
The First 3 Years: Start-Up

Accomplishments & Challenges

Dominique Hanssens
Bud Knapp Professor of Marketing
UCLA Anderson School of Management
Founding Director of the MASB
August 2010
Boston



Marketing Accountability Standards Board
of the Marketing Accountability Foundation

Background

- **September 2004**
 - **In response to growing demand for marketing accountability, a handful of cross-industry marketing scientists got together ...**



Dwight Risky
Advertiser
(PepsiCo)



Kate Sirkin
Media/Agency
(Starcom)



Mitch Barns
Modeling
(BASES)



Dave Stewart
Academia
(USC)



Meg Blair
Measurement
(ARS Group)

ROMI is Murky

- Metrics Revolution (Cummings, 2004)
- Advertising ROI Still Elusive Metric (Chura, 2004)
- CMOs Wrestle with Effective Media Measurement (*CMO*, 2004)
- Cross-Media in the Cross Hairs (ARF 2004)
- Characteristics of an Ideal Measure (Lehmann et al, 2003)
- ~~Review of Industry Practices (Bucklin et al, 1999)~~
- ROI is dead: now bury it (Ambler, 2004)

Ambler 2004

- **A Contrarian's View of ROI**
- **Too Many Different Definitions**
- **Focused on Short Term Results**
- **Current Metrics Not Respectable**

Proposed Objectives

Establish ROMI Marketing Measurement Standards

Vote

Dwight: Yes, This is very exciting!

Kate: Yes, this is needed.

Mitch: You bet.

David: This is important.

Meg: Let's do it...

To end the meeting, the group went to dinner at a nearby restaurant...cocktail discussions centered around naming the initiative...a name that would fit what was about to happen...

...upon returning from a restroom chat, Kate & Meg noticed the name on the dining room door:

The Boardroom



**THE
BOARDROOM PROJECT**

Background

- **September 2004**
 - In response to growing demand for marketing accountability, a handful of cross-industry marketing scientists got together ...
- **2004-2007**
 - The body grew as it conducted a comprehensive review of current practices, needs and accountability initiatives underway...

The Boardroom Project (2007)



David Stewart (2004)
Academia
(UCR)



Meg Blair (2004)
Measurement
(MMAP Center)



Kate Sirkin (2004)
Media/Agency
(SMG)



Mitch Barns (2004)
Modeling
(BASES)



Dwight Risky (2004)
Marketer
(PepsiCo)



Mike Duffy (2005)
Modeling
(Nielsen)



Joe Plummer (2006)
Industry Association
(ARF)



Mike Hanssens (2006)
Academia
(UCLA)



MJ Cummings (2007)
Marketer/Finance
(Visa)

The Boardroom Project Output*

- **Measurement-Based Accountability Standards (Paper 4/05)**
- **Marketing Productivity, Effectiveness and Accountability (Paper 7/05)**
- **Marketing Metric Audit Protocol (MMA) (*about* Paper 2/06)**
 - **Connecting marketing activities to the financial performance of the firm**
- **The Language of Bottom Line Business (Presentation 2/06)**
- **Objectives of Marketing Standards (Paper 8/06)**
- **Putting Financial Discipline In Marketing (Article 10/06)**
- **Academic Review: The Role of Standards (Presentation 2/07)**
- **We Will Work Together (Presentation 4/07)**
- **The MASB Vision (Presentation 8/07)**

* Posted on MASB Website

Academic Review

The Role of Standards
Current Practices,
Needs, Qualifications,
Value Proposition

David Stewart, USC and Project Chairman
February, 2007



An Analogy: The Quality Movement



Marketing is where quality was 50 years ago

- Highly idiosyncratic
- Viewed as a cost (Scrap and re-work as “Low Cost” substitutes for quality)
- Lacking consistent metrics
- Lacking standardized processes

The quality movement has spent 50 years proving itself

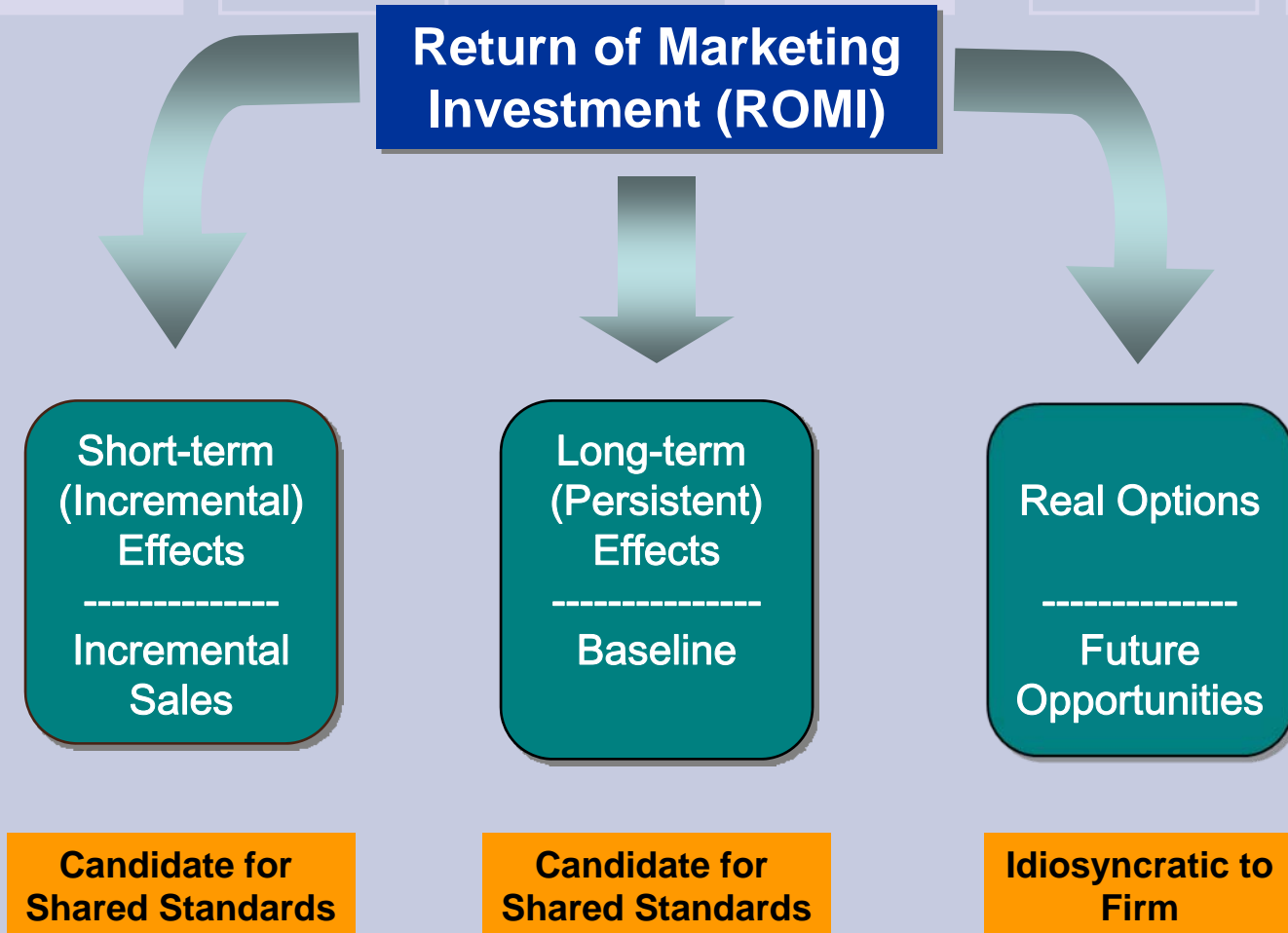
- Developing metrics
- Creating standard processes
- Linking to financial performance (through demonstrated cost savings and higher returns in the market)
- Demonstrating its value

