
AMA/MASB Standards Project

A Common Language for Marketing Activities and Metrics

**Kate Sirkin, EVP
Starcom MediaVest Group
Founding Director of the MASB
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Chicago**



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



Excerpts from: Bringing Marketing to Wall Street

AMA Winter Educators' Conference
February 20, 2010



Marketing Accountability Standards Board
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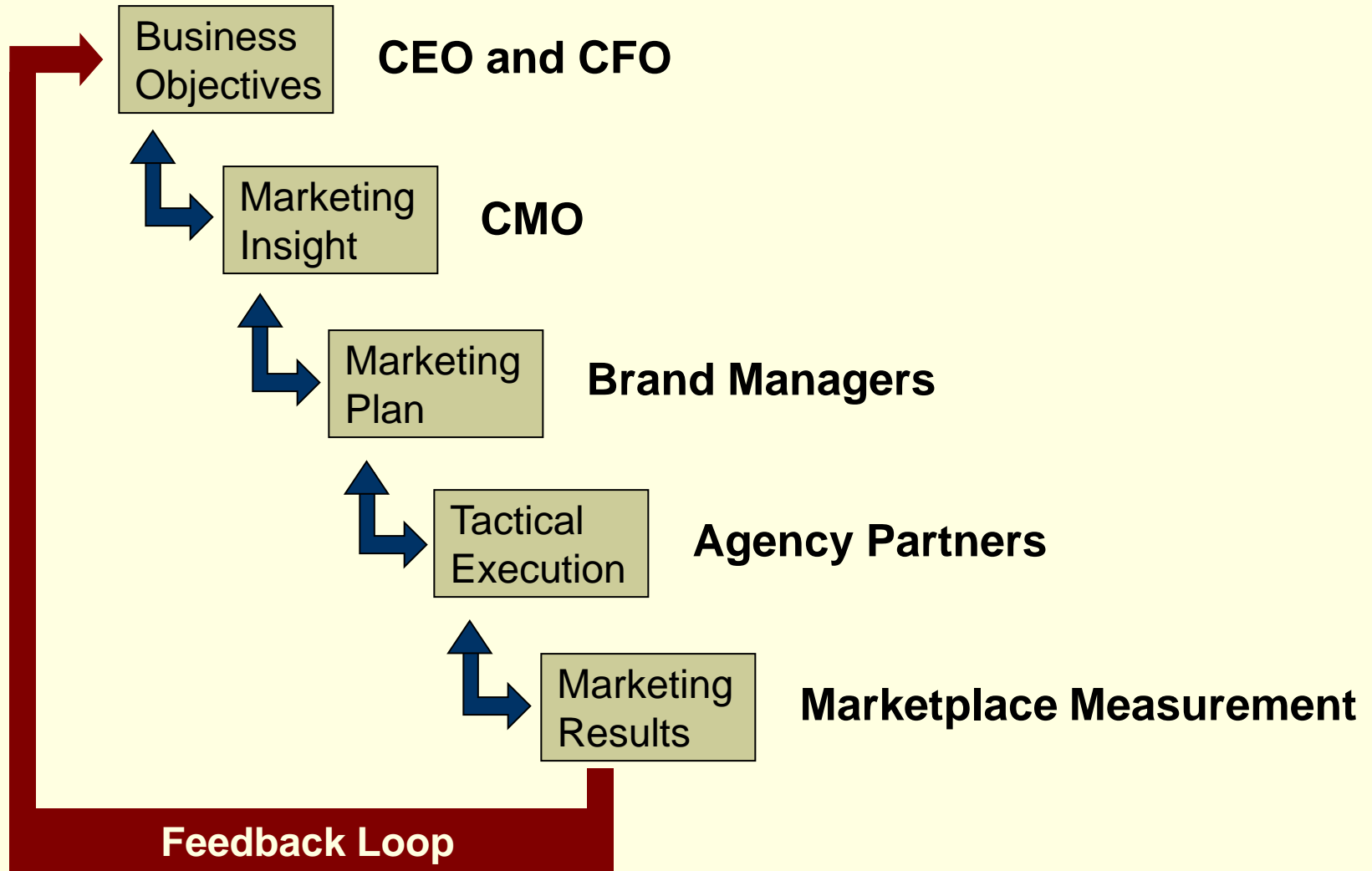
Bringing Marketing to Wall Street

