
Beyond the Science

Driving Behavior Change Will be Essential

Earl Taylor, CMO
Marketing Science Institute
Charter Director of the MASB
August 2010
Boston



Marketing Accountability Standards Board
of the Marketing Accountability Foundation

2010 Winter Summit: Beyond The Science

- **Marketing Science Past & Present**
 - **Marketing Science, 40 Year Review (Taylor, MSI)**
- **Long-Term Impact of Advertising w/Examples (Hanssens, UCLA)**
- **Driving Behavior Change Will Be Essential (Lees, Kimberly- Clark)**

Marketing Science Past & Present

The Practice & Impact of Marketing Science
40 Year Review
January 15-16, 2010 (MIT)

Earl Taylor, CMO
Marketing Science Institute
Charter Director of the MASB
March 10, 2010
Chicago



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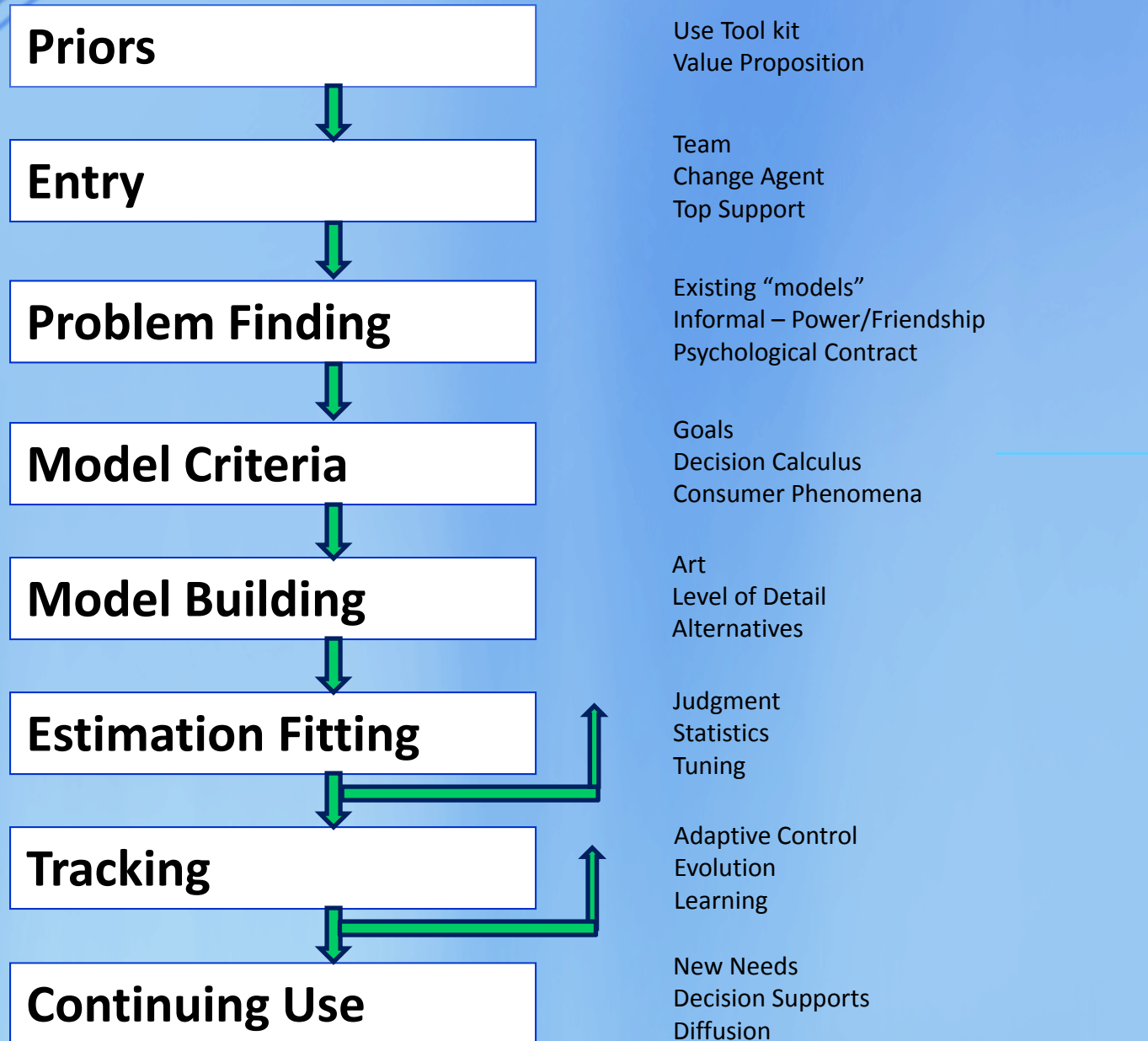
Viewing the Implementation of Marketing Models as Organizational Change

