
Marketing Accountability Standards

**Measuring (Forecasting & Improving)
Return from CPG Target Segments using CLV**

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

Project Stages: CLV

I. Frame-Up (Emerging Issue Abstract)

A. Open Debate by MASB (revisions/approval to move to IIA)*

II. Research

A. MMAP Conceptualization*

B. What is Known/Not Known/Need to Know**

1. Review according to III

2. Determine Project Future/Category *



B. New Learning if warranted

1. Review according to III

2. Determine Project Future/Category*

III. Review & Complete

A. Open Debate by MASB (revisions/approval)*

B. Open Debate by MASAC (revisions/approval)*

C. Paper for Practitioners (revisions/approval)*

D. Posted for Industry Feedback and Published (academic choice)

E. Posted in “Completed” after 1 Year plus (revisions/approval)*

IV. Education

V. Systematic review over time (revisions/approval)*

Measuring CLV for CPG Target Segments

Issue

Improvement in target marketing strategies for CPG has been hampered by the inability to measure the return from those targets. This issue will become even more important as TV (cable) will soon be household addressable. We market to consumers but have been measuring at the store, market and product levels...not at the consumer level.

Background

CPG companies have been marketing to target segments without the ability to directly measure the return from those targets in many situations. This has hampered the ability to accurately forecast and improve the effectiveness of “target marketing” over time. Marketing is planned to reach and appeal to certain targets but the post evaluation does not distinguish effectiveness for the different target segments leaving a gap in the feedback loop for marketing planning. Firms need a better understanding of how marketing impacts the behavior of their target segments in order to improve return from targeting strategies.

Measuring CLV for CPG Target Segments

Objectives

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.

Hypotheses

- 1) A metric of Customer Lifetime Value (CLV) can be standardized and used to quantify the short and long-term effects of marketing activities on financial performance for CPG target segments.
- 2) The CLV structure will allow marketers to better target the right marketing efforts to the right consumers.
- 3) The measurement components of the CLV construct applied to CPG can be improved over time for more accurate forecasting and process management.

CLV Status

- Nielsen is providing Homescan data for the pilot study
 - Paul has enlisted Brock Trautvetter as the Nielsen data contact
- Chris (ConAgra) and Jamie (KCC) have developed hypotheses and result objectives
- Coca-Cola will be third brand/marketer participating
- Operational & analytical timelines this week
- Proof of concept with pilot (Q4 2010)
 - Topline Results (12/10)
 - Preliminary Report (2-3/11)

Questions?



Thank-you!



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