
Marketing Science Past, Present, Future and Beyond the Science

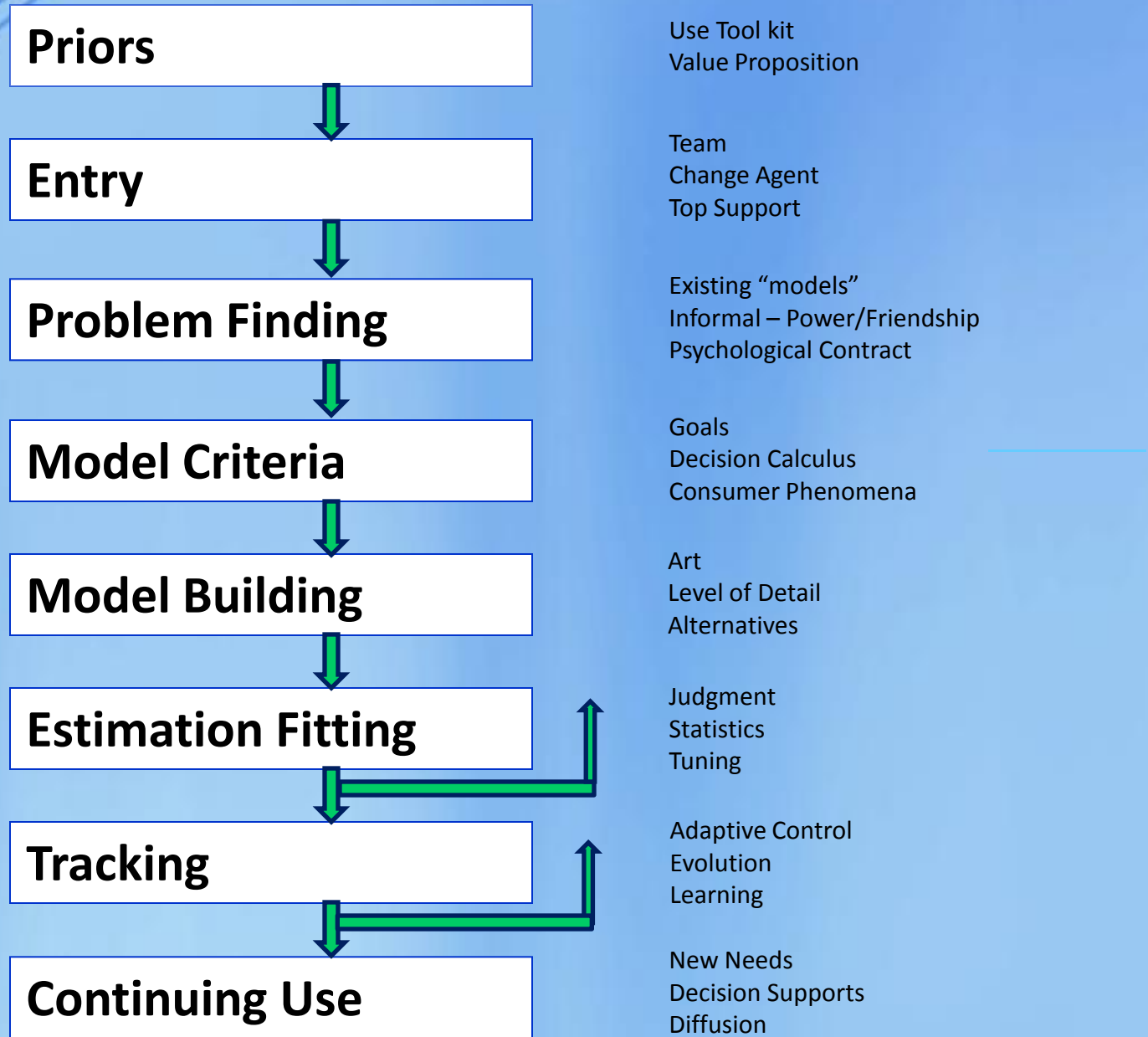
Summary & Call to Action

**Meg Blair, President
Marketing Accountability Foundation
Founding Director of the MASB
March 2010
Chicago**



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

CHANGE PROCESS (Initial Model)



OUTLINE

- **Problem of continuing implementation, institutionalization, and cultural change**
- **Three cases – Personal experience**
 - **ASSESSOR (success)**
 - **Intel personal advisor (failure)**
 - Web and advertising morphing (in process)
- Revised organizational change model
- Lessons for Managers and Researchers
- Discussants – Little and Lilien

ASSESSOR (success)