What Marketing Can Learn from the Quality Movement?



- Establishing standards is important
- Even in idiosyncratic environments it is possible to create Metrics and processes that
 - Are standard across firms and industries
 - Reduce costs and increase returns
 - Increase value to the firm and the customer
 - Provide a basis for continuous improvement

Three Types of Return on Marketing Investment

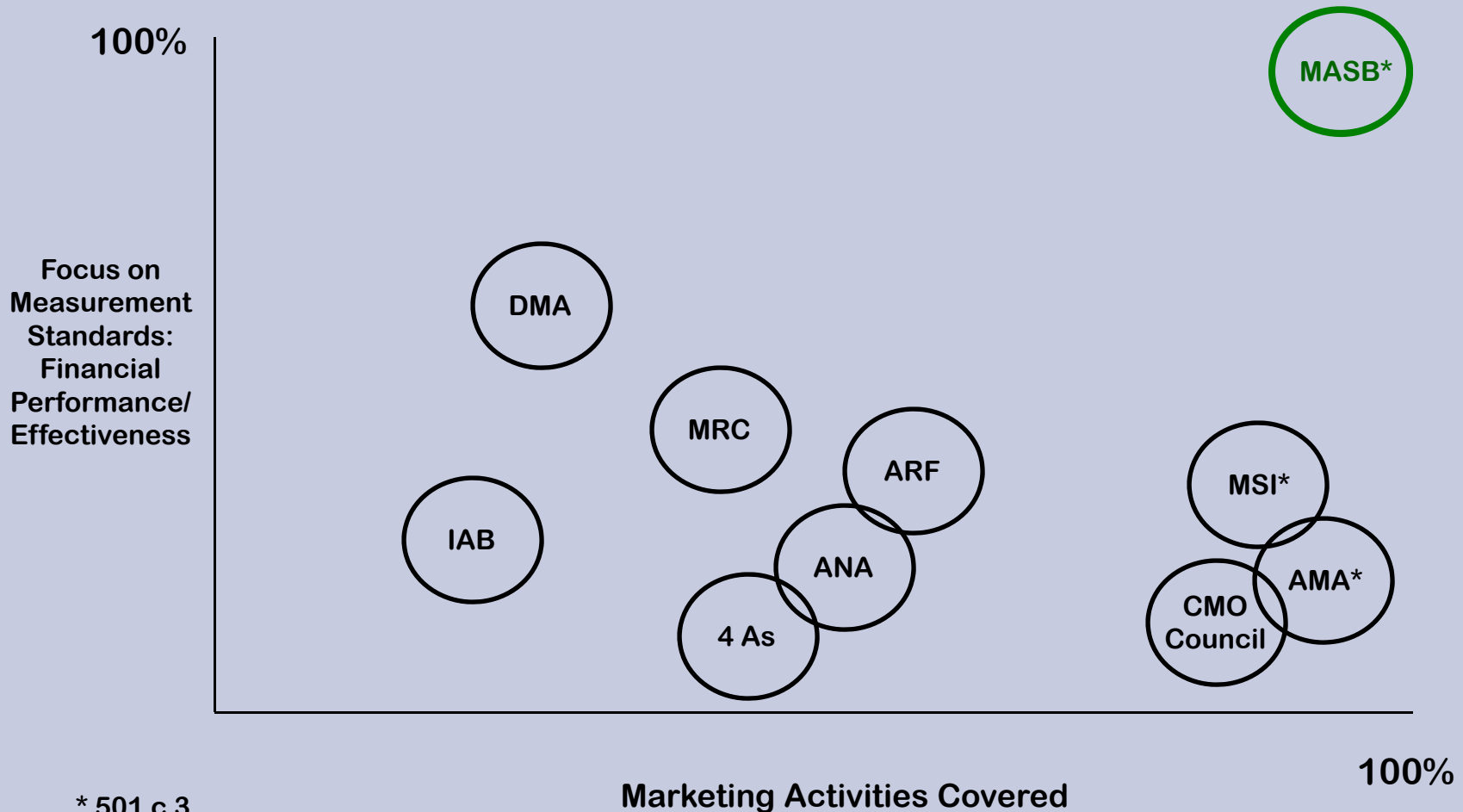


The Landscape How We Will Work Together

Kate Sirkin

(August 16-17, 2007)

Filling the Need, Opportunity to Serve All



What Will Be Different? The MASB Vision

Meg Blair
(August 16 -17, 2007)

**THE
BOARDROOM PROJECT**

The MASB Vision

Laying the measurement foundations for marketing professionals to realize full accountability and strategic status in the Boardroom as reliable forecasters and achievers of consistent growth in customer revenues, earnings and cash flows quarter-to-quarter and year-to-year.

and this will make a
big difference
for everyone...