- Session 1
about MASB (Dr Blair)
- Session 2 (Panel)
Role of Standards (Dr Stewart)
Current Initiatives (Dr Kuse)
Common Language (Carl Spaulding & Kate Sirkin)
- Session 3
Role of Academic Community (Dr Kumar)

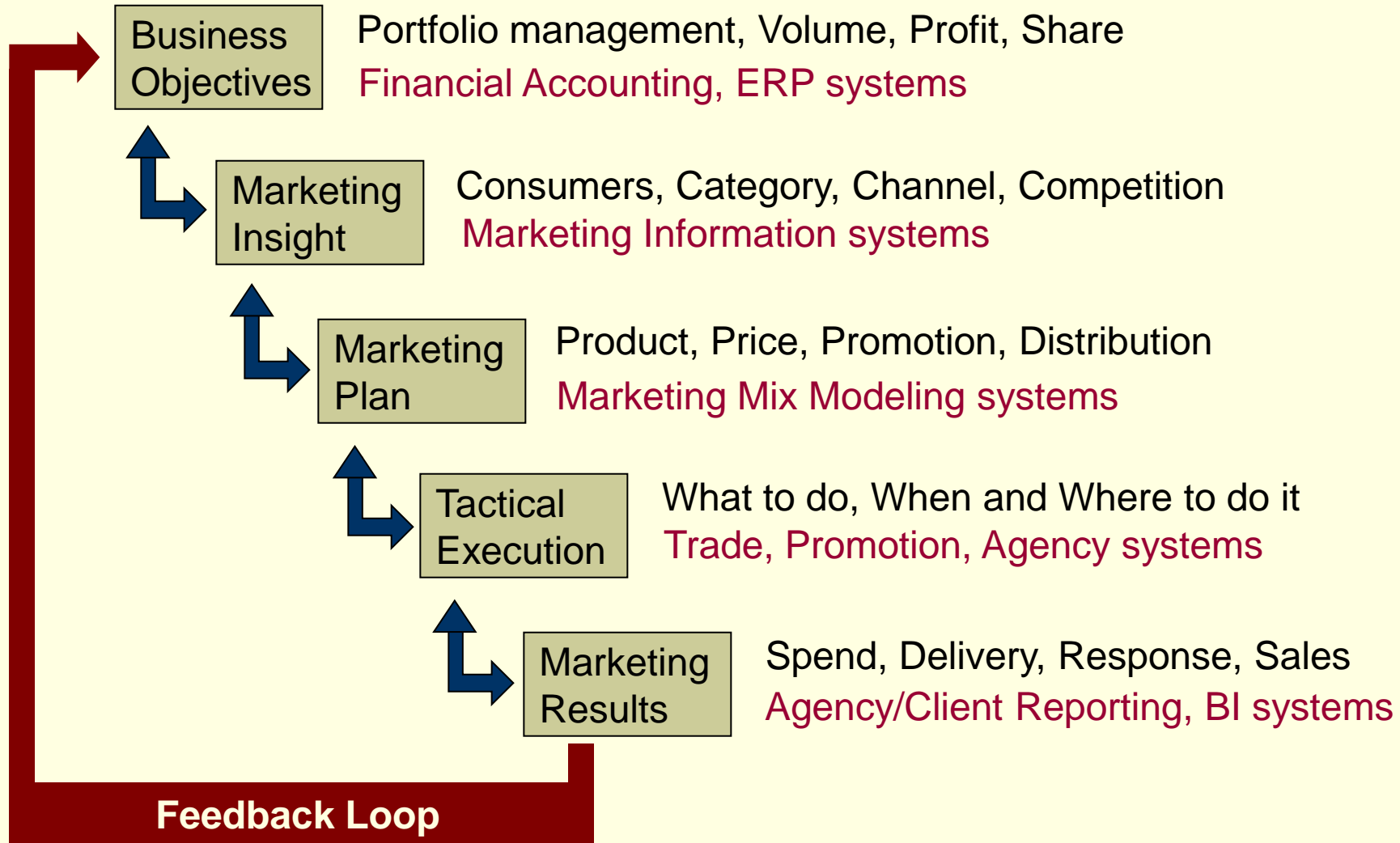
Marketing Works . . . But

- ❑ One of the hurdles to the effective practice of marketing is the lack of agreed upon common language and definitions in the industry