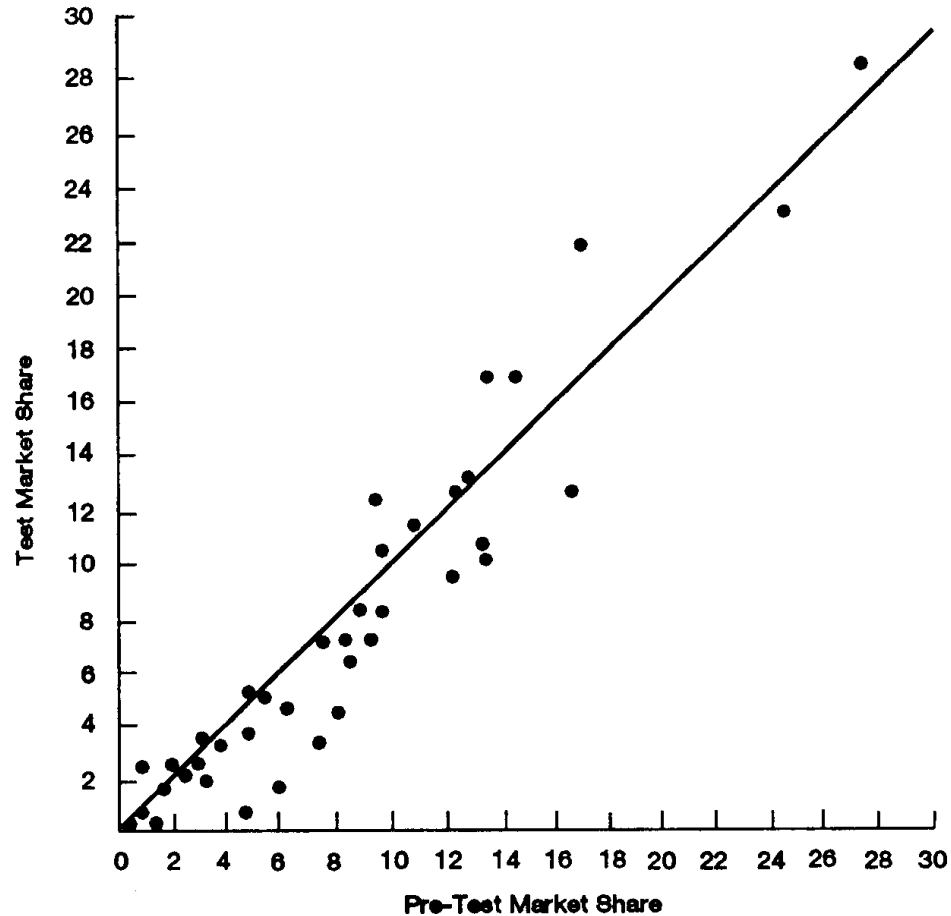
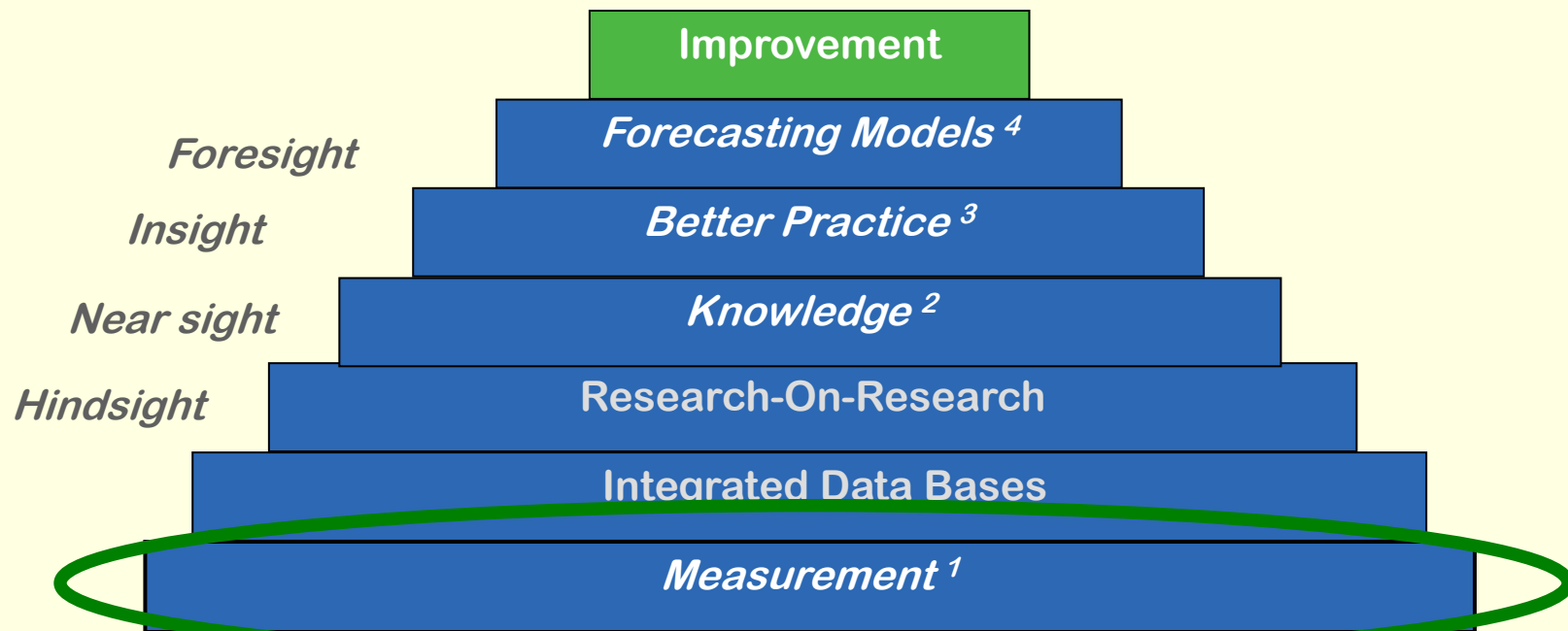


Figure 16.5 Comparison of Pretest-Market and Test-Market Shares (Urban and Katz, 1983, p. 223; reprinted with permission)

Measurement is The Foundation for Reporting, Forecasting & Improving Return



¹ Reliably identify business opportunities (or threats) given current context & (potential) actions (MR Vision 2003); Process of achieving & maintaining measurement reliability, predictive validity, sensitivity & calibration.

² Profound understanding (of the business process or human & customer behavior) that yields a clear prioritization of action; Learning or principles that yield true predictions with unvarying uniformity (IBID); Process of explaining variance/identifying the causal drivers of the business or human behavior.

³ Documented method of operating that yields higher level of performance than other operating behaviors (IBID); Process of applying Knowledge to the operating process for improved performance.