Bottom Line

“It will not be easy...it is going to take a lot of effort. If it was easy, someone would have already tackled this crucial issue. The payoff for the marketing profession is worth the time, effort, and money.”

Joe Plummer May 12, 2006

Although Deming Once Noted...

“It is not necessary to
change.....
...Survival is not mandatory.”



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Conclusions & Recommendations

- **Marketing has been relegated to the “default” category (control costs) because it lacks metrics that reliably tie activities and costs to corporate return in a predictable manner.**
- **Standards across industry and domain as well as a transparent process by which to develop and select the metrics will be necessary to emerge from the current situation.**
- **The market is unlikely to achieve consensus on its own.**
- **There is need for an industry level “authority” to establish the standards and to ensure relevancy over time.**
- **As was true for manufacturing & product quality (with ANSI & ISO) and for accounting & financial reporting (with FASB & IASB), so it would be true for marketing and consistent profitable growth (with MASB).**

Background

- **September 2004**
 - In response to growing demand for marketing accountability, a handful of cross-industry marketing scientists got together ...
- **2004-2007**
 - The body grew as it conducted a comprehensive review of current practices, needs and accountability initiatives underway...
- **October 2007**
 - **Marketing Accountability Standards Board (MASB)**
 - **10 Charter Members /Initial Funding**
 - **3 Year Plan**
 - **A Dozen Initial Projects on the Agenda**



The First 3 Years: Start-Up

October 2007 – September 2010



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

MASB: The First 3-Years (Summary)

The Foundations Have Been Laid

- Vision & Mission
- Structure & Infrastructure
- Independent Private Sector Body (501 c 3)
- Planning & Review Process
- Legal, Financial & Technology Resources & Safety Nets
- Highly qualified, Directors & Advisors
- Work being done w/Transparency, Integrity & Open Due Process
- Projects Matching Needs of Marketing & Financial Communities
- Communities being Taught about the Standards & Benefits

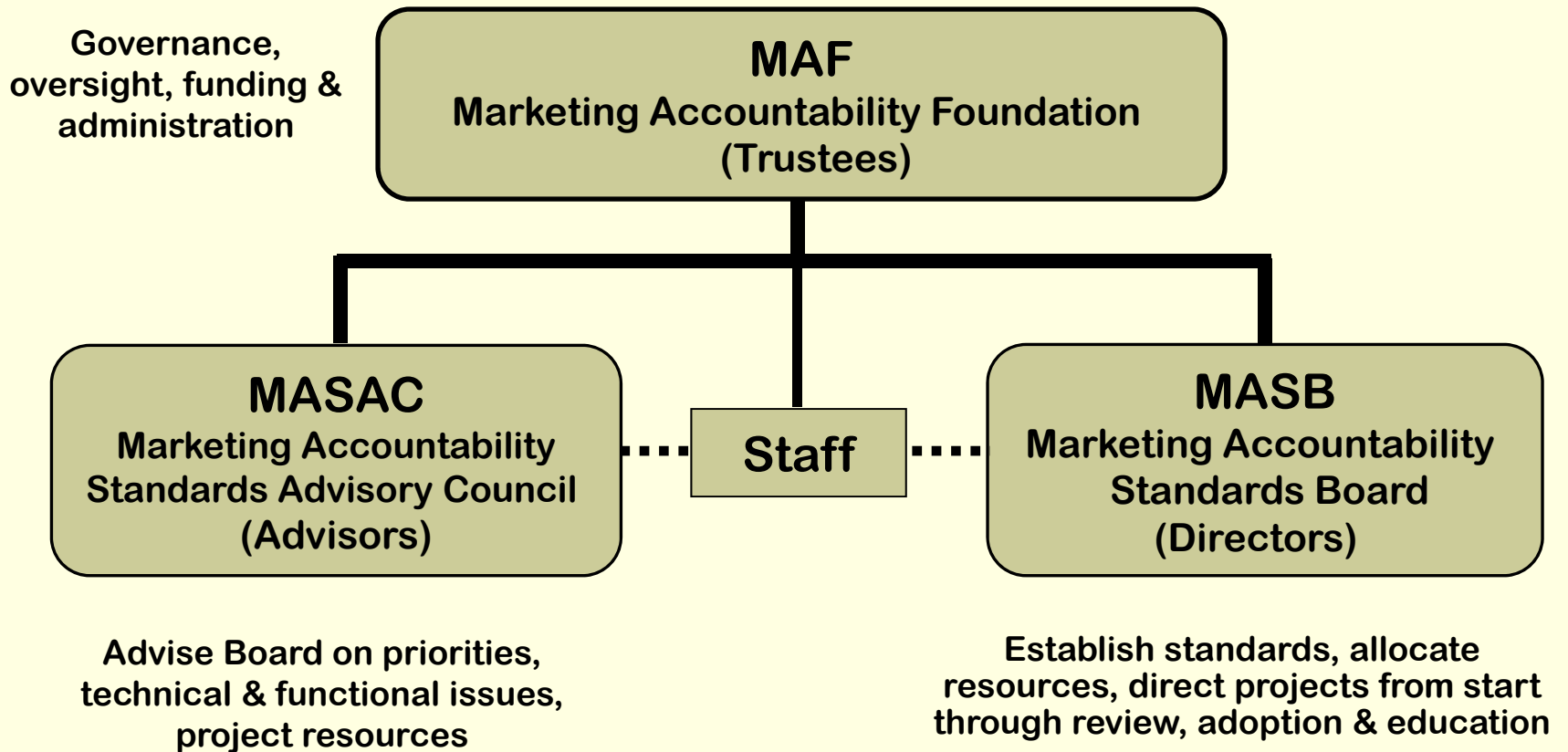
Vision Statement

Laying the measurement foundations for marketing professionals to realize full accountability and strategic status in the Boardroom as reliable forecasters and achievers of consistent growth in customer revenues, earnings and cash flows quarter-to-quarter and year-to-year.