Glen L. Urban

Practice and Impact of Marketing Science Conference

January 15, 2010

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)

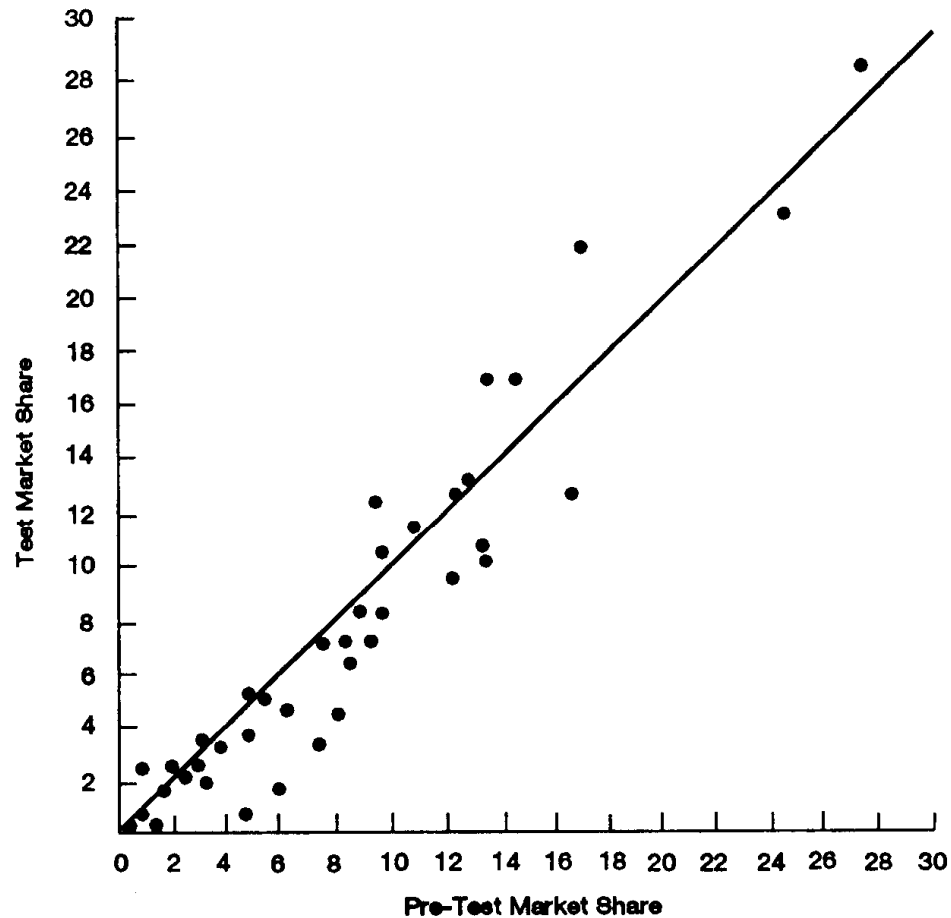


Figure 16.5 Comparison of Pretest-Market and Test-Market Shares (Urban and Katz, 1983, p. 223; reprinted with permission)

WHAT WORKED

- Early managerial interface and advocate
- Important Problem – pain point
- Simple but powerful model and measurement
- Understandable to prior managerial model
- Validation
- Easy implementation with outside firms – contracting accepted method – Fast and high benefit/cost
- Learning and evolution
- Institutionalize the step into process of new product development – “standard practice”

Failure: Rosa (to reduce tele-center costs)

Intel Download Advisor: ID

intel.



