standards Board
of the Marketing Accountability Foundation**

Agenda

- I. Review of project
- II. Pilot Status
- III. Next Steps and Expectations

Measuring CLV for CPG Target Segments Project Team

Leads: Rick Abens (Foresight ROI)
Kate Sirkin (SMG)

Heroes: Jamie Richardson (Kimberly Clark)
Chris Ciccarello (ConAgra Foods)
Shubu Mitra (Coke)
Renata Soares (Coke)
Debra Parcheta (Blue Marble)
Craig Gugel (Logic Lab)
Paul Flugel (Nielsen)
Brock Trautvetter (Nielsen)
Carl Spaulding (Nielsen/Catalina)
Path Sengupta (SMG)
Dominique Hanssens (UCLA)
VK Kumar (GSU & AMA)

Admin: Allan Kuse (MMAP Center)
Meg Blair (MAF/MASB)

Meet: Monthly on 3rd Friday at 10:30 am ET

The project goal is to improve target marketing strategies and accountability

1. **Alignment of marketing strategies and measurement**
 - Marketing plans are built and executed to target customers
 - Measurement is still mass market in CPG
2. **Level marketing accountability with the rest of the organization**
 - Metrics that help management allocate resources

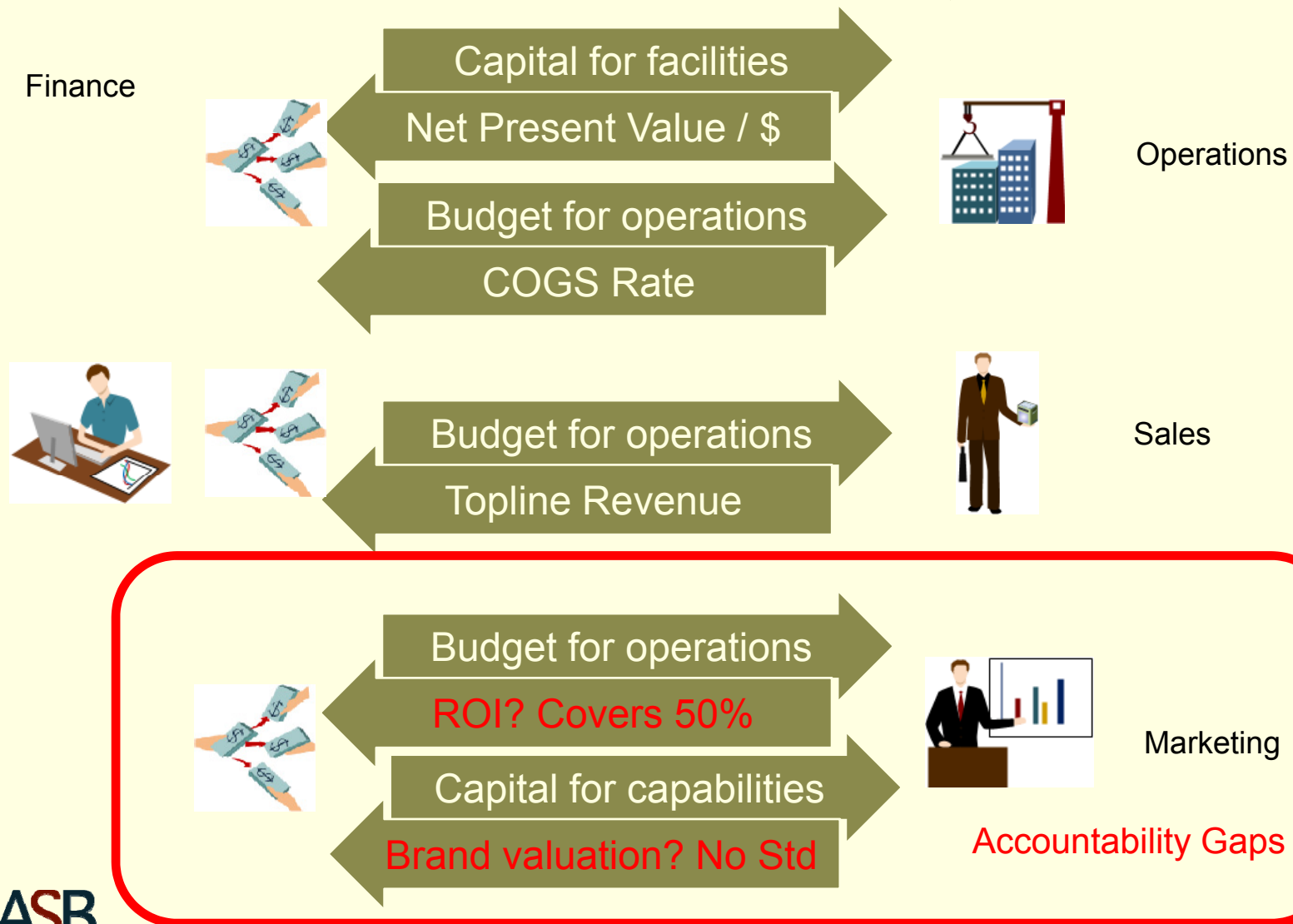
Marketing effectiveness measurement should be aligned with target marketing strategies

