

Marketing MASB

**An Interactive Discussion of
Insights from a Recruitment Case Study**

Agenda

- **CSC**
 - Enablers
 - Barriers
- **Discussion**
 - Likely prevalence?
 - Possible ways around the barriers?

Enablers

- **Need for Objective “Authority” and “Health Warnings”**
 - **Challenges on the outside:**
 - Research suppliers: The Wild West
 - Consultants: The Tried, True, ... and Tired
 - **Challenges on the inside:**

Enablers

- **Need for Objective “Authority” and “Health Warnings”**
 - Challenges on the outside:
 - **Challenges on the inside:**
 - Ritualistic tug-of-war between sales and marketing
 - Challenges assigning strategic roles to marketing vehicles without knowing ST+ LT Effects + Interactions
 - e.g., Word of Mouth
 - Tug of war: pressure to contemporize communication mix vs. absence of suitable metrics (valid, accurate, and comparable)

Enablers

- **Best methods will maximize chances of discovering “principles” for what works (quality...not just quantity and mix)**



- **Better strategic marketing planning**

Enablers

- **“Street” Cred**
- **Publicly Visible Thought Leadership Role for Company**

Enablers

- **Strength in Numbers**

- Multiple mental models within firm → Difficult for single firm to implement standards even with infinite resources
- Cialdini: The Principle of Social Proof across companies, top to top

Balkanized Mental Models of Marketing Effectiveness in CPG: A Caricature

- **“Rationalists”**: Consumer behavior is logical and simple. The script that guides consumer behavior is visible to all, is very logical, and, I’m sure, very close to how I think when I’m shopping. Advertising copy should “sell” simple benefits in a simple way, because our category isn’t all that complicated. Oh, by the way...if our sales decline while our advertising runs, then the advertising didn’t work...I don’t care what the mix model says.

Balkanized Mental Models of Marketing Effectiveness in CPG: A Caricature

- **“Holistic emotionalists”** Marketing is all about establishing a “connection” with “emotions” [whatever those are]. Mix models are to be avoided whenever possible, because they are insensitive to creative quality and big ideas. Words like “magic,” “secret sauce,” and “creative brilliance” accurately describe the drivers of effective advertising.
 - *If these people rely on metrics, they tend to be a few “pet measures” from the Baroque period of advertising research...”% Spontaneous Positive Comments”*

Balkanized Mental Models of Marketing Effectiveness in CPG: A Caricature

- **The “Econometricians”** believe that their mix models have the corner on the market for “marketing truth” in the company, although few others, especially in the C-Suite, share this view. They receive tremendous criticism, because their models are viewed as “backward looking,” generally cryptic, incomplete (attribute most variation to price promotion and “unexplained”; reflect only measured channels), and incapable of dealing with product innovation. Nevertheless, they see themselves as fighting the “good fight.”

Barriers

- **Perception that Resources Required will be Vast, but Progress will necessarily be Glacial.**
 - Effort and \$\$ required from members
 - Assemble case studies, gain cooperation from 3rd parties to provide data, etc.
 - Deliverables: Doing it right requires long time horizon
 - Create and analyze case studies
 - Develop a sound theory of how works
 - Start small (i.e., not the answer to “online,” but rather to “search/banner” first)

Barriers

- **Lack of clarity about how the results of MASB's efforts will differentiate my company, beyond maybe burnishing its image?**
 - Companies want big efforts and investments (including analytics) to give them an edge.
 - In fact, some believe leading on analytics can be a source of advantage

Barriers

- **Not clear how it will stop the unproductive debate.**
 - Better tools inevitably will involve more complex mental models, far more complex quantitative models
 - OLS → MNL/MCI → Bayesian → Dynamic intercept....
 - Many companies are already suspicious of complexity, especially in so-called “simple consumer businesses”
 - Consultants, pop authors are preaching simplicity (Maeda: The Laws of Simplicity, Trout: The Power of Simplicity)
 - “Occam’s Razor”
 - The “Brownian Motion” Argument.

Barriers

- **Concern about why others aren't signing up, if this is such a great idea.**
 - “Why aren't companies and people I respect not going for this”?
 - Absence of Social Proof

Barriers

- **FASB Metaphor Might Not Always be Helpful**
 - **Logical confusion**
 - FASB is perceived to focus on consistency and conservatism of conventions and artifacts rather than discovering “truths” through the management and cognitive sciences
 - **Negative Valence in Marketing Context**
 - Accounting imagery does not activate mental networks of “growth,” “big ideas,” and “strategic advantage” → Fear that similar standards for marketing would stifle creativity
 - **[But the choice of metaphor isn’t just a “semantics thing”]**

Barriers

- In many important ways, a lot of companies today simply are not ready for or capable of taking this on board (i.e., using in decision processes)...even if they are willing...consistent with MASB CFO Interviews
 - Marketing Skill deficits
 - Bona Fide Marketing Experience
 - Strategic rigor
 - Information deficits
 - Nielsen/IRI causals on Nielsen/IRI take away in reporting channels,
 - Reported revenue is in shipments across all channels.
 - Syndicated and internal databases not integrated
 - Information manager/researcher deficits
 - Not always able or willing to speak up
 - Often not willing to take accountability
 - Senior management (e.g., CEO's) often MIA in marketing

Barriers

- **“Marketing” scope is too broad.**
 - The strategic “die is cast” long before the marketing mix decision.
 - What would standards for evaluating alternatives along the marketing “pipeline” in the following areas look like?
 - Product/package/merchandising innovations
 - Especially in the “fuzzy front end”
 - Innovative business systems
 - New commercial categories in new geographic markets
 - Too communication-centric?