⁴ Analytical technique that represent causal relationships among various conditions & actions taken to achieve specific business results, and forecast future outcomes of various potential actions & conditions (IBID)

Summary of Validity

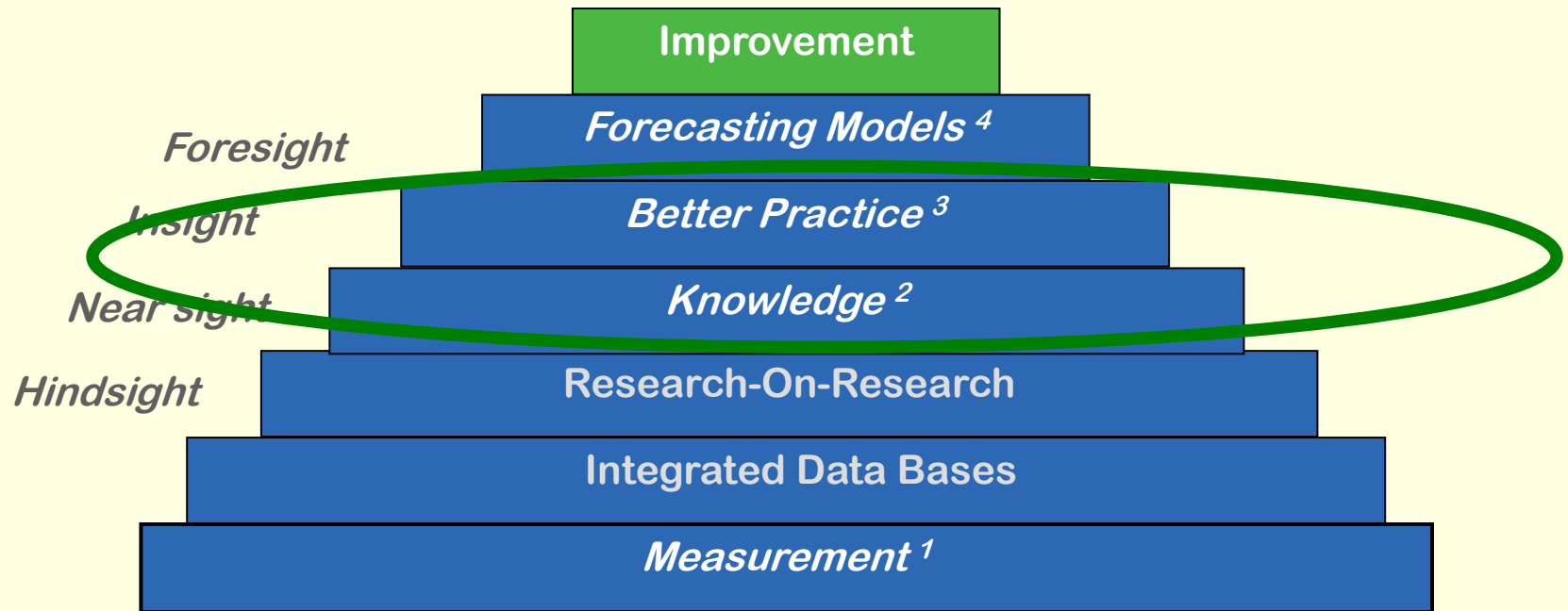
	<u>Correlation with Trial/Volume/Share</u>
1970s New Product <i>Reported</i> Trial (isolated impact)	$r = +.85$
1980s Split-cable Copy Tests (isolated impact)	(7/7)
1990s Split-cable Weight Tests (isolated impact)	$r = +.90$
2000s Marketing Mix Modeling Output (isolated impact)	$r = +.91$
2000s Scanner Share Change (non-isolated impact)	$r = +.72$

... (ARS Persuasion) predicts TV advertising's impact on market results at ~.90 level when the TV activity is isolated from other elements of the marketing mix (about as high a relationship as possible, given sampling probability);

And at the ~.70 level within the context of other marketing activities (demonstrating the relative leverage of TV in the marketing mix, as well as the precision of this consumer brand preference/choice methodology).

Source: "Measuring and Improving the Return from TV Advertising (An Example)," MASB, April 2008

Measurement is The Foundation for Learning, Knowledge and Better Practice



¹ Reliably identify business opportunities (or threats) given current context & (potential) actions (MR Vision 2003); Process of achieving & maintaining measurement reliability, predictive validity, sensitivity & calibration.

² Profound understanding (of the business process or human & customer behavior) that yields a clear prioritization of action; Learning or principles that yield true predictions with unvarying uniformity (IBID); Process of explaining variance/identifying the causal drivers of the business or human behavior.

³ Documented method of operating that yields higher level of performance than other operating behaviors (IBID); Process of applying Knowledge to the operating process for improved performance.

⁴ Analytical technique that represent causal relationships among various conditions & actions taken to achieve specific business results, and forecast future outcomes of various potential actions & conditions (IBID)

I. Strength of Value Proposition Determines Overall Level of Subsequent Ads

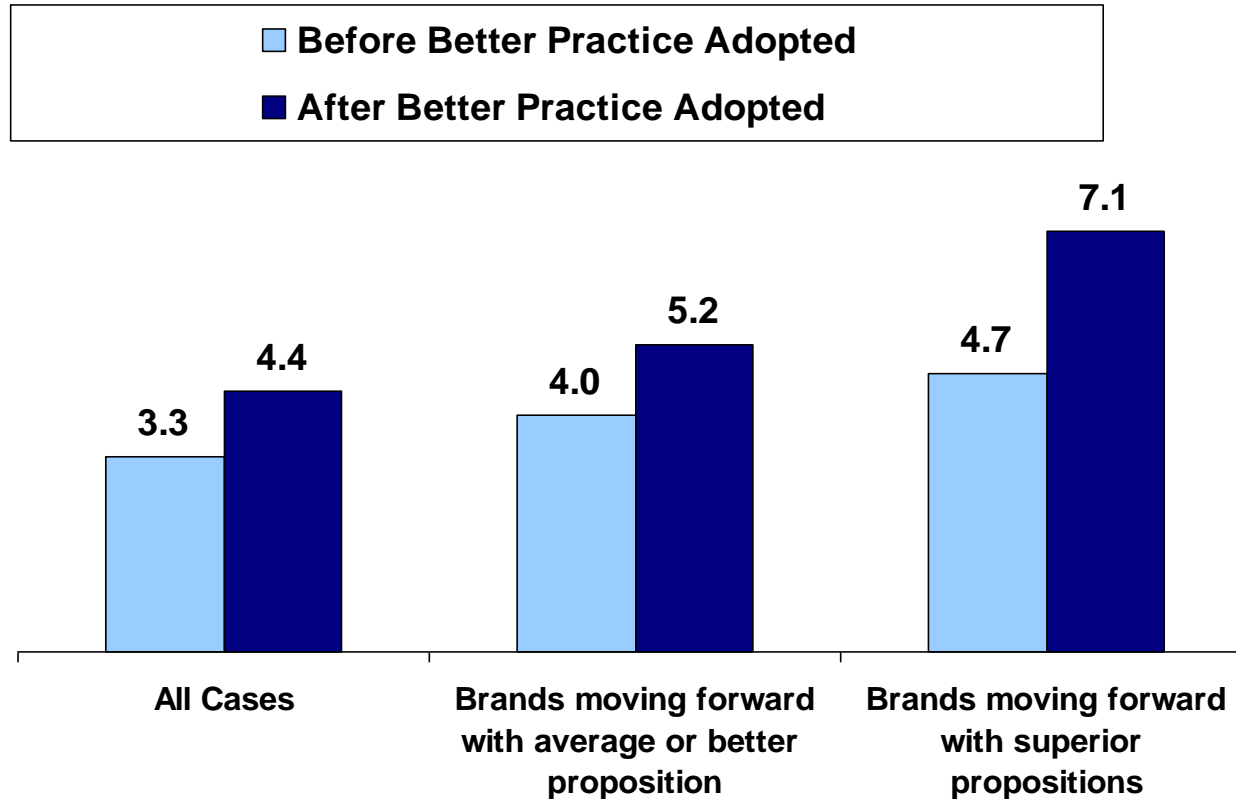
(ARS Persuasion Results)

