
Future State

MASB Projects

August 6, 2009

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Marketing Accountability Standards Board
of the Marketing Accountability Foundation

The Work of the MASB

The work of MASB is conducted on a Project basis, executed by Project Teams and organized into three overall categories: Standards, Research and Concepts.

Initial projects placed on the MASB Agenda were recommended by MASB Founding and Charter Members and influenced by feedback from C-Level interviews. They have been prioritized according to MASB resources.

As MASB membership grows and participation broadens, projects will be added according to recommendations by, and consultation with, the Marketing Accountability Standards Advisory Council (MASAC) and the Emerging Issues Task Force.

Project Teams

- Formed for specific projects on Agenda
- Marketing Scientists from academia and from constituency organizations
- Match skill sets, interests and resources to project
- Appointed by Board w/Advisory Council input
- Generally led by an academic and a practitioner

Prioritization

- Pervasiveness of the Issue
- Alternative Solutions
- Technical Feasibility
- Practical Consequences
- Convergence Possibilities
- Cooperative Opportunities
- Resources

Project Stages

- I. Frame-Up (Emerging Issue 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. Posted for Industry Feedback (revisions)
- IV. Adoption or Acceptance by MASB*
- V. Publication
- VI. Education
- VII. Systematic review over time (revisions)

Input to Project Agenda: 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 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.**
- **It will take a combined effort of marketing, finance and sales to find/agree on/work with the “best metrics”.**
- **A self-governing standards body could add real value to meeting these needs.**

* Posted on MASB Website

Projects on MASB Agenda

<u>Type</u>	<u>Project</u>	<u>Status</u>
Standards	Marketing Metric Audit Protocol (MMAP)	Posted for Industry Feedback
	Measure & Improve TV Return-Example	Posted for Industry Feedback
	Activities & Metrics Catalogue	Underway & On-going
	Common Language	Underway & On-going
	Measuring & Improving Long-Term Impact	Underway
	Measure & Apply CLV to CPG Targets	Frame-Up
	Measuring & Improving Interactive Return	Frame-Up
	Practices Underlying Ideal Metrics	Frame-Up
	Competitive Impact Knowledge	In Plan
Research	Role of Standards: Academic Review	Completed & Posted
	C-Level Views	Completed & Posted
	Views from The Street	Underway
Concepts	Marketing Productivity...Accountability	Completed & Posted
	Objectives of Marketing Standards	Completed & Posted
	Fundamentals about MASB	Completed & Posted
	Improvement Pyramid	In Plan
Audits/Advisory	Training & Advisory Services	Underway

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	Practices Underlying Ideal Metrics	Frame-Up
	Competitive Impact Knowledge	In Plan
Research	Role of Standards: Academic Review	Completed & Posted
	C-Level Views	Completed & Posted
	Views from The Street	Underway
Concepts	Marketing Productivity...Accountability	Completed & Posted
	Objectives of Marketing Standards	Completed & Posted
	Fundamentals about MASB	Completed & Posted
	Improvement Pyramid	In Plan
Audits/Advisory	Training & Advisory Beta	Underway

Marketing Metric Audit Protocol - MMAP

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.

**Status: Posted on MASB Website for Feedback
Leadership: Stewart & Blair, the MASB**

Measuring & Improving Return from TV Advertising – An Example

The purpose of the TV Project is to serve as an example of:

- How to evaluate marketing metrics according to the Marketing Metrics Audit Protocol (MMAP)
- The learning that can come from using an “ideal” metric over time & conditions
- How to improve return by applying the metric & learning to better marketing practice - process management.

Status: Posted on MASB Website for Feedback

Leadership: Blair & Stewart, the MASB

Marketing Activities and Metrics Catalogue

Some of the most costly activities have no proven outcome metrics that tie to the “return” line of financial performance.

While there are numerous metrics in the marketing literature and in use by practitioners, often measures of the same or similar name are quite different from one another as to their operationalization, resulting characteristics and value.

Most are poorly documented with respect to reliability, validity, range of use, and sensitivity. Few have been specifically linked to financial metrics associated with revenues, profitability, cash flow or other measures of financial performance in predictable ways.

A Catalogue profiling various metrics will provide a systematic way of thinking about marketing metrics, the criteria assessing their validity and sensitivity, and their relationships to one another and to measures of financial performance.

Status: Underway & Ongoing (On tomorrow’s Agenda)

Leadership: Stewart & TBD, the MASB

Common Language

One of the hurdles to realizing marketing accountability is lack of agreed upon common language & definitions in the marketing industry.

Ambiguity and lack of referential integrity in marketing terminology hinders the integration, effectiveness and efficiency of processes & data between functions within an organization and across organizational partners.