What type of camera do you have?
Click the picture of your camera.

 CS780 Intel® Pocket Digital PC Camera	 CS110 / CS120 Intel® Easy PC Camera	 CS331 Intel® Home PC Camera
 CS630 Intel® Pocket PC Camera	 CS430 / CS431 Intel® PC Camera Pro Pack Intel® Pro PC Camera Intel® Pro video PC Camera	 CS330 / YC66 / YC76 Create & Share® Camera Pack Intel® Deluxe PC Camera Intel® PC Camera Pack

[My camera isn't shown here.](#)

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ROSA: What Happened?

- Tracking – Use and reduce tele-center costs
- Continuing Use – Visionary Left, team transfers, and Budget Priorities and NIH/turf battles – Rosa persists, but not widely implemented on other products
- Evolve – Use in HR, but not IT continuing use – Rosa lived for 6 years

CONCLUSIONS

- Implementation is organizational/cultural change
- Use change process
- Enhancement of Process Model – New Emphasis on Cultural Change

CHANGE PROCESS (Revised Model)

Priors

Use Tool kit
Value Proposition

Entry

Team - **Cross Firms**
Change Agent
Top Support

Problem Finding

Existing "models"
Informal – Power/Friendship
Psychological Contract

Model Criteria

Goals - **success criteria**
Decision Calculus
Consumer Phenomena
Implementation Plan

Model Building

Art
Level of Detail
Alternatives

Estimation Fitting

Judgment
Statistics
Tuning

Tracking

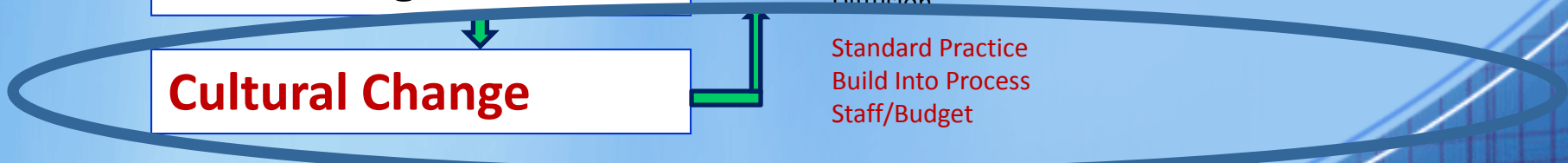
Adaptive Control
Evolution
Learning
ROI Calculation

Continuing Use

New Needs
Decision Supports
Diffusion

Cultural Change

Standard Practice
Build Into Process
Staff/Budget



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.

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!”

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

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



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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)



# Importance of Corporate Behavior

- When you include firm behavior, the long-term impact can be up to five times stronger and longer-lasting than the temporary consumer response\*
- Difference is driven mainly by strategic company behavior, *not* by consumer or competitor response.