Bare Bones <u>Value Proposition</u>	Resulting Ad Executions		
	<u>Below</u>	<u>At</u>	<u>Above*</u>
Below (Normal)	67%	33%	0%
(Normal)	22%	68%	11%
Above (Normal)*	0%	31%	69%

While differences in creative execution generate ads with a range of effectiveness, they tend toward a “level” similar to that of their underlying value proposition (reason to buy)...

* Also referred to as *best-in-class*.

Business Implications (Better Practice Insight and ROI) *Focus Ad Development Behind Strong Value Propositions*



Using the *ARS Firststep* service to access the relative strength of a brand's value propositions helps brands achieve more sales effective advertising in the year following *ARS Firststep* testing (compared to the year preceding its use), even for brands that did not successfully identify a strong value proposition. As expected, the largest improvements came from brands that identified a value proposition with *ARS Persuasion* results above the *Fair Share* benchmark.

Summary & Conclusions

- The “long term” develops as a result of six main factors:

- Immediate response
- Carry-over effects
- Purchase reinforcement

**Consumer Response to
Ads & Delivery to Promises**

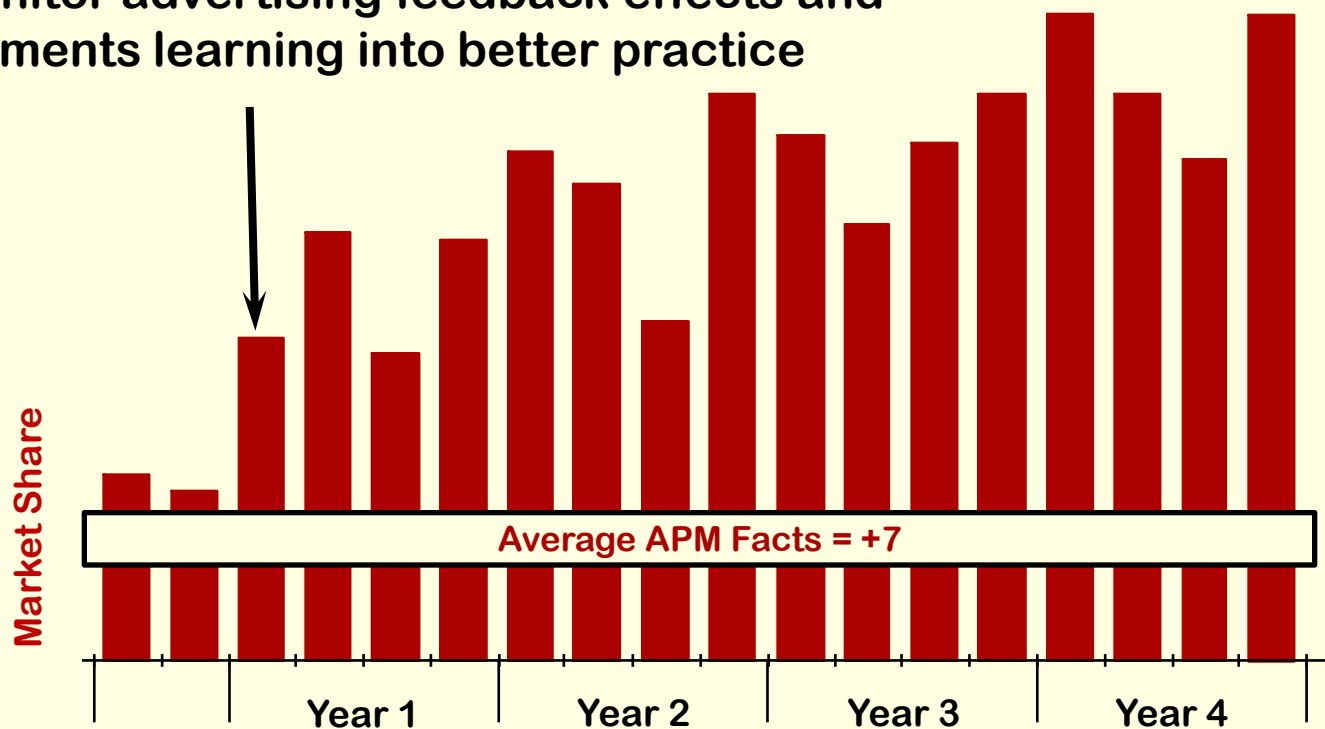
- Feedback effect
- Decision rules
- Competitive reaction