- ❑ Ambiguity in marketing hinders process and data integration with organizational partners
- ❑ There is no standard universe of definitions of marketing activities and associated measures and metrics for evaluating outcomes

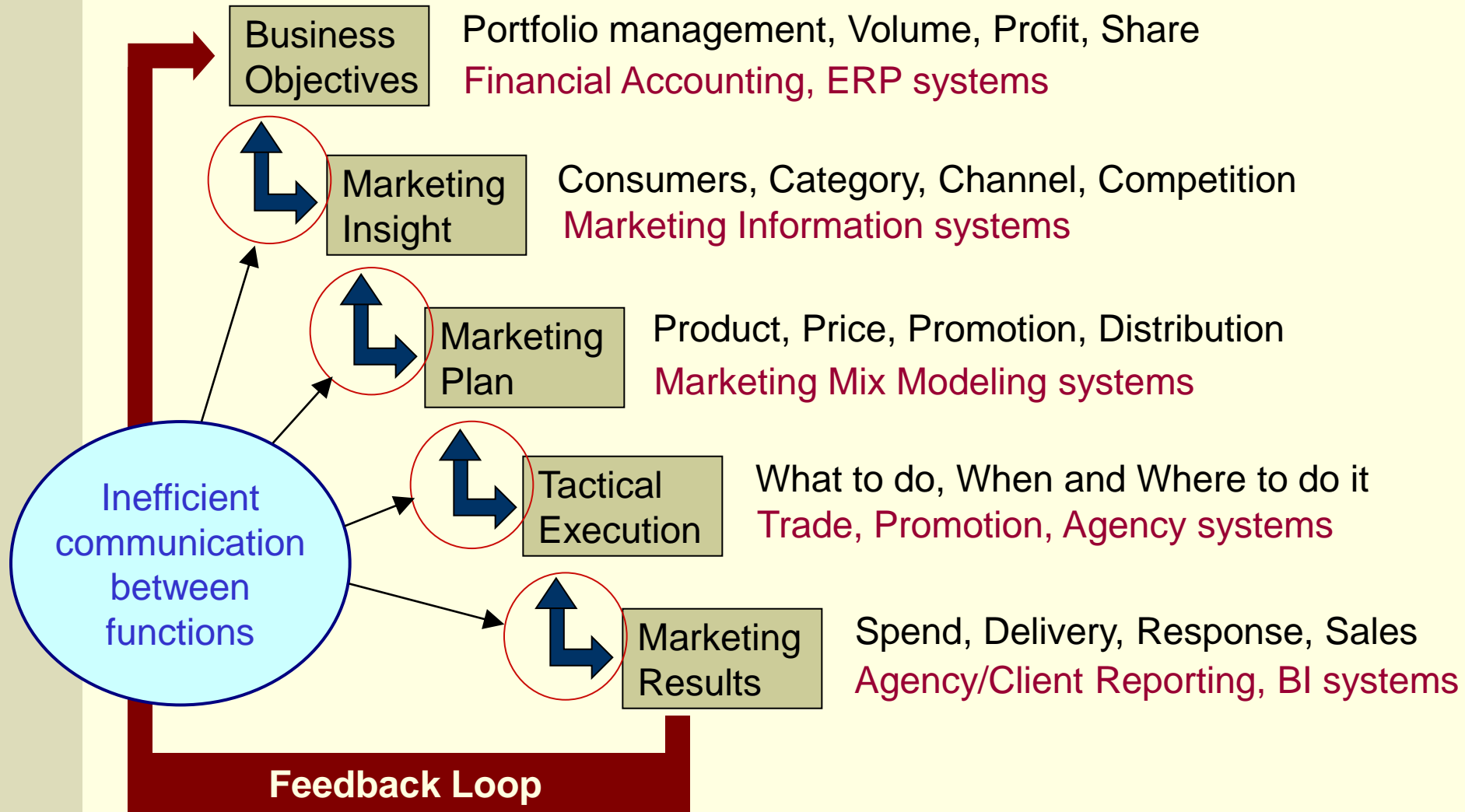
The marketing cycle moves from objectives to execution, informed by marketplace results for feedback