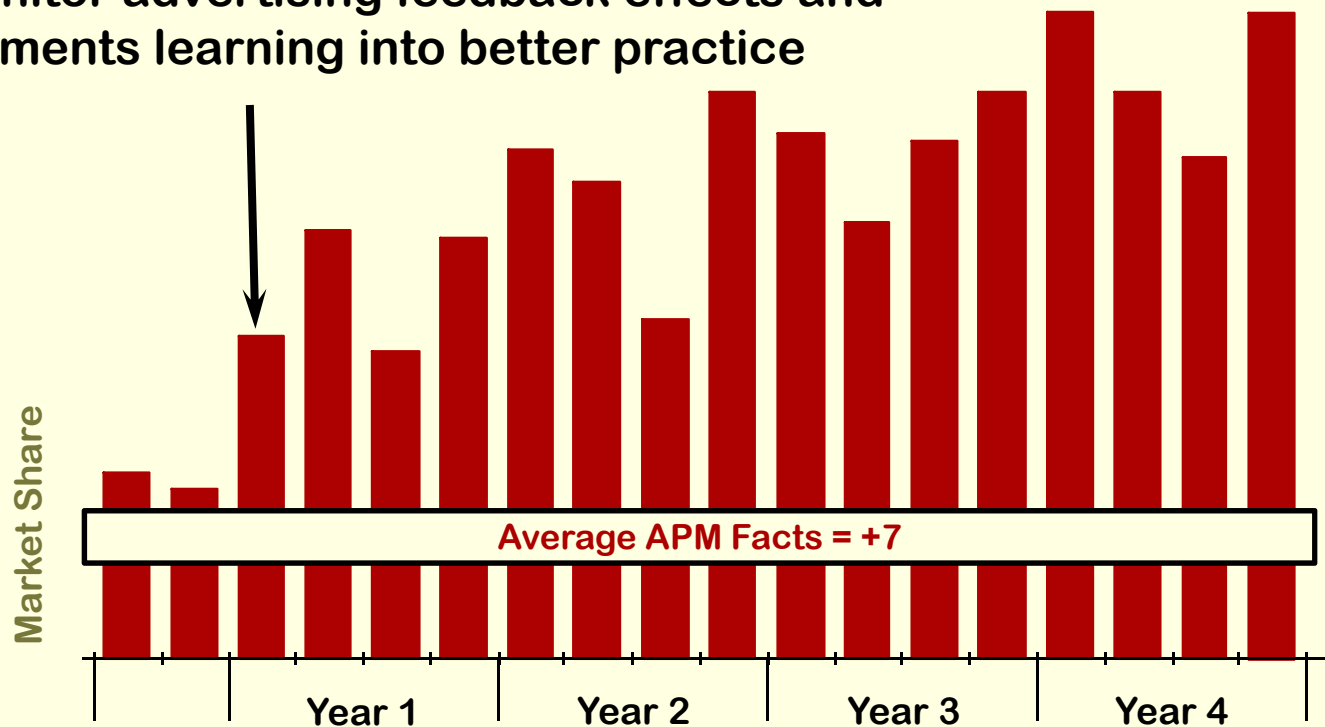
\*K. Pauwels (2004)



# Better Practice: Prego Example



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



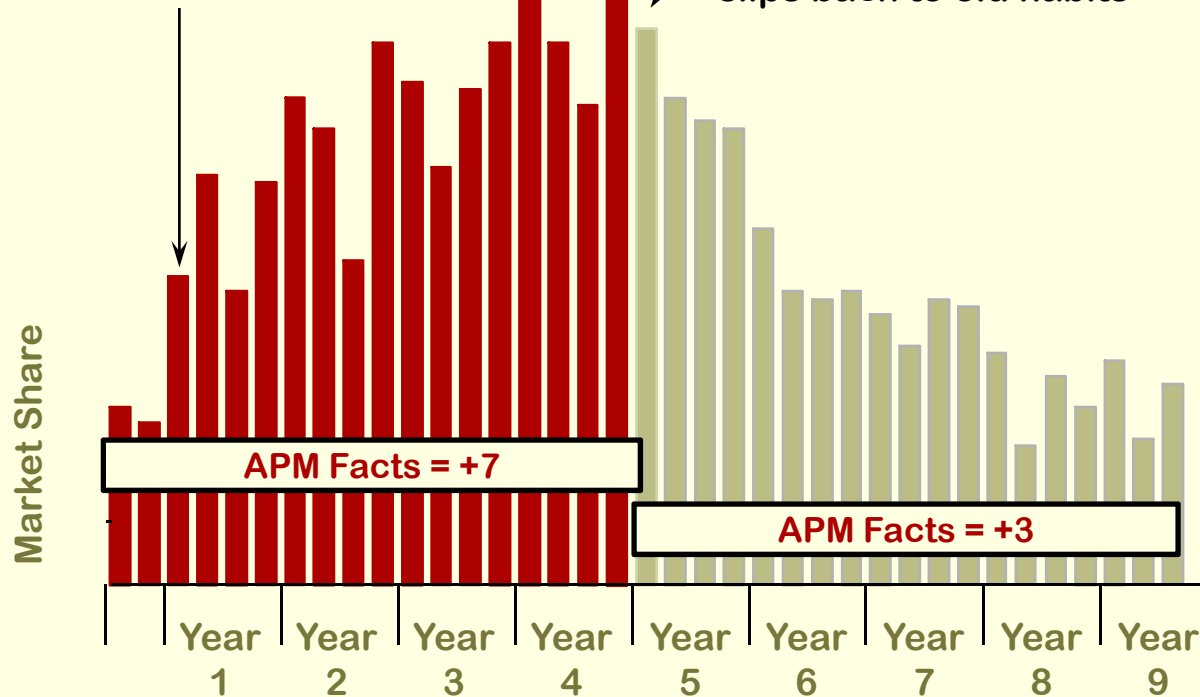
Source: A. Adams [Campbell Soup Company] (1997)