Establishing and maintaining MASB endorsed common language and definitions will eliminate ambiguity and encourage trust and collaboration within and across the marketing industry and business communities.

Status: Underway & Ongoing (On tomorrow's Agenda)

Leadership: Spaulding & TBD, the MASB

Measuring and Improving the Long-Term Impact

The majority of marketing analyses address only short-term effects, with short term defined as the current budget or planning period (usually a quarter or a year).

Results of these analyses have caused marketers to shift spending to programs closer and closer to the point of purchase. This shift in marketing strategy can be seen in the growth of “trade promotion” budgets over time, often at the expense of programs with impact that may accrue over time (like advertising).

Better measurement of marketing effects on sales and cash flow (both short and long term) will improve fact based resource allocation across the firm and across brands, marketing strategies and time.

Status: Underway (Featured this afternoon)

Leadership: Hanssens & TBD, the MASB

Views from The Street

Despite the relative size of marketing budgets, financial analysts have yet to begin studying the affectivity and maximization of marketing spend on a firm's top and bottom lines.

Marketing is simply seen as an expense, accounted for as such and there are no rules regarding amortization of marketing expense, no ratios taken into consideration in firm or stock valuation and, given the lack of reliability around long term metrics, no efforts to tie long term effects of brand marketing to future stock value.

This is a research project that begins the dialogue with analysts to bring a significant expense line item into full view and to explore the metrics/ratios they and other non-marketers might need to value return from marketing spend. The creation and establishment of standard metrics/ratios would result from future MASB Projects.

Status: Underway (On tomorrow's Agenda)

Leadership: Tisor & Hanssens, the MASB

Measuring & Improving Return from Interactive

Status: In Frame-Up Stage (Featured this afternoon)

Leadership: Seely & Bucklin, the MASB

Measuring & Improving Return from CPG Targeting w/CLV

Status: Frame-Up (Featured tomorrow)

Leadership: Abens & TBD, the MASB

Training & Advisory Services

MMAP is the first “standard” approved by MASB as the process for tying marketing activities to interim outcome metrics to financial performance metrics (including 10 validation & causality characteristics of an ideal metric).

While the TV example is a good one, members of MASB and results from academic work on the Catalogue Project could not come up with any other specific metric that might serve as another good example. During the past several decades, the marketing community has paid little attention to measurement development, specifically the validation and causality characteristics that are necessary to reliably measure and forecast and improve performance.

There is a large gap between measurement requirements and skill-sets in the field. Thus there will be growing demand for Training and Advising on how to meet the MMAP standards. The Training and Advisory Services will help measurement providers (and users) understand, evaluate and meet more the MMAP characteristics.

Status: Underway (On tomorrow’s Agenda)

Leadership: Kuse & Blair, the MASB

More to be Done (C-Level Top of Mind Wish List)

- Measures on timing of returns (especially advertising)
- Separate out product from strategy from creative
- Return on trade spending
- Sponsorship metrics
- Forecasting cannibalization
- Forecasting competitive moves
- Return for portfolio
- Better definitions of causality/drivers
- All metrics connected to financials

Far More to Be Done

<p>Strategy / Objectives / Goals Setting & Developing</p>	<p>Internet</p>	
<p>People</p>	<p>Media Consumer Promotion Consumer Relations</p>	<p>Regulatory Associations FDA ADA Other Associations</p>
<p>New Products Base Business Multicultural Marketing Lifestage Marketing</p>	<p>Market Research</p>	<p>Legal</p>
<p>Advertising</p>	<p>Market Insight External Environment ICPT ICON Bases I & II HUT</p>	<p>Robinson Patman Act Promotion (Games / Contest Claims</p>
<p>Public Relations Media / advertising / IMC (marketing mix) Events (national/local market) Production Fees Claims</p>	<p>Market Data</p>	<p>Other</p>
<p>Promotion</p>	<p>Neilsen / IRI / Specialty Account Specific Analytics</p>	<p>Product changes Listing Fees Reclamations</p>
<p>In Store Communication Shopper marketing At Home Sampling Trade Spending (GTN) Category Management 5 P's (Pricing element is ROI) Special Packaging Retailer / Trade Channel Programs Couponing</p>	<p>Product Development / refresh</p>	<p>Direct Marketing</p>
	<p>New products Packaging Formula Fragrance Capital Viscosity Color / Visual impact R&D</p>	<p>Consumer Affairs 800 numbers Direct Mail</p>
		<p>General comments Objectives generally undefined Resistance to being measured Timing of returns generally not determined</p>

List of cost areas provided by a CFO...not necessarily grouped by specific activity (eg TV)...but by accounting categories (eg Media)

Others from this Morning's Discussions?

- **Marketing on Balance Sheet (Brand Valuation)**



Thank-you!



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of the Marketing Accountability Foundation**