Mission Statement

Establish marketing measurement and accountability standards across industry and domain for continuous improvement in financial performance and for the guidance and education of business decision makers and users of performance and financial information.

Organizational Structure



Incorporated in Delaware and operating exclusively for charitable, educational, scientific, and literary purposes - 501(c)(3) Not-For-Profit

Directors and Advisors*



MASB Projects*

- Completed & Posted
 - Fundamentals: about MASB
 - C-Level Views on Marketing Accountability

* www.theMASB.org

**MASB
Research Project**

**C-Level Views on
Marketing ROI**

July 2008

Joe Plummer, Columbia University

Meg Blair, MASB



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of the Marketing Accountability Foundation**

Summary of (C-Level) Interviews

- There is a universal need for true marketing ROI metrics
- Valid/predictive performance (return) metrics which can be integrated w/performance metrics from other parts of value chain.
- This need for metrics is especially true for advertising, new product introductions and in-store/similar “channel” activities as well as competitive moves.
- Metrics related to both short term and long term impact are needed...with focus on customer outcomes.
- Increased speed of business makes accurate forecasting critical...

MASB Projects*

- Completed & Posted
 - Fundamentals: about MASB
 - C-Level Views on Marketing Accountability
- Posted for Feedback
 - **Marketing Metric Audit Protocol - MMAP**
 - **Measuring, Forecasting & Improving Return (TV Example)**

* www.theMASB.org

Statement of Marketing Accountability Standards No. 1

Marketing Metric Audit Protocol (MMAP)

February, 2009



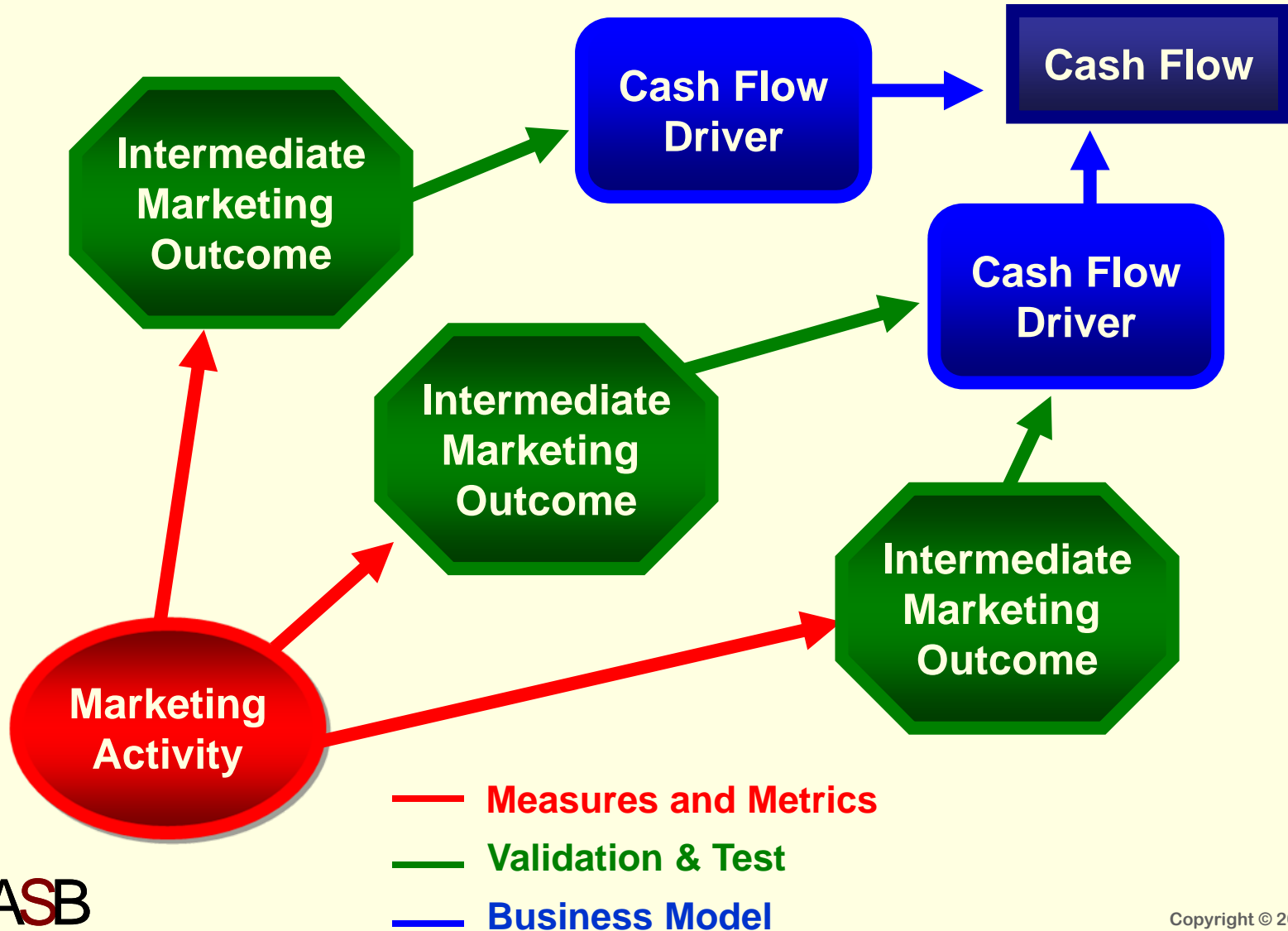
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Marketing Metric Audit Protocol - MMAP

While marketing does not lack measures, it lacks standard metrics explicitly linked to financial performance in predictable ways.

The Marketing Metric Audit Protocol (MMAP) is a formal process for connecting marketing activities to the financial performance of the firm.

Marketing Metric Audit Protocol - MMAP



Marketing Metric Audit Protocol - MMAP

While marketing does not lack measures, it lacks standard metrics explicitly linked to financial performance in predictable ways.

