
MASB **Research Project**

Marketing Activities & Metrics Catalogue

August 2008
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Marketing Accountability Standards Board
of the Marketing Accountability Foundation

Background

- **Hundreds of measures/metrics in marketing literature & practice**
 - **Few have been linked to financial metrics associated with brand profitability or cash flow**
 - **Some of the most costly activities have no intermediate outcome metrics that reliably predict “return” (eg Advertising and Store/Channel activities)**
 - **Although historical performance can be linked**
 - **It is often the case that measures of the same or similar name are quite different from one another**

Solution: The MASB Catalogue

- Building on prior work (Handbooks, White Papers, Other)
- Define universe of marketing activities & measures/metrics used for evaluating outcomes
- Add the missing links for accountability vs MASB/MMAP standards
 - Relationship to Financial Metrics
 - Reliability, Validity, Sensitivity
- Identify specific metrics that are good examples of categories of measures
 - Good for measuring creative impact
 - Good for predicting long term impact of new product launches
 - Good for predicting advertising impact over time
 - Ones that illustrate important differences within categories (eg Recall vs awareness)

Hypotheses

Such a catalogue will provide a more systematic way of thinking about marketing metrics, the criteria for assessing their validity, sensitivity, relationships to one another and to measures of financial performance.

Over time this discipline will reduce the number of metrics used from nearly 300, to just those that reliably tie to financial performance, or to the drivers of those that reliably tie to financial performance, etc (ie those which meet the MASB/MMAP Standards).

Project Description

Identify metrics used in Marketing from the numerous books/handbooks of measures and metrics recently published, those included in the ANA work and the current CMO Council initiative, with review/additions from MASB Board Members.

Document for each metric, information about Source Data, How Derived, How Used, Strengths, Limitations, and Relationship to Financial Metrics.

Then add what is known about how each metric meets the MASB/MMAP Standards.

The Catalogue will be dynamic in that new metrics and new information about existing metrics will be added systematically...

...and will include all metrics known to be used in the practice of marketing.

Current

- **Defined the relevant Dimensions**
- **Started with 400+ metrics**
- **MASB members prioritized the metrics for UCR Interns to work on July-September 2008**

Catalogue: Metric Dimensions

- Definition
- Source Data
- How Derived
- How Used
- Strengths
- Limitations
- Relationship to Financial Metrics
- How Does it Meet MMAP Characteristics of an Ideal Metric (1-10)
(Validation and Causality Test)

MMAP: 10 Characteristics of Ideal Metrics

- 1. Relevant...addresses specific pending action**
- 2. Predictive...accurately predicts outcome of pending action**
- 3. Objective...not subject to personal interpretation**
- 4. Calibrated...means the same across conditions & cultures**
- 5. Reliable...dependable & stable over time**
- 6. Sensitive...identifies meaningful differences in outcomes**
- 7. Simple...uncomplicated meaning & implications clear**
- 8. Causal...course of action leads to improvement**
- 9. Transparent...subject to independent audit**
- 10. Quality Assured...formal/on-going process to assure 1-9**

MASB Ranking: Top 20

Top Ranked Metrics	No of Votes	Classification
Customer Lifetime Value	5	Consumer
Customer Satisfaction	4	Consumer
Customer Equity	4	Consumer
Brand Equity	4	Brand
Top of Mind Awareness	3	Brand
Share of voice	3	Media
Reach	3	Media
Baseline Sales	3	Brand
Ad Awareness	3	Brand
Absolute Recall and Index of Recall	3	Brand
Absolute Persuasion and Index of Persuasion	3	Advertising Message
Absolute 'Likeability' and Index of 'Likeability'	3	Advertising Message
Absolute 'Different' and Index of Difference	3	Advertising Message
Retention rate	2	Brand
Recall	2	Brand
Purchase Intentions	2	Brand
Net Promoter Score (Riechheld Concept)	2	Brand
Net present value	2	Brand
Market Share	2	Brand
Market Penetration	2	Brand
Gross Rating Points	2	Media
Effective Frequency	2	Media
Clickthrough Rate	2	Media
Brand Recall	2	Brand
Brand Experience Share (Integration)	2	Brand
Absolute 'New Information' and Index of 'News'	2	Advertising Message

Overall Learning So Far

- Our two interns are well engaged in the project but are encountering problems finding specific measures offered by commercial providers. This is not a problem in the academic literature, but not surprisingly, most commercial providers offer little detail about specific measures they offer—even their existence.
- Most of the publicly available information provided by research firms focuses on integrated suites of products and services with little technical information or reference to specific measures (a very different landscape compared to 25 years ago).
- Our catalog is at a very generic level, with a few very specific measures like Integration's MCA and Reichheld's NetPromoter.
 - There is no single list of all the providers of a metric
 - There are many differences in terminology, e.g., is persuasion the same as motivation to buy or intention to purchase?
 - Each commercial firm produces a variety of measures and integrates into package for clients
 - Many accountability/analytical firms (accenture/mma/msp/marketing evolution) work with what ever data they can get (from consumers/firms/media data) to produce useful results that indicate performance against financial metrics (MMM/ROI) and are not connected to the originating metrics provider

Examples

- **Brand Experience Share (Integration)**
- **Net Promoter Score (Reichheld)**
- **APM Facts (ARS Group)**

Example: Integration's Brand Experience Share

Results of the validation study undertaken for Integration and Young & Rubicam

Prepared
by
Amitava Chattopadhyay