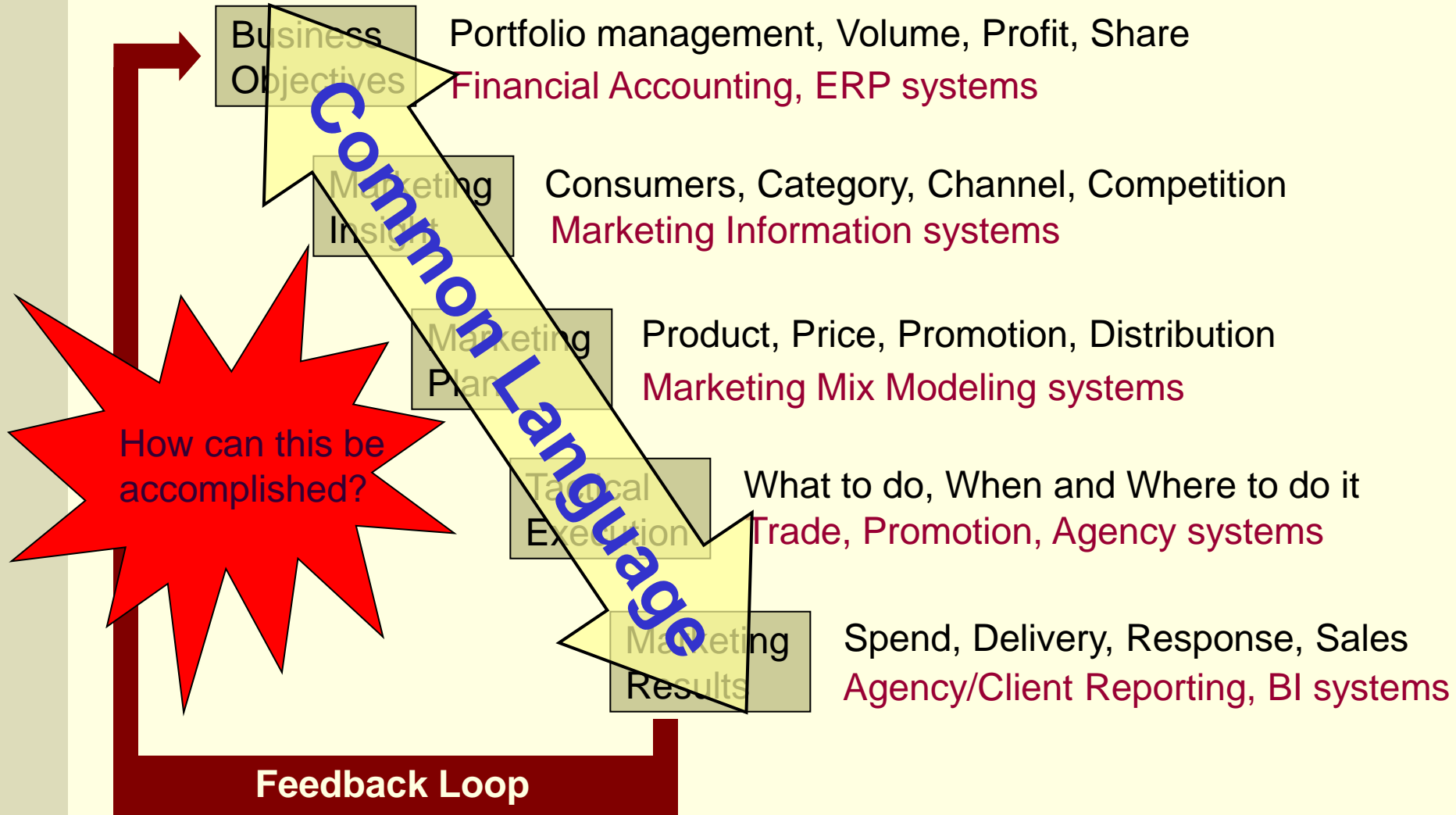
Each constituency in the marketing chain uses different systems, definitions and data sources