The Marketing Metric Audit Protocol (MMAP) is a formal process for connecting marketing activities to the financial performance of the firm.

The process includes the conceptual linking of marketing activities to intermediate marketing outcome metrics to cash flow drivers of the business, as well as the validation and causality characteristics of an ideal metric.

MMAP: 10 Characteristics of an Ideal Metric

- 1. Relevant...addresses specific (pending) action**
- 2. Predictive...accurately predicts outcome of (pending) action**
- 3. Objective...not subject to personal interpretation**
- 4. Calibrated...means the same across conditions & cultures**
- 5. Reliable...dependable & stable over time**
- 6. Sensitive...identifies meaningful differences in outcomes**
- 7. Simple...uncomplicated meaning & implications clear**
- 8. Causal...course of action leads to improvement**
- 9. Transparent...subject to independent audit**
- 10. Quality Assured...formal/on-going processes to assure 1-9**

Marketing Accountability Standards

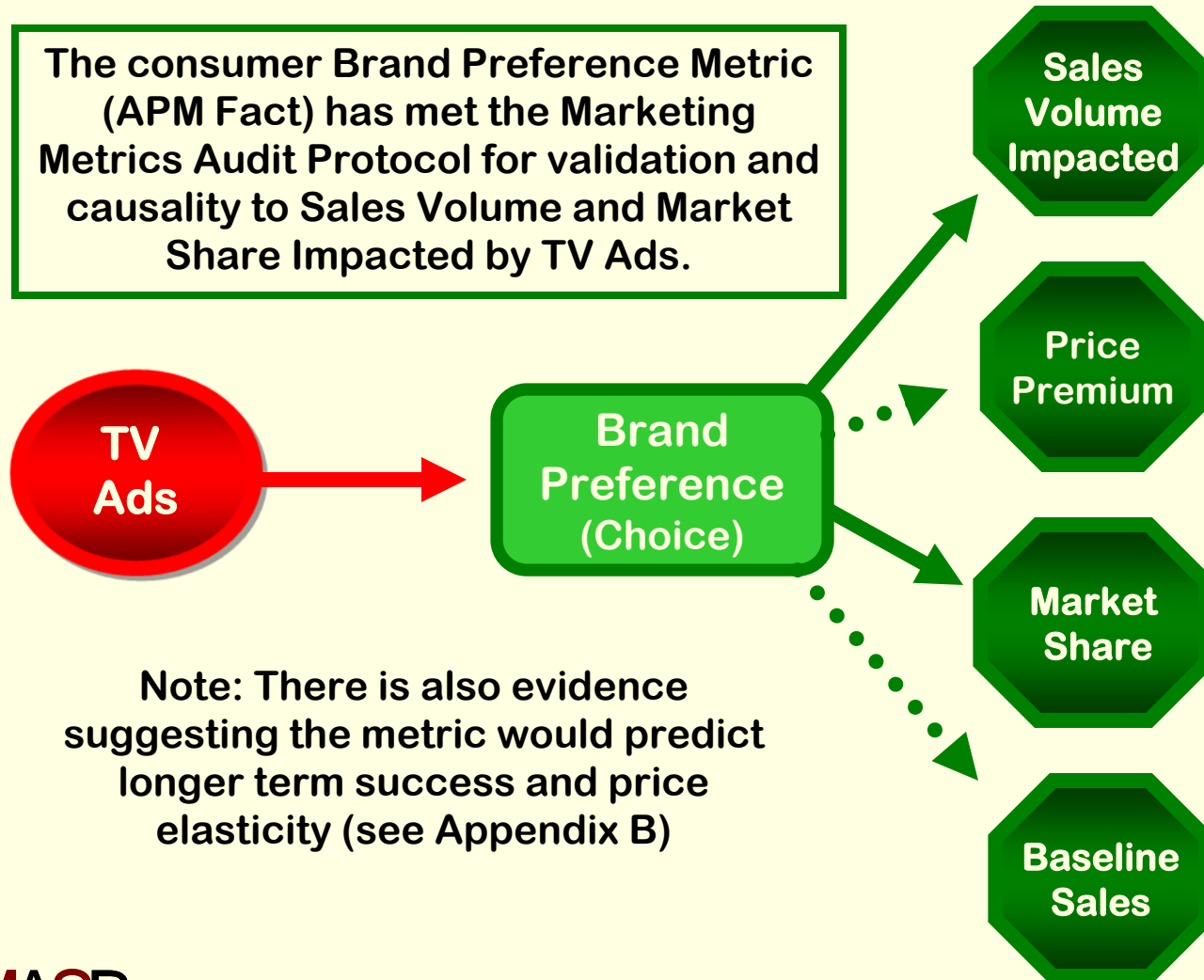
**Measuring and
Improving the Return
from TV Advertising
(An Example)**

April 2008




Marketing Accountability Standards Board
of the Marketing Accountability Foundation

Measuring & Improving Return from TV (MMAAP Example)



MASB Projects*

- Completed & Posted
 - Fundamentals: about MASB
 - C-Level Views on Marketing Accountability
- Posted for Feedback
 - Marketing Metric Audit Protocol - MMAP
 - Measuring (Forecasting & Improving) Return from TV
- **Near Completion (2010)** 
 - **Practices Underlying Ideal Metrics**
 - **Long-Term Impact of Advertising, What is Known**

* www.theMASB.org

Marketing Science Future: Measurement Development and Process Management

Characteristics of an “Ideal Metric” and Practices

Allan Kuse, Chief Advisor
The MMAP Center
Charter Director of the MASB
March 2010
Chicago



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Corporate Practices

- **Triumvirate in operating structure**
 - **Research**
 - **Operations**
 - **Marketing**
- **Research structure**
 - **Measurement Standards**
 - **Reliability, validity, etc**
 - **Integrated data bases**
 - **Knowledge**
 - **Identification of drivers (causals)**
 - **Better Practice implications & application**
 - **Customer Support**
 - **Teaming w/Marketing (inc customer service)**
 - **Customer specific research-on-research**
 - **30% of activity self-funded research (on-research)**

Measurement Standards & Knowledge Practices (#10)