# Better Practice: Prego Example



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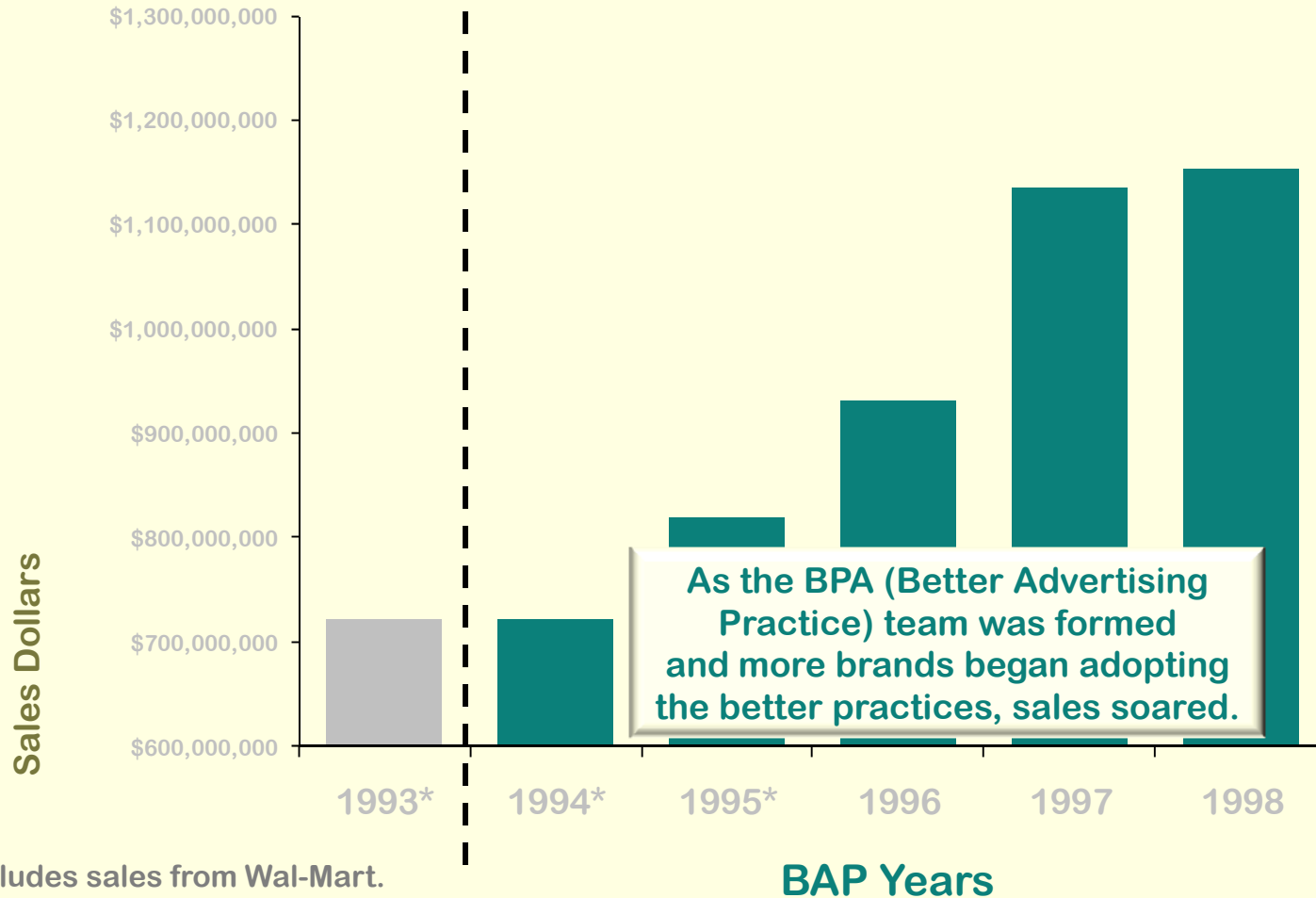
Prego brand group turns over, cancels team, slips back to old habits