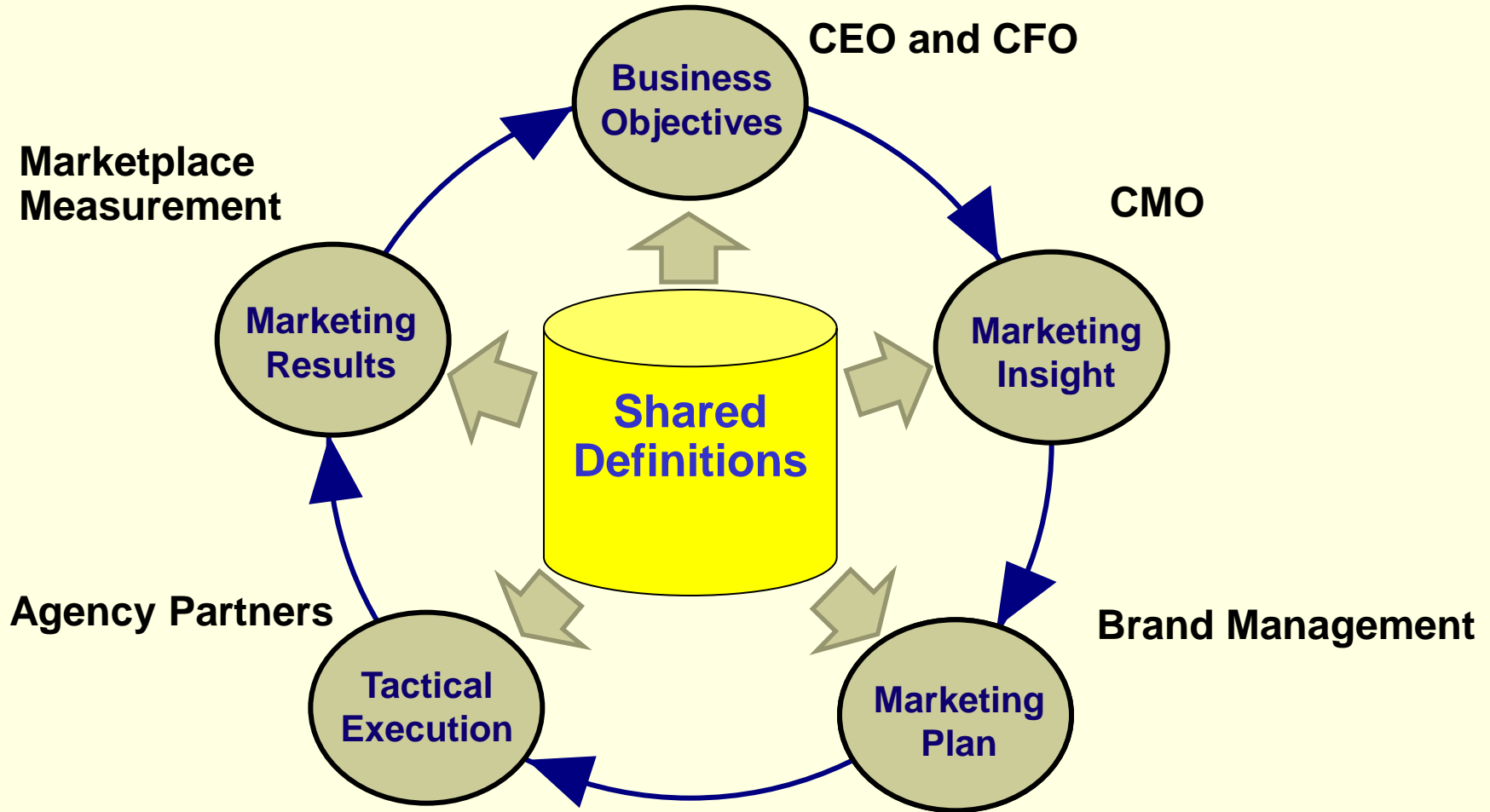
Inefficient communication at each step slows feedback and makes accountability difficult