Target Marketing Process

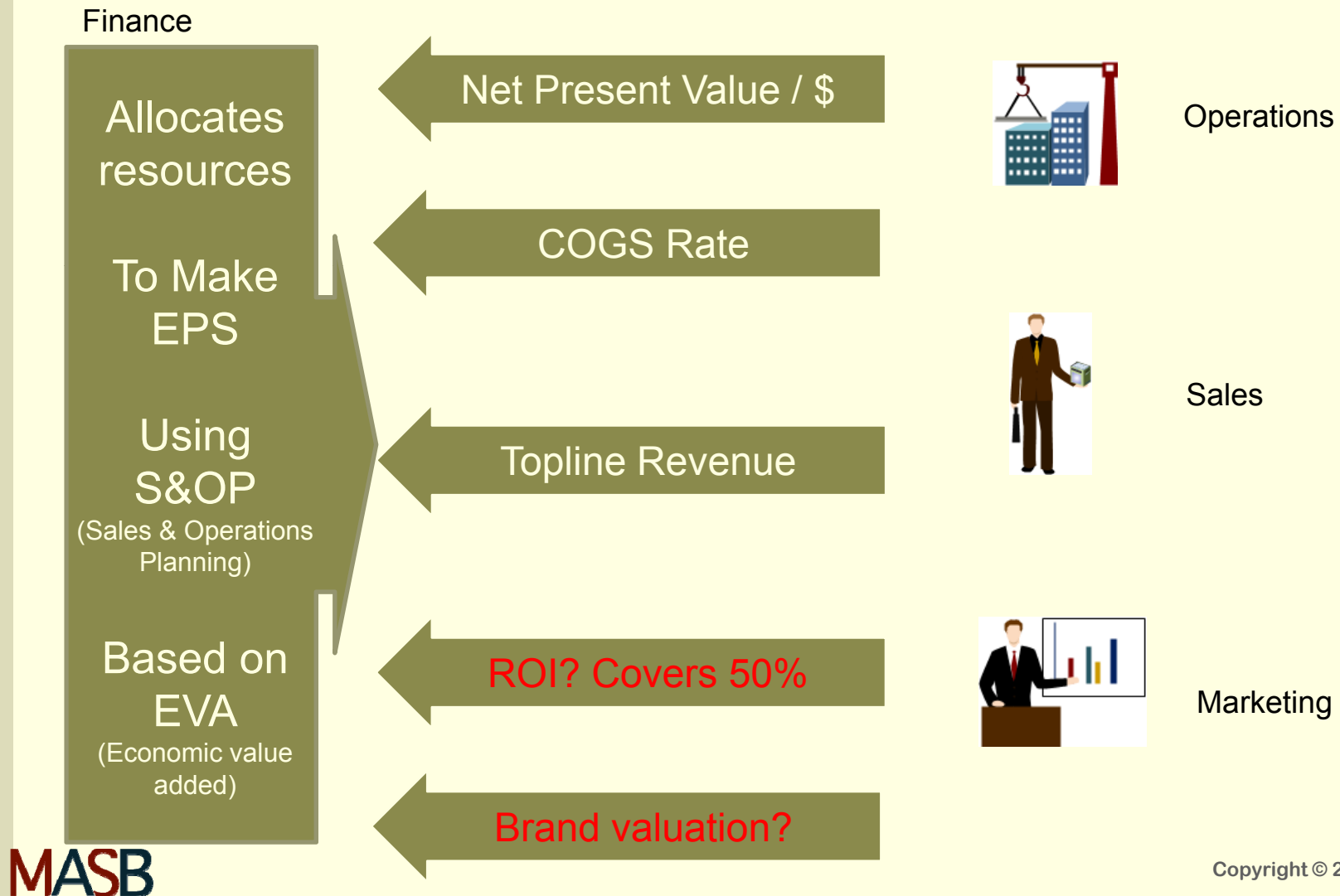


Source: adapted from Kotler et al. (2004, p. 359)