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

# Better Practice: OTC Example

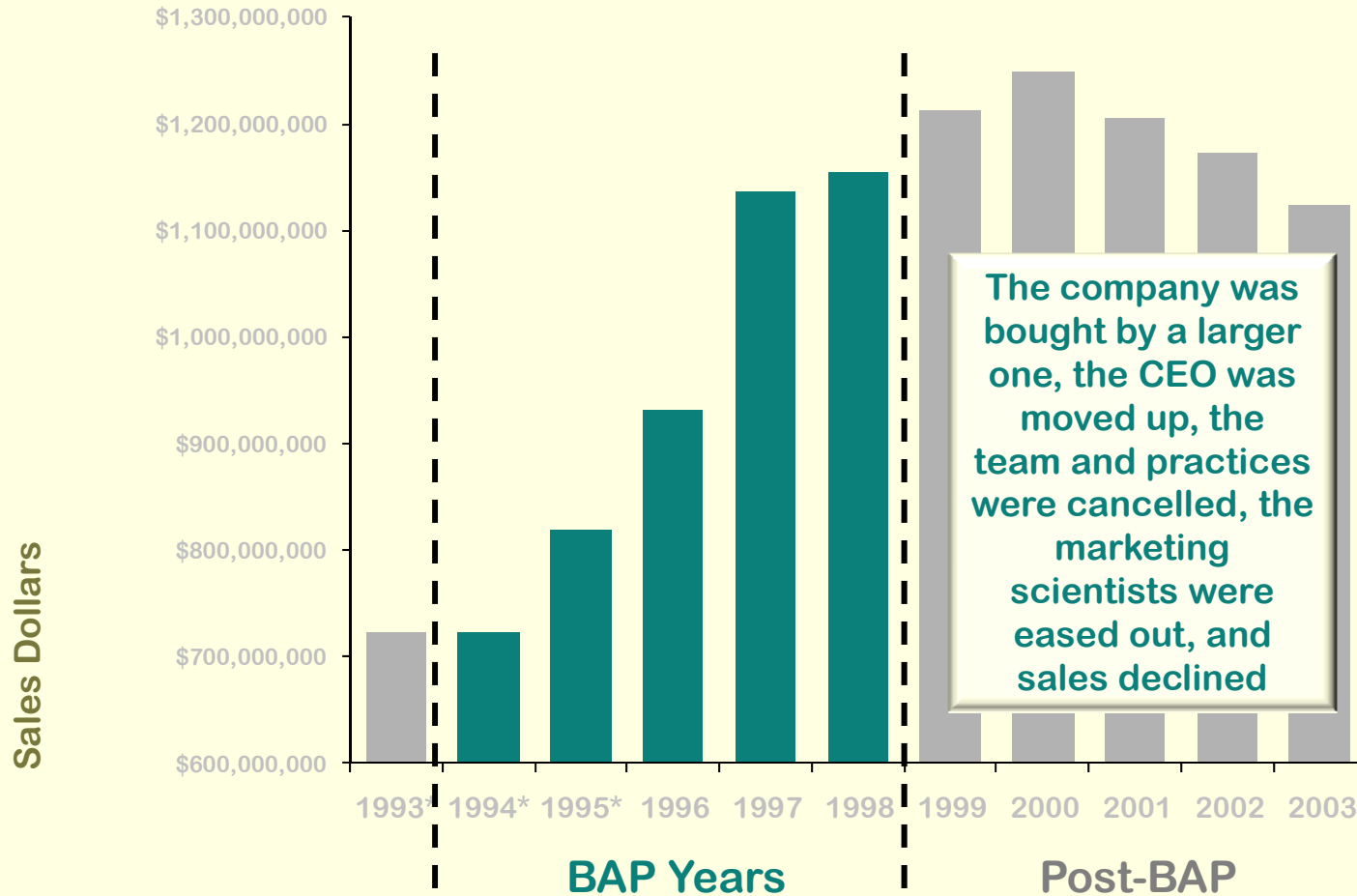
Large  
Pharmaceutical  
Company:  
22 OTC Brands