Using Common Language for sharing data between functions is the basis for the solution



Common Language works because each constituency uses the same definitions



Without Common Language, measurement of marketing activity is ambiguous

- ❑ There are numerous measures and metrics in the marketing literature and in use in practice
- ❑ Measures of the same or similar name are quite different from one another operationally
- ❑ These measures also differ from one another in their sensitivity to measure the intended marketing activity
- ❑ Many of these measures are poorly documented with respect to their reliability and validity

A possible solution to marketing ambiguity

- ❑ **Wikipedia is an online encyclopedia in which quality and consistency of entries is maintained by users (with some editorial oversight)**
- ❑ **It has proven itself to be a self-correcting repository for common language**
- ❑ **We suggest using Wikipedia to establish commonly accepted marketing language and definitions of activities and metrics throughout the industry**

Proposed AMA and MASB collaboration

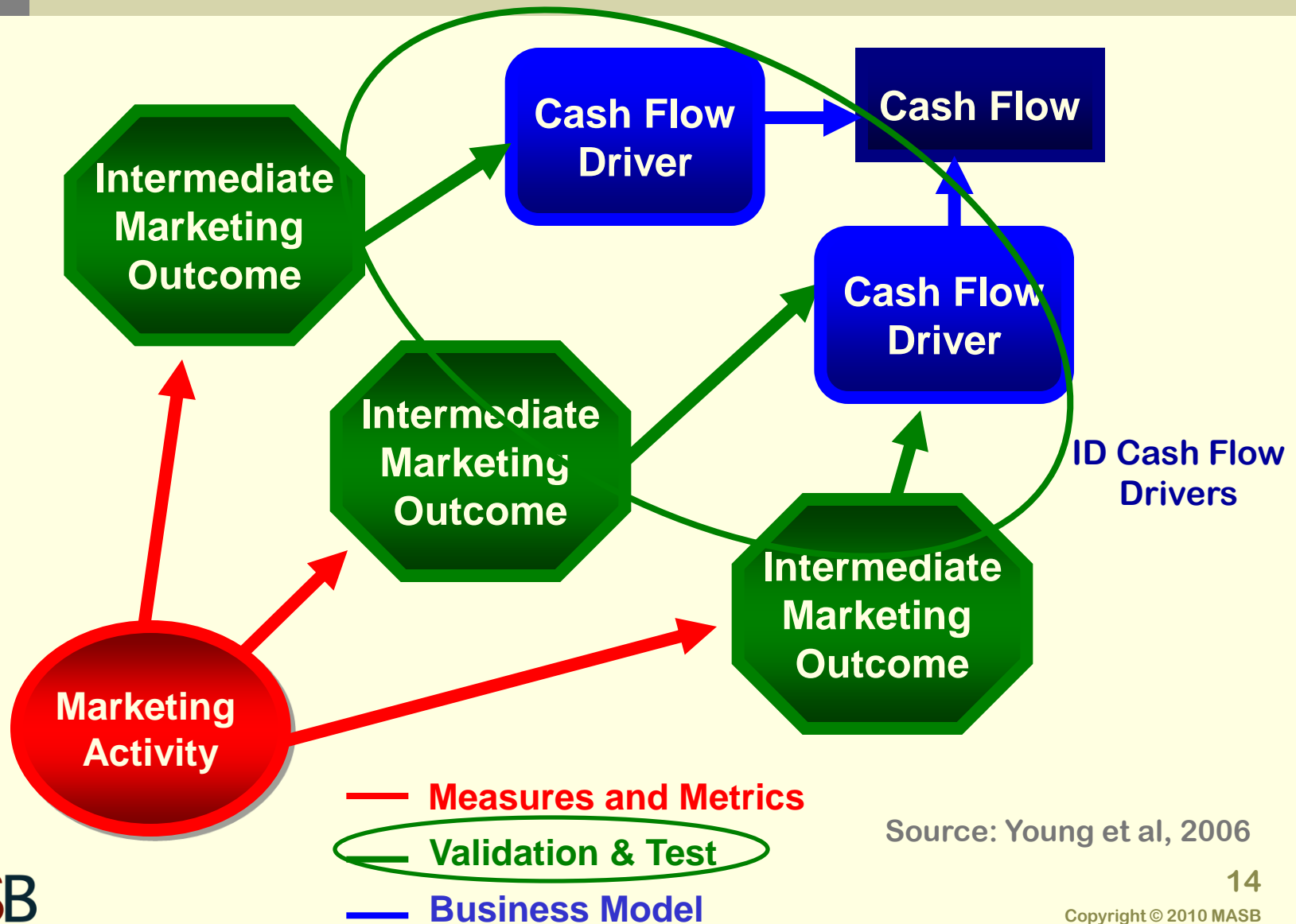
AMA has expressed interest in collaborating with MASB to produce and endorse Wikipedia definitions to:

- ❑ Eliminate ambiguity in terminology across the marketing industry**
- ❑ Eliminate ambiguity in definitional differences between marketing and C-Suite management, finance, sales and research**
- ❑ Clarify some of the differences between similarly named metrics**

Facilitation of the MMAP process

- ❑ Organizations that offer measurement solutions on Wiki will also be able to work with MASB to have their metrics audited and profiled according to the MMAP process

MMAP: Understanding The Links to Cash Flow



MMAP: 10 Characteristics of an Ideal Metric

- 1) Relevant
- 2) Predictive
- 3) Calibrated
- 4) Reliable
- 5) Sensitive
- 6) Objective
- 7) Simple
- 8) Causal
- 9) Transparent
- 10) Quality Assured

Facilitation of the MMAP process

- ❑ Organizations that offer measurement solutions on Wiki will also be able to work with MASB to have their metrics audited and profiled according to the MMAP process
- ❑ **The MASB Metrics Catalogue will become a repository allowing comparison of metrics assessing particular marketing activities**

What is needed most to begin?

- ❑ **Two academic volunteers to co-lead a joint AMA/MASB Common Language Project team**
- ❑ **Marketing academics to join the project team to contribute in their areas of expertise**
- ❑ **Establishment of standards to ensure quality and universality of definitions**
- ❑ **Establishment of communication with Wikipedia management for support and endorsement of effort**

What we found at February conference?

- ❑ **Potential academics to co-lead Project team**
 - ❑ Mark Peterson (Wyoming)
 - ❑ Ravipreet Sohi (Nebraska)
- ❑ **Marketing academics to join the Project**
 - ❑ Eli Jones (Dean LSU) had suggestions
 - ❑ Leigh McAllistor (UT Austin) suggested we become a regular part of Educators' Conferences to recruit
 - ❑ Greg Gundlach (N FLA) and Christine Moorman (Duke) demonstrated resistance to Standards in academia too!
- ❑ **No resistance to standards ensuring quality and universality of definitions . . .**

Start with the approved AMA definitions

Marketing*

The activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

Marketing Research*

The function that links the consumer, customer, and public to the marketer through information—information used to identify and define marketing opportunities and problems; generate, refine, and evaluate marketing actions; monitor marketing performance; and improve understanding of marketing as a process. Marketing research specifies the information required to address these issues, designs the method for collecting information, manages and implements the data collection process, analyzes the results, and communicates the findings and their implications.