**Corporate Behavior
Learning & Better Practice**

Better Practice: Prego Example



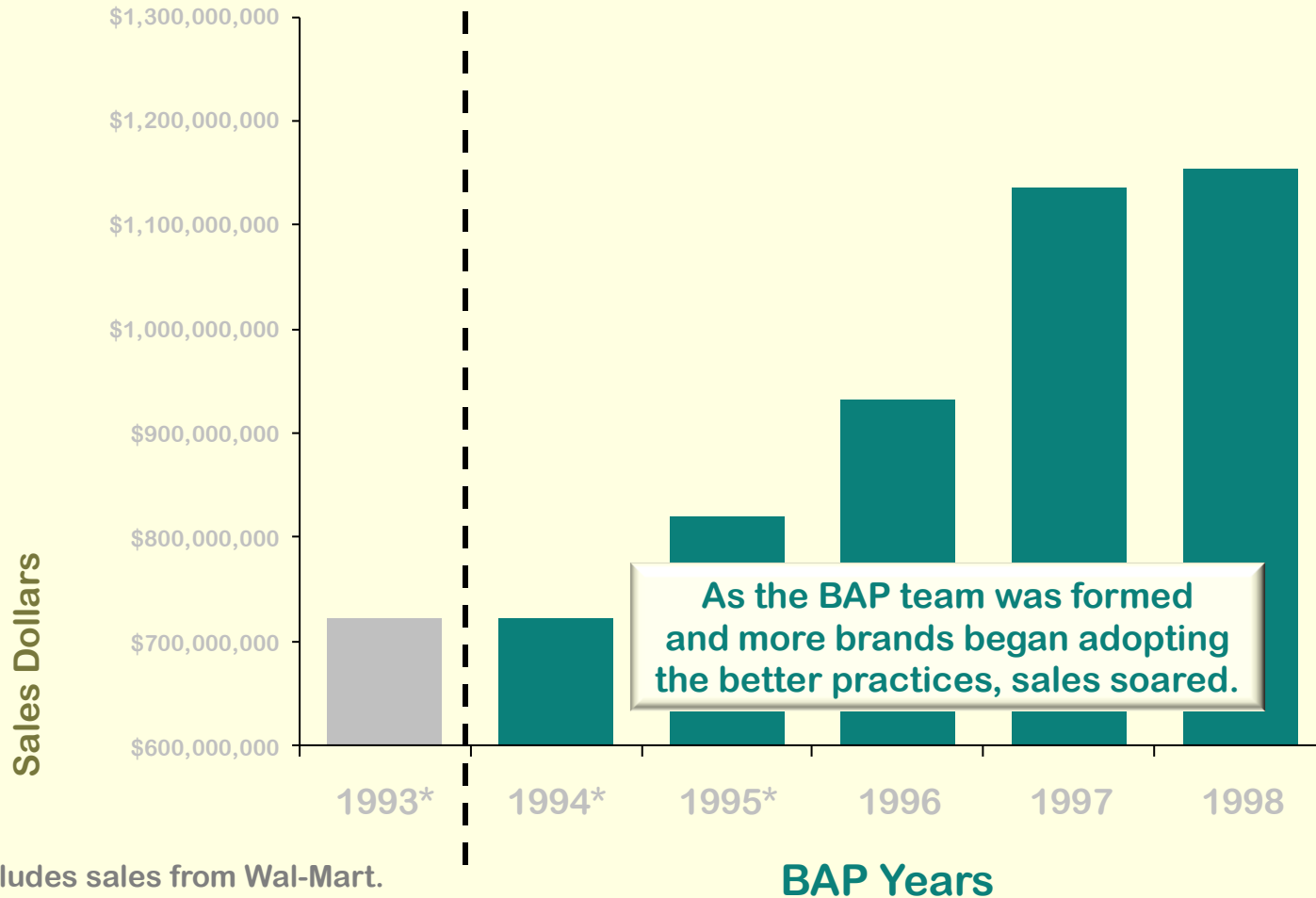
Prego brand group forms a “better practice team” to monitor advertising feedback effects and implements learning into better practice



Source: A. Adams [Campbell Soup Company] (1997)

Better Practice: OTC Example

Large
Pharmaceutical
Company:
OTC Division



* Includes sales from Wal-Mart.
Source; Blair (2004)

The Journey from Knowledge to Belief.

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

BASES, ARS Group, ?

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

Do They?