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

# Better Practice: OTC Example

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Pharmaceutical  
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# Beyond the Science

**Driving Behavior Change  
Inside Corporations  
Will Be Essential to MASB Success**

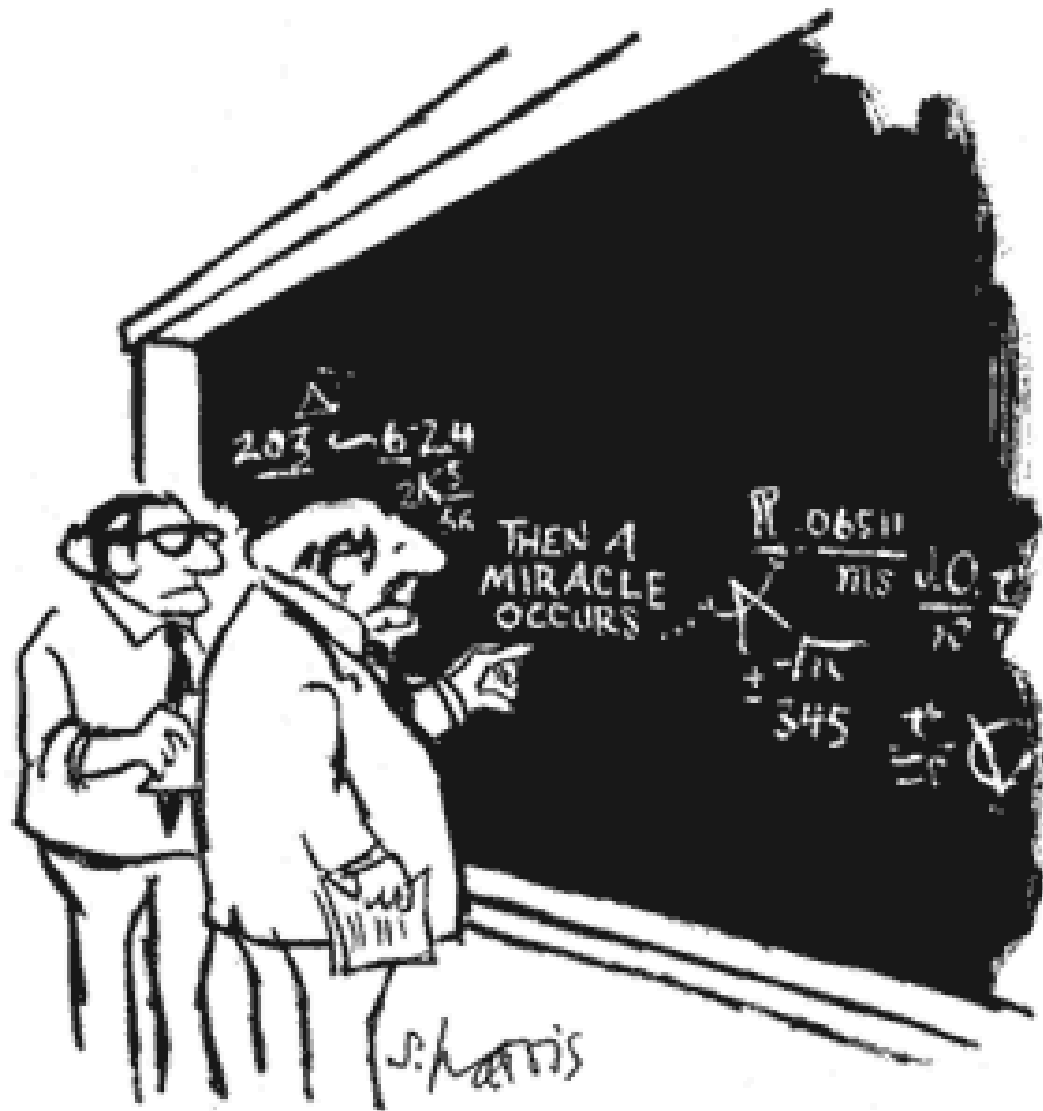
**John Lees, General Manager  
Global Marketing Research and Analytics  
Kimberly-Clark Corporation  
Charter Director of the MASB  
March 2010  
Chicago**