Marketing metrics provide only a partial accounting of the financial resources provided



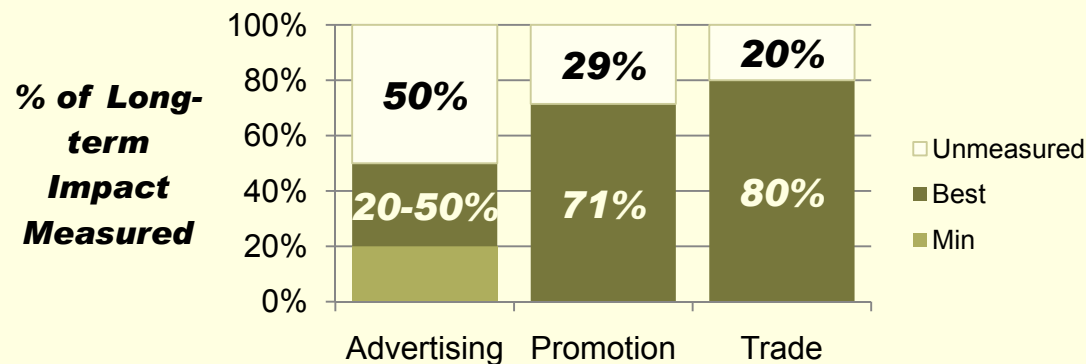
Accountability metrics must fit into the business processes of resource allocation – e.g. S&OP



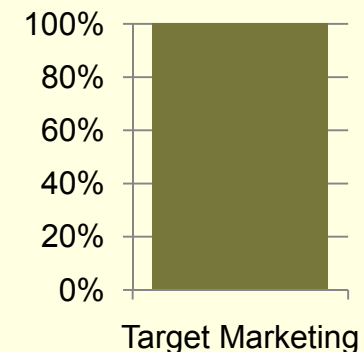
Expected Results

The promise of this project is to demonstrate the ability of CPG marketers to accurately forecast and improve the effectiveness of “target marketing” over time and to distinguish effectiveness for the different target segments. The CLV structure will help account for the full effects of marketing activities rather than just the short-term effects.

Best ROI Metrics Include a Portion of the Long-term Impact for the Mass Market Only



Marketing CLV Covers the Entire Long-term Impact



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The pilot phase is to bridge academics and practice

Phase I: Document what is known about CLV.

Phase II: Conduct a pilot and test that will demonstrate that the CLV construct and models can be reliably applied to CPG target marketing.

Phase III. Determine the extent to which this approach satisfies the MMAP Characteristics (e.g. predictive validity and causality) for use in CPG business practice to improve overall financial performance.


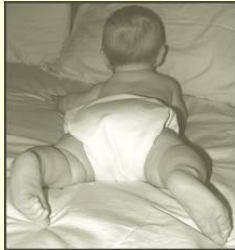

CLV for CPG Target Team Pilot Schedule

- Sep – confidentiality agreements signed (internal data prep & send data after CDA signed –all)
- Dec - finished data collection and review
- Jan - aggregated data
- Feb – Winter MASB summit – report to Board
- Feb – basic reports and start modeling
- Apr/May – Topline model results
- May/Jun – Model result
- Jul– Final pilot results documented for Board review
- Aug – Summer MASB Summit presentation of pilot results (and post)

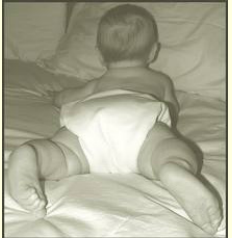
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Three key specific marketing issues are being addressed

	<i>Issue</i>	<i>Expectation</i>
	<u>Reallocate</u> marketing funds to provide more long-term brand value equity “health”	Shopper marketing <u>provides as much CLV</u> as the other marketing tactics
	<u>Market</u> a broad line of products to meet customers’ broader and sequential needs	Marketing plan strategies and allocation adjustments can <u>enhance the total customer value</u> across multiple product lines
	<u>Build</u> brands with targeted marketing across many customer segments	Differentiated messages and media to key customer segments for <u>long-term marketing impact</u>

Deliverables will be metrics aimed at marketing planning process decisions

	<i>Issue</i>	<i>Deliverables</i>
	<u>Reallocate</u> marketing funds	Short and long-term program metrics comparable to ROMI <ul style="list-style-type: none"> Behavioral changes attributed to shopper marketing compared to marketing objectives
	<u>CRM</u>	Individual brand and portfolio consumer behavior changes attributed to marketing efforts
	<u>Targeted</u> marketing	Long-term CLV trend and drivers by target segment