- Behavioral nature of methodology
 - Relevant (#1)
 - Objective (#3)
 - Simple (#7)
- Systematic test-retest reliability process (ARSAR)
 - Reliable (#5)
 - Sensitive (#6)
- Systematic validity process (ARSAV)
 - Predictive (#2)
 - Calibrated (#4)
 - Sensitive (#6)
- On-going better practice insight process (BPI)
 - Causal (#8)
- Documentation, publication, academic audits & collaboration
 - Transparent (#9)

**What is Known about Measuring
(Forecasting & Improving)
the Long-Term Impact
of Advertising**

**Dominique Hanssens
Bud Knapp Professor of Marketing
UCLA Anderson School of Management
Founding Director of the MASB
March 2010
Chicago**



**Marketing Accountability Standards Board
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How Long-Term Impact Builds Up*

There are six main factors:

- 1) Immediate effects
 - 2) Carry-over effects
 - 3) Purchase reinforcement
 - 4) Feedback effect
 - 5) Decision rules
 - 6) Competitive reactions
- Consumer Response**
- Corporate Behavior**
-
- ```
graph LR; F1[1) Immediate effects] --- CR[Consumer Response]; F2[2) Carry-over effects] --- CR; F3[3) Purchase reinforcement] --- CR; F4[4) Feedback effect] --- CB[Corporate Behavior]; F5[5) Decision rules] --- CB; F6[6) Competitive reactions] --- CB;
```

\* M. Dekimpe and D. Hanssens (1995)

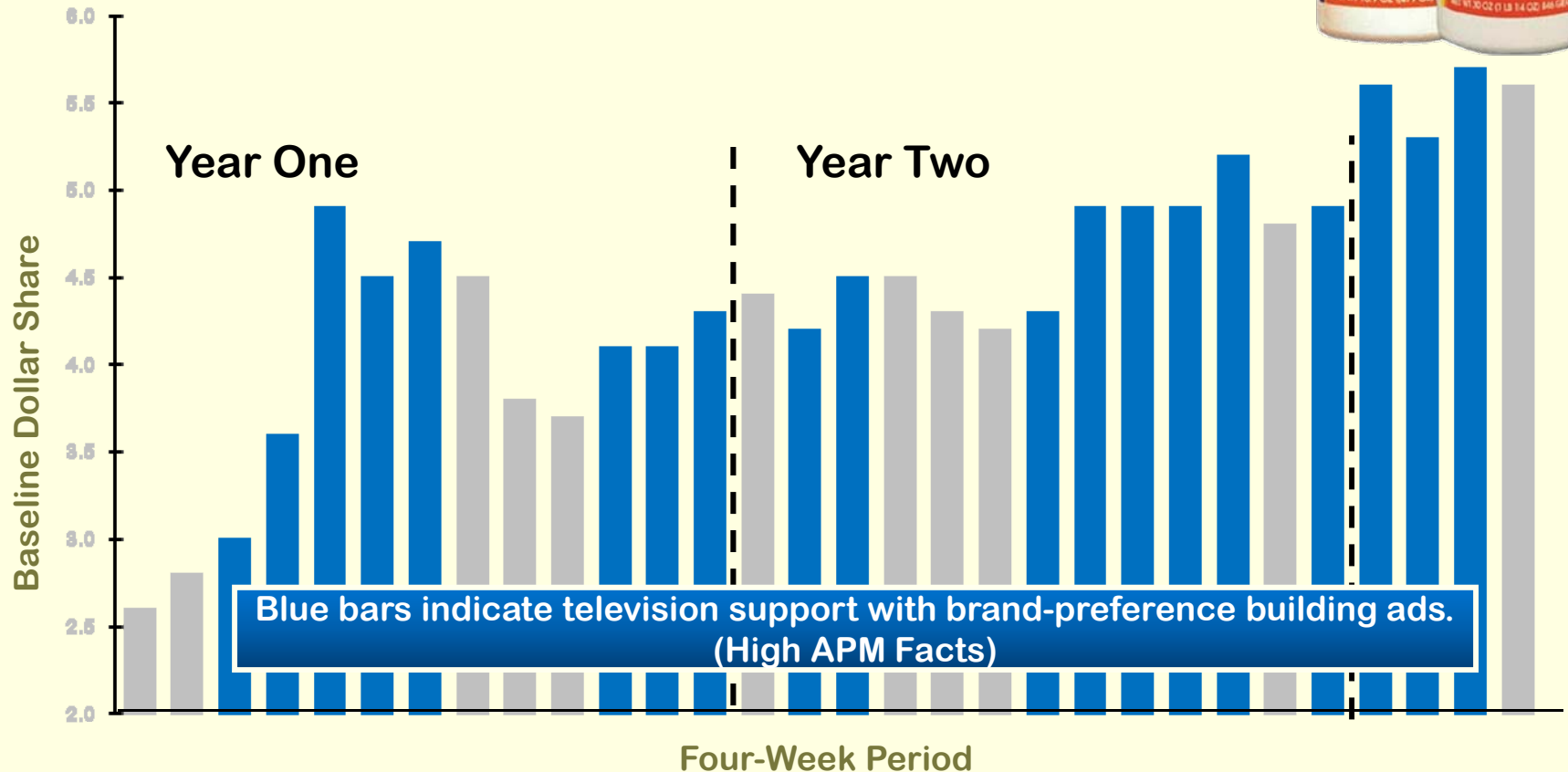
# Key Findings: Consumer Response

- **Persuasive advertising produces an immediate impact**
- **Without this short-term impact, there is no long-term impact**
- **The size and duration of the impact are determined primarily by the persuasiveness of the ad (message), effective delivery (media) and purchase reinforcement (product)**
- **The short-term impact of advertising is doubled over longer term**
- **Given competitive markets, however, reversion to the mean in net positive results is the rule (lift is temporary)**
- **Sustaining net positive results requires sustained activity**
- **Without sustained activity, losses are the rule**

# Summary: Corporate Behavior

- Can result in 5+ times stronger and longer-lasting impact than consumer response alone when organizations:
  - Use advertising consumer response metrics that are predictive of transactional and financial returns
  - Spend on activities that create the desired temporary lifts necessary for long-term build-up
  - Repeat the behavior
  - Turn into better business practices (process management)