New Marketing Question/
New Data Source
Stimulates Research

New Thinking Model shapes
Everyday Decisions

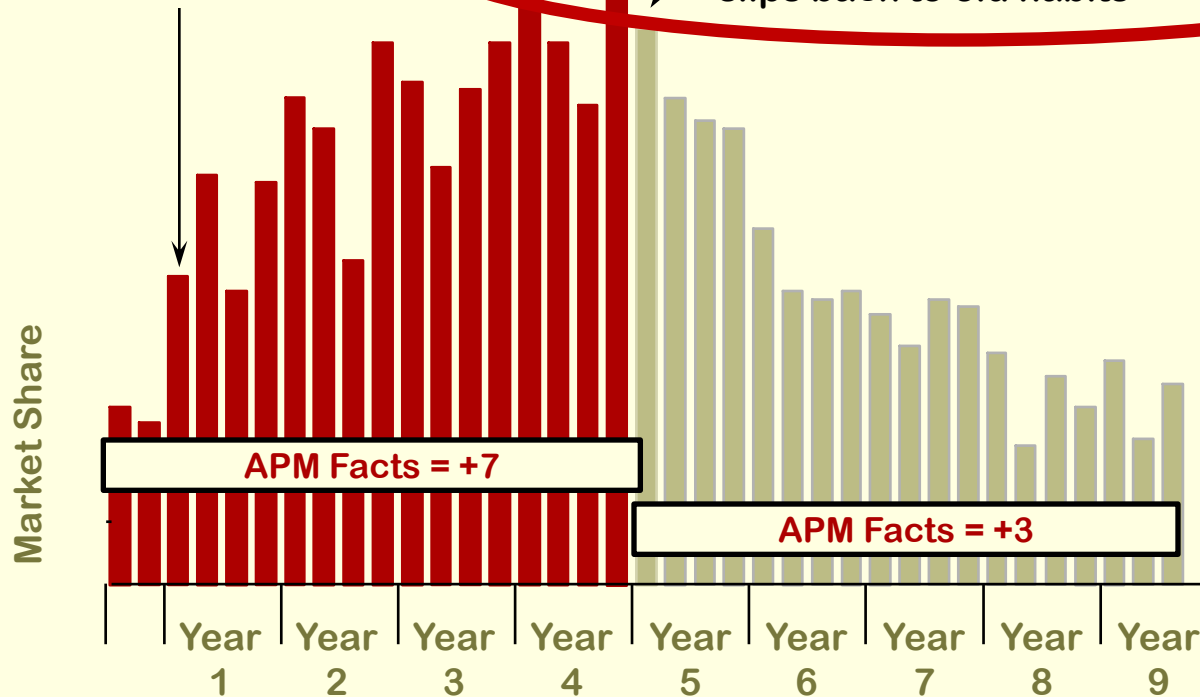


Better Practice: Prego Example



Prego brand group forms “better practice team” and implements learning

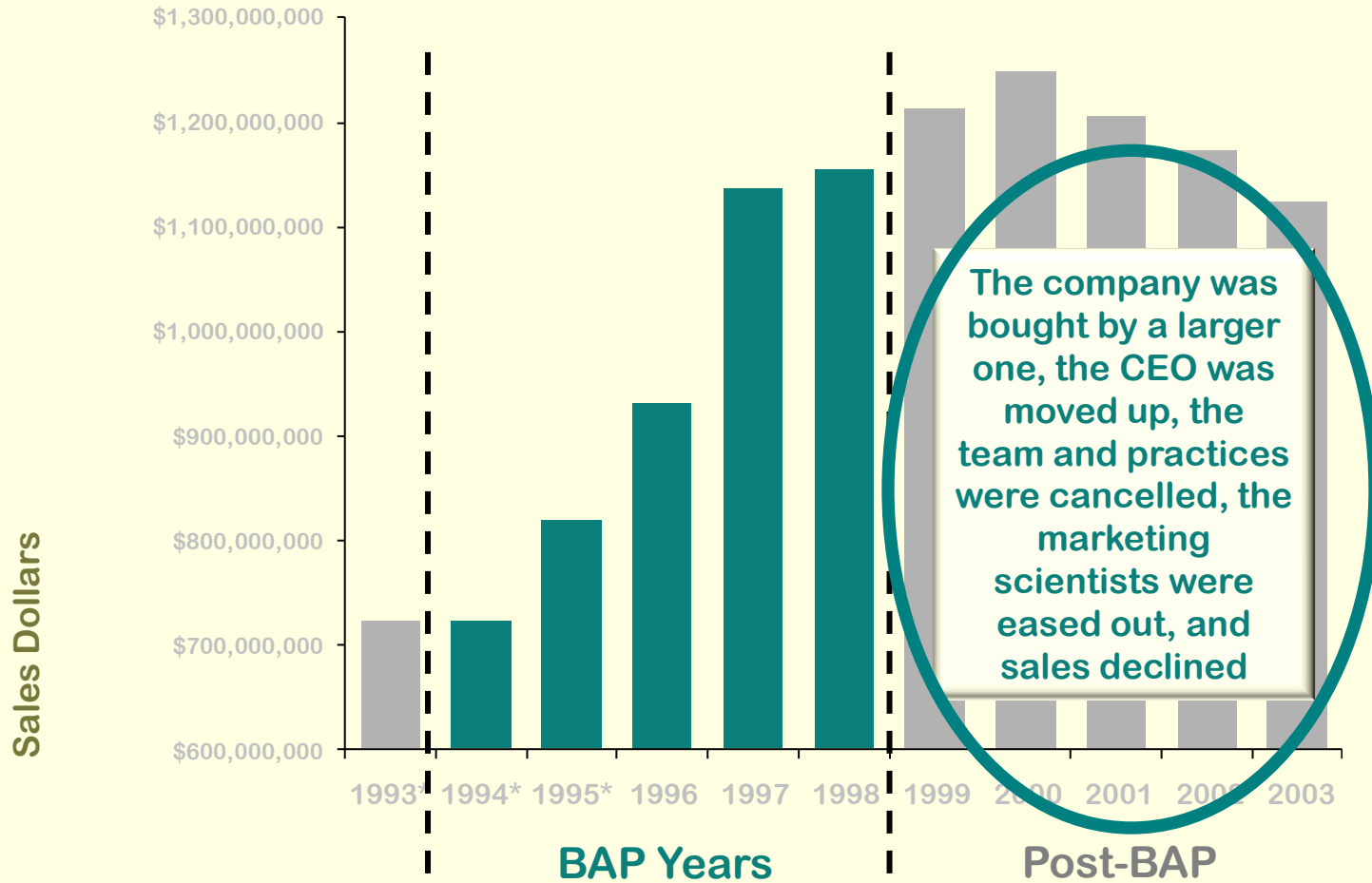
Prego brand group turns over, cancels team, slips back to old habits



Source: M. Blair and A. Kuse (2004)

Better Practice: OTC Example

Large
Pharmaceutical
Company:
OTC Division



* Includes sales from Wal-Mart.
Source: Blair (2004)

Keynote Address Q&A

Question from the Floor:

"It seems we are stumped at the foot of the organizational change mountain...and feel the need to climb it in addition to creating the marketing models (better mousetraps).

Why don't we look at other areas of the business that have been successful with organizational change and continuous improvement over a long period of time?

Like Manufacturing & Product Quality, and Accounting & Financial Reporting? They both have standards bodies to enable permanent transformation."

Answer from the Floor:

"She's right!

When the CFO or COO leaves, none of the models change (measurement and process); but when the CMO leaves, everything changes!"