Marketing strategies also vary based on the customer current behavior

Customer Purchase and Loyalty Strategy Matrix



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- **Summary**

Increase Brand Value



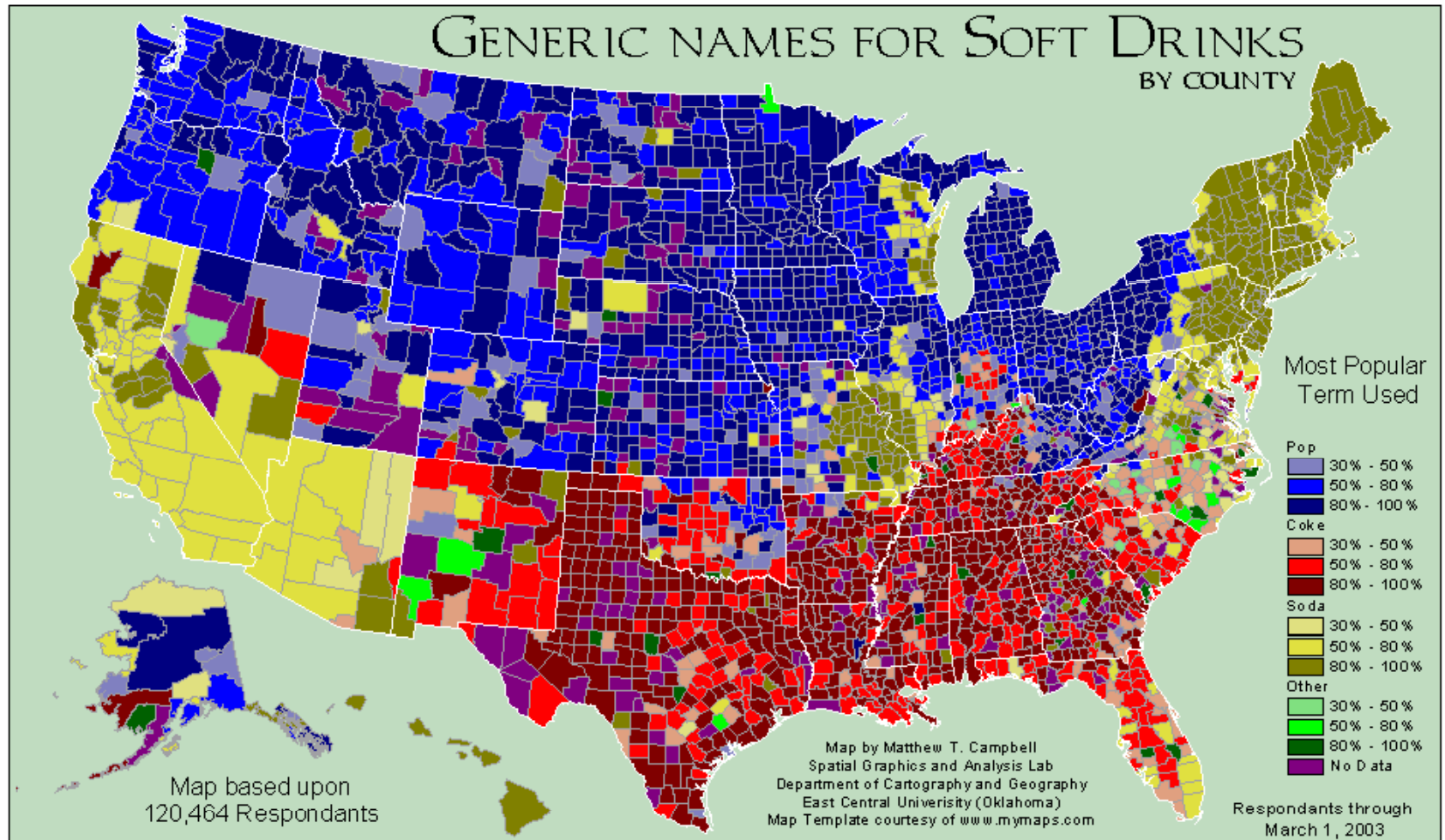
Meet customers long-term needs



Measure, differentiate and acquire



Message differentiation?



Summary

- **Target marketing effectiveness needed for target marketing strategies**
- **Marketers deserve accountability tools . . .**
 1. **Comparable to the rest of the org**
 2. **Across brands**
 3. **Across the mix**
- **Marketing measurement must help “build tangible and enduring brand value”**

Thank You