* Approved by American Marketing Association Board of Directors, 2007 & 2004)

Determine broad areas of marketing activity

ACTIVITIES

- I Hiring & Training
- II Innovating
- III Planning
- IV Measuring
- V Forecasting
- VI Improving Processes
- VII Product Development
- VIII Pricing
- IX Placement
- X Promotion (ANA, PMA, etc)
- XI

- Determine the hierarchy of activities
- Utilize the 294 types of metrics identified by MASB

Develop Definitional Standards

To facilitate the project, marketing terms likely can be grouped into less than a dozen categories. For instance, these nine categories were identified from other on-going MASB projects:

- Marketing Activities
- Marketing Outcomes
- Data
- Marketing Measures
- Construct (or Compound) Measures
- Analytical Techniques
- Mathematical Distributions
- Financial Results
- Financial Measures

Category Examples

- ❑ **Marketing Activities** are the most broadly defined terms. The AMA descriptions of *Marketing* and *Marketing Research* are activities for definitional purposes.
- ❑ **Marketing Outcomes** are direct consequences of Marketing Activities. These are often conceptual in nature. *Competitive response, loyalty* and *persuasion* are conceptual outcomes. *Advertising-caused sales* is a less conceptual result. Most important is how outcomes are measured.

Category Examples (continued)

- **Data** are entities like unit sales, revenue, dollars spent, etc., that basically involve counting.

There are two essential aspects to specify data:

- identify who or what is being measured
- identify the unit of measurement

- **Marketing Measures** identified in the MASB Long-term Project include *acquisition rate* and *retention rate*.

. There are three essential aspects to specify a measure:

- identify who or what is being measured
- identify the characteristic being measured
- identify the unit of measurement

All three are needed for marketing measurement definition.

Category Examples (continued)

- ❑ **Construct (or Compound) Measures**
can be simple or complex combinations of measures, simpler constructs and constant terms.
- ❑ Many construct measures utilize **Mathematical Distributions** or **Analytical Techniques** (regression) for their construction. Though used by marketers and marketing researchers, they can be defined by reference to mathematical and statistical sources.
- ❑ **Financial Results and Financial Measures** such as *revenues* and *profit contribution* are independently defined by FASB.

Standards Overview

- ❑ This marketing activities and terminology category approach may make it easier to focus first on the important marketing terms needing clear, common definitions.
- ❑ Separating definitions of marketing activities from definitions of the outcomes of those activities will facilitate communication between marketing and other constituencies.

What will result?

- ❑ **Meaningful collaboration between AMA and MASB**
- ❑ **A Common Language for marketing activities, outcomes and metrics**
- ❑ **A systematic way of thinking about marketing activities, outcomes and metrics**
- ❑ **Cross-organizational and cross-industry efficiencies**
- ❑ **A database of metrics (MASB Metrics Catalogue) documenting their reliability, validity, sensitivity and relationships to measures of financial performance**



Thank you!



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

MASB Standards Project

Common Language in Marketing Activities and Metrics on Wikipedia

Carl Spaulding
Kate Sirkin



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Common Language Project

- I. Frame-Up (Emerging Issue Project Abstract)
 - A. Open Debate by MASB (revisions/approval)*
- II. Research
 - A. What is Known/not Known/need to Know**
 - 1. Open Debate by MASB (revisions/approval)*
 - 2. Paper for Practitioners (revisions/approval)*
 - B. New Learning
 - C. Preliminary Summary & Conclusions
- III. Review
 - A. Open Debate by MASB (revisions/approval)
 - B. Open Debate by MASAC (revisions/approval)
 - C. Posting for Industry Feedback (revisions)
- IV. Adoption or Acceptance by MASB
- V. Publication
- VI. Education
- VII. Systematic review over time (revisions)

* Explicitly approved by majority of MASB Directors & Chair (# dissents noted in output)

** About measurement...for reporting, forecasting and improving return

Next Steps (Language.Wikipedia)

- **Recruit MASB AMA Academic co-leads for project (March)**
- **Pick Practitioner co-leads**
- **Start regular Team Meetings**
- **Contact Wiki management (wikiproject council) to find out about starting an agnostic marketing language wikiproject (TBD - ?)**
- **Take a crack at defining terms used in MMAP (?)**
- **Review Phase I definitions w/MASB Board (?)**
- **Post Phase I for feedback on Web-Site and to Wikipedia (?)**
- **Complete Project Frame-Up/Plan including budget (?)**
- **Get MASB/MAF sign-offs on Frame-Up & Budget (?)**
- **Recruit resources/team for subsequent phases (Summer 09?)**
- **Execute Project to Plan (Team?)**