Manufacturing & Product Quality

Standards Organizations

American National Standards Institute (ANSI) 1918

American Society for Quality (ASQ) 1946

International Standards Organization (ISO) 1947

Game Changer

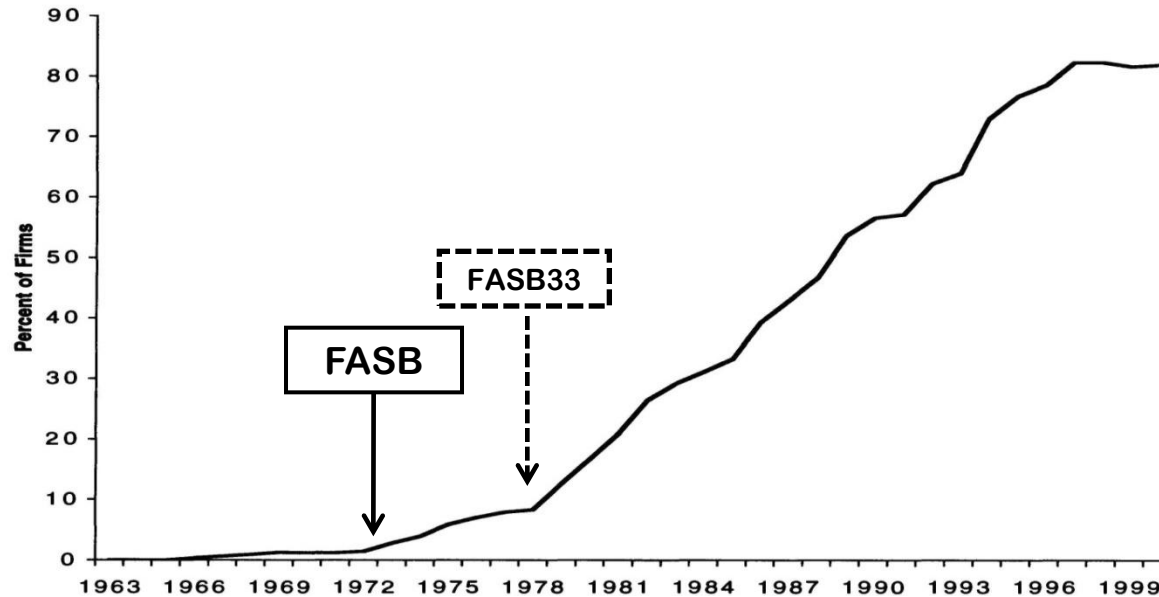
“At a dinner party in Tokyo in the summer of 1950, 21 of Japan’s most influential corporate leaders, who accounted for some 80% of the country’s industrial capacity... (listened) – specifically to W. Edwards Deming, an obscure American statistician who had never met a payroll and had been to Japan only once before.

...by the 1980s, Japan looked ready to eat everyone’s economic lunch. Deming’s sardonic comment: “Don’t blame the Japanese. We did it to ourselves.”¹

1980s: NBC aired a documentary with a quarter-hour devoted to Deming, and People Magazine ran an article entitled "'Made in Japan' is No Joke Now, Thanks to Edward Deming: His New Problem is 'Made in America'." Soon after, Ford adopts the Deming approach and companies like General Motors, IBM, P&G, Dow, & Xerox follow the lead: TQM, the management concept coined by Deming.

Accounting & Financial Reporting

AICPA 1887
SEC 1934



Prevalence of CFO Positions 1963-2000

Source: Zorn, Dirk M. "Here a Chief, There a Chief: The Rise of the CFO in the American Firm", American Sociological Review (Jun 2004)

FASB was authorized by the SEC...with the “game changer” being Statement No 33.

Today:



Situational

Not Systemic

Limited, point in time

Skew to promotion

Cut Marketing

Sales, OP, Share

Brand Expensed

Tomorrow?

Improvement & Learning



Marketing ROI



Measurement & Analytics



Budgeting



Quarterly management



Incentives



Financial Reporting

Virtuous cycle

Systemically tracked

Can link to ROI

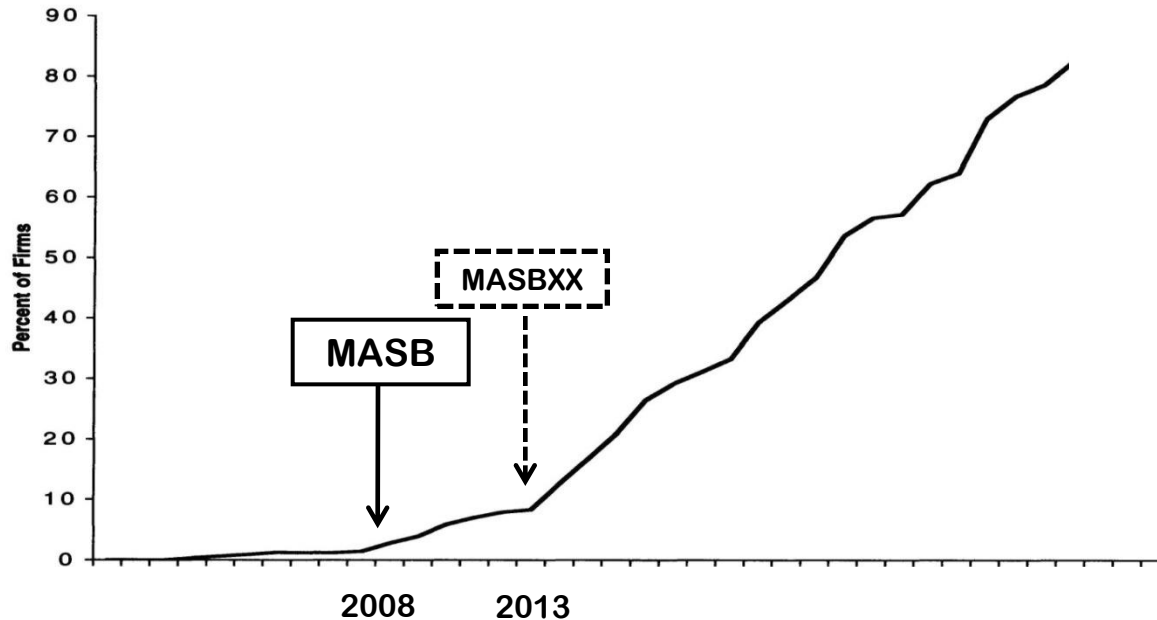
Mix analysis, longitudinal

Rigorous & Analytical

+ Brand Building

Brand Capitalized

Marketing & Consistent Growth



MASB is setting the standards for the rise of the CMO...with a “game changer” on the way?