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# MASB: The Premise

Marketing will move from discretionary business expense to board-level strategic investment through accountability and a standards setting “authority” for measuring (forecasting & improving) the financial return from marketing activities.



"I THINK YOU SHOULD BE MORE EXPLICIT HERE IN STEP TWO."

# How to create Movement?



# The Thesis #1:

**Corporations will not use and apply marketing measurement and accountability standards consistently and comprehensively until there are reasons to do so tied tightly to financial reporting and then translated into the personal reward systems.**

# The Thesis #2:

**Capitalizing the component of marketing expenditure attributable to brand building will drive adoption of marketing measurement and accountability standards and create value:**

- **Increase in Marketing ROI**
- **Improvements in corporate profitability**
- **Competitive advantage to first mover**

# The Thesis #3:

**A discipline and process for marketing budgeting and project release which achieves similar discipline and rigor as capital budgeting DCF like approaches will be interesting to some corporations that buy into MASB's intent.**

# Two lessons (From An Example)

- **Measurement and analytics must be directly connected to business financial rewards and to the incentive system in order to create a virtuous cycle of management and measurement improvement**
- **When you create this connection, the speed of the creation of the virtuous cycle of management and measurement improvement is breathtakingly fast and unstoppable**
- **If it's situational or individual, you don't have the behavioral incentives in place**

# Beyond the Standards

Historical review of manufacturing and accounting revealed that standards bodies had existed in each area long before broad acceptance, and that specific “game changers” lead to universal adoption and permanent transformation:

In manufacturing and product quality, the “game changer” was the Japanese adopting Deming’s principles of measurement & process management after WWII, then taking significant market share from manufacturers of automotives and electronics with superior quality (TQM followed).

In financial accounting and reporting, the US government stepped in to enforce standards among all publicly traded companies in order to stabilize and enhance our financial markets, with the SEC authorizing FASB to set standards (GAAP followed).

In May 2010, the decision was made by MASB Directors to move beyond The First 3-Years (Start-Up) to The Next 3-Years (Game Changers), with two “game changing” projects to serve as the cornerstones of the Plan (on this afternoon’s agenda).

# 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

**Do They?**

**Game Changers (Vision)**

New Thinking Model shapes Everyday Decisions

New Marketing Question/  
New Data Source  
Stimulates Research



# Thank-you!



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