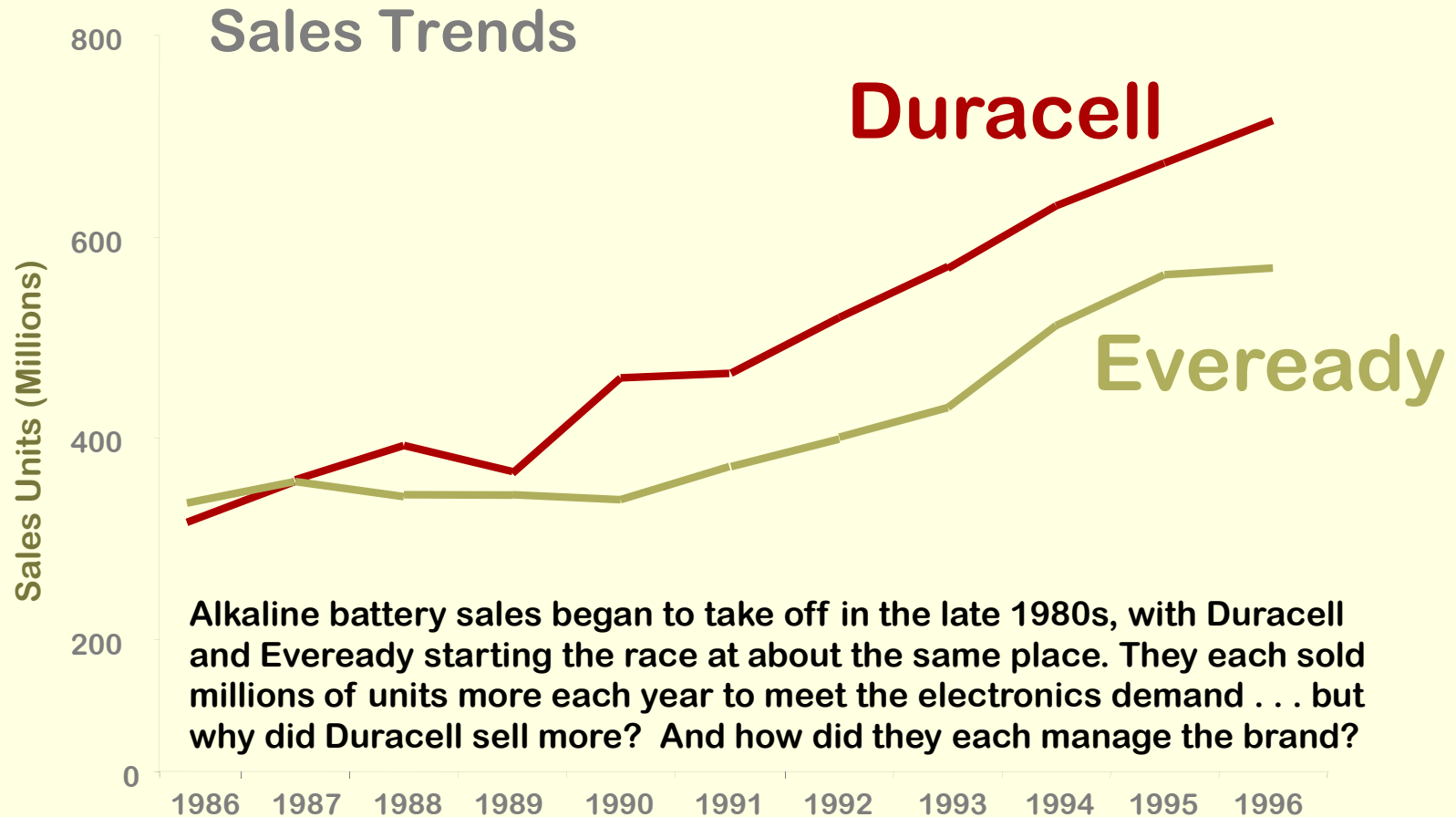
# Citrucel Example (Two Years +)



Results were outstanding for Citrucel the first year, the second year, and beyond. Citrucel's brand share kept moving up, while holding price steady.