**Setting standards is not a one time event
nor does it happen overnight...**

**But it has to start somewhere, sometime, and
by some bodies...**

...and we're it!

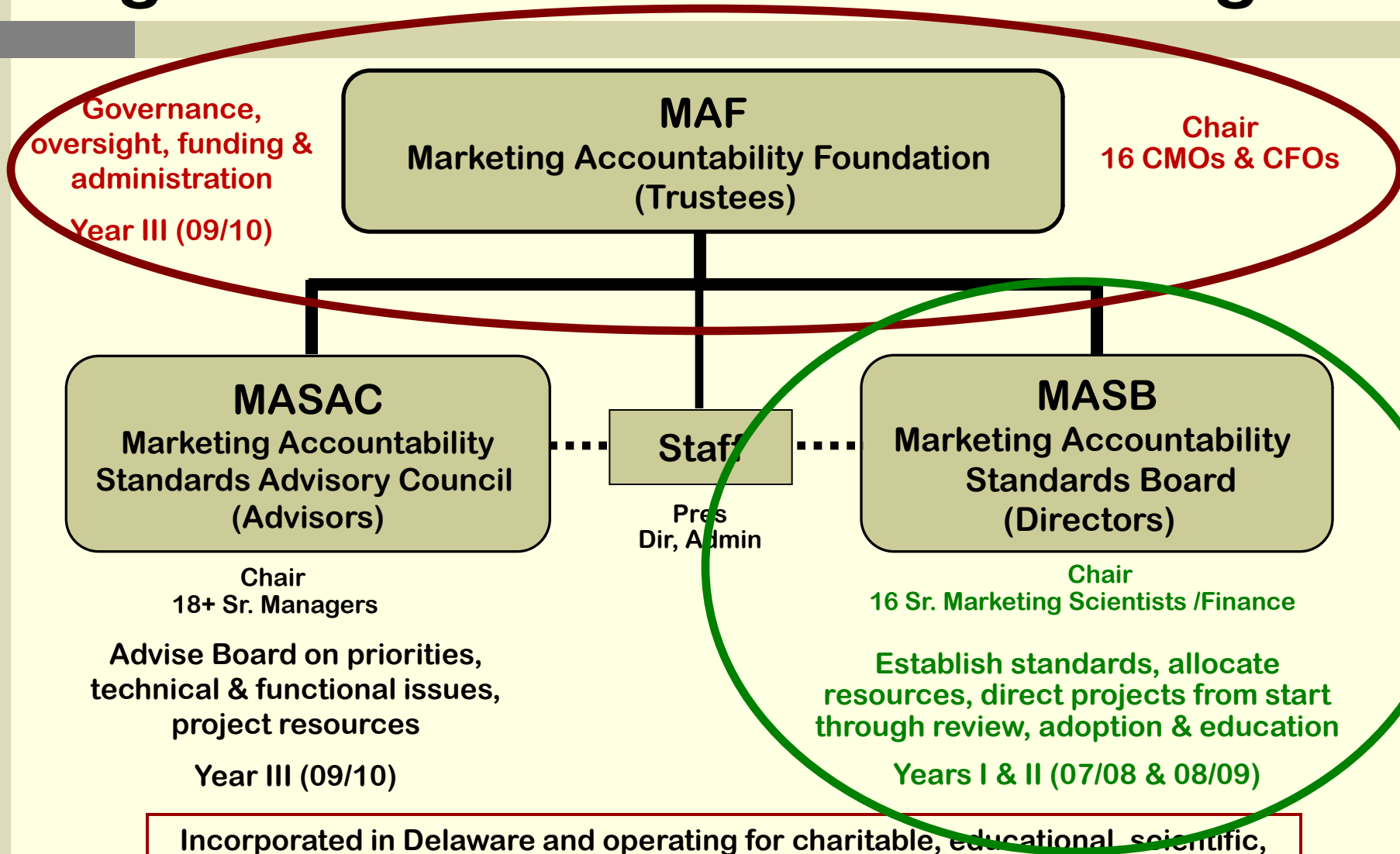
Start-Up Objectives

Lay the Foundations:

- **Articulate Vision & Mission**
- **Build solid Structure & Infrastructure**
- **Recruit highly qualified Directors, Advisors, Staff & Trustees**
- **Empower success through a Planning & Review Process**
- **Provide ample Funding & Data Resources**
- **Protect Independence & Integrity of Private Sector Body**
- **Assure Standards Projects fill the Needs of Marketing Community**
- **Allocate Resources in an Effective & Efficient Manner**
- **Guide the work w/Transparency, Integrity and Open Due Process**
- **Teach Marketing Community about the Standards & Benefits**

Green indicates objectives met during Years I & II; Black denotes start-up objectives remaining.

Organizational Structure & Timing



Governance,
oversight, funding &
administration
Year III (09/10)

Chair
16 CMOs & CFOs

Chair
18+ Sr. Managers

Advise Board on priorities,
technical & functional issues,
project resources

Year III (09/10)

Chair
16 Sr. Marketing Scientists /Finance

Establish standards, allocate
resources, direct projects from start
through review, adoption & education

Years I & II (07/08 & 08/09)

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

Call to Action

We need the CMO/CFO Trustees to Govern

Who has contacts?

Volunteer to help!

We need the next level funding from broader membership

For SG&A & project work (staff)

Bring your organization and others into Charter Membership!

We need to spread the word/teach the community

C-Level down & research level up

Help get MASB on appropriate Podiums/in Print!



Thank-you!



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