# Duracell Example (10 Years)

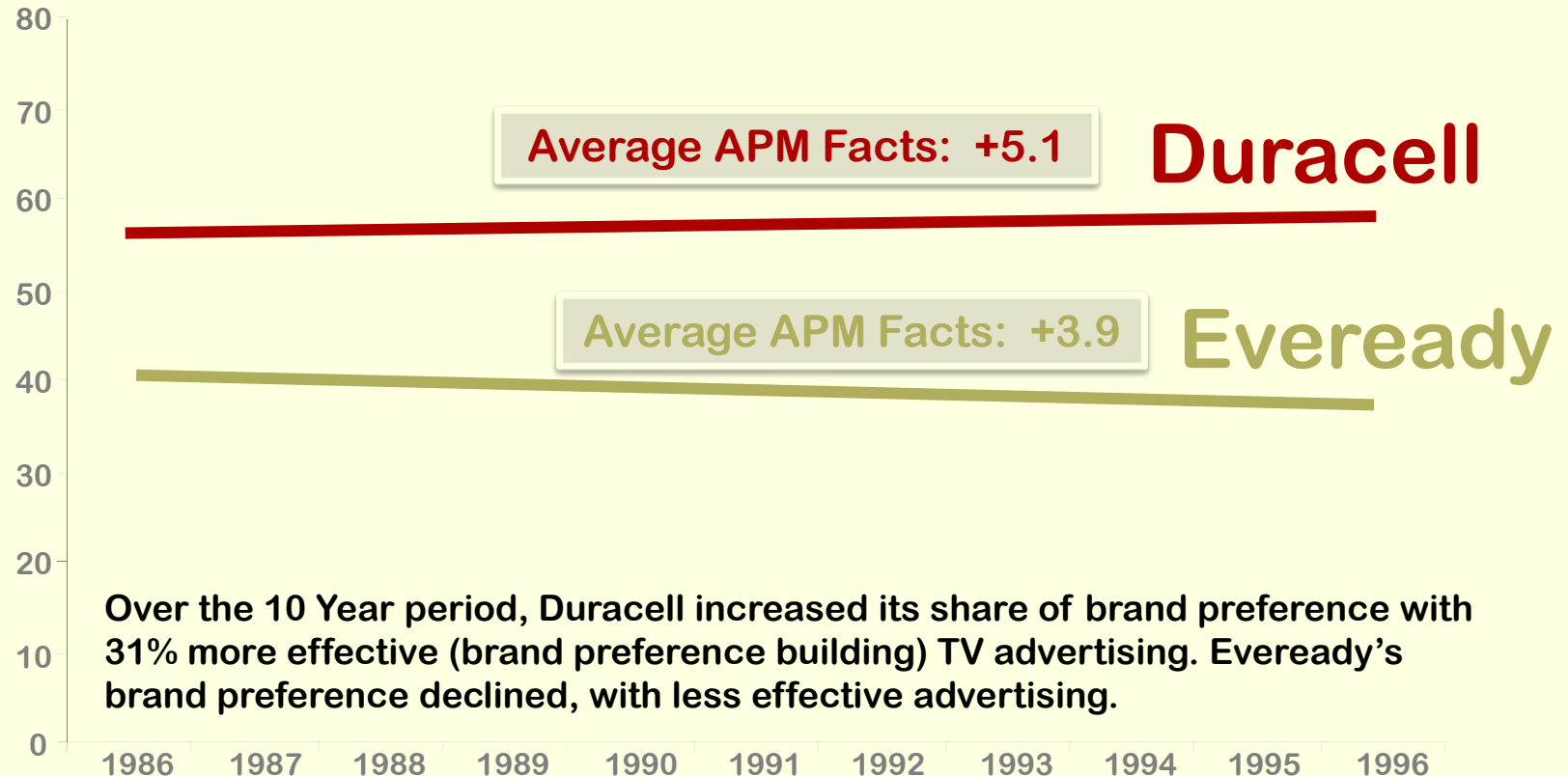


Source: Blair and Kuse (2004); Stewart (2005)

# Duracell Example (10 Years)



## Brand Preference Trends\*



Over the 10 Year period, Duracell increased its share of brand preference with 31% more effective (brand preference building) TV advertising. Eveready's brand preference declined, with less effective advertising.

\* Brand Preference Trends are based on same Brand Choice methodology as APM Facts

Source: M. Blair and A. Kuse (2004); D. Stewart (2005)

# Duracell Example (10 Years)




|                  | Duracell |   | Eveready |
|------------------|----------|---|----------|
| Sales (units)    | 715M     | → | 568M     |
| Brand Preference | 57%      | → | 37%      |
| Market share     | 44%      | → | 35%      |
| Price per unit   | \$1.02   | → | \$.86    |
| Profit           | \$609M   | → | \$275M   |
| Market value*    | \$8B+    | → | \$3B     |

While both brands began the alkaline race at the same unit sales starting level, Duracell built the brand by continually **building consumer brand preference, sales, and market share while charging a premium price**. The prize at the end of the 10 years was nearly a **3-to-1 market value** of the Duracell Company over Eveready.

\* The companies were sold for approximately these prices at about a year after the end of the study.

Source: D. Stewart (2005)

# MASB Projects\*

- Completed & Posted
  - C-Level Views on Marketing Accountability
  - Fundamentals: about MASB
- Posted for Feedback
  - Marketing Metric Audit Protocol - MMAP
  - Measuring (Forecasting & Improving) the Return from TV
- Near Completion (2010)
  - Practices Underlying Ideal Metrics (2010)
  - Long-Term Impact of Advertising, What is Known (2010)
- Underway (Tomorrow's Agenda) 
  - **Methods of Brand Valuation**
  - **Customer Lifetime Value (CLV) for CPG**
  - **Measuring Interactive**
  - **Activities & Metrics Common Language**
  - **MMAP Metrics Catalogue**

# MASB Challenges (First 3 Years)

- **Economic environment impacts volunteer time, \$\$ & focus**
  - **Day jobs: same amount of work but w/less staff**
  - **Fewer execs have time/\$\$ for longer-term initiatives**
  - **Chicken & Egg dilemma?**

# MASB Challenges (First 3 Years)

- Economic environment impacts volunteer time, \$\$ & focus
  - Day jobs: same amount of work but w/less staff
  - Fewer execs have time/\$\$ for longer-term initiatives
  - Chicken & Egg dilemma?
- **Measurement development has gone backwards...**

# Metrics Catalogue Began in 5/08

- Defined relevant Dimensions (reliability, validity, etc)
- Started with 400+ metrics
- MASB directors prioritized for UCR Interns to work on (7-9, 2008)
- Interns found little relevant information available from commercial providers regarding their metrics
- Most available information focused on integrated suites of products with little technical information or reference to specific measures
- A very different landscape compared to 25 years ago
- Few providers even know what we are talking about when we ask about reliability and predictive validity
- Many accountability/analytical firms work w/whatever data they can get to indicate performance against financial metrics
- But these results are not connected to originating metrics' providers

# *It's All About Measurement*

*It is clear that if measurement is disregarded in marketing...  
the field will be slow to advance.*

*...objectives can be met only when measures are reliable  
and valid.*

*...without measurement research, marketing has true GIGO,  
garbage in-garbage out.*

Michael L. Ray  
Stanford University  
*JMR*

**1979**



# The Marketing Science Journey

**Many**

Commercial Researchers See Business Opportunity: Create method or "research product"

**MSI**

Many papers published.: New Insight, New Methods Emerge

Early Adopters pilot method and see business benefits

**Does It?**

Use grows, calibration, validation mounts,

**MASB (Mission)**

Organization formally incorporates into project management, resource allocation

Over time problems and opportunities are approached differently

Mkt Researchers declare success

Academics declare Success

Organizations achieve success

New Marketing Question/  
New Data Source  
Stimulates Research

New Thinking Model shapes  
Everyday Decisions



# Thank-you!



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of the Marketing Accountability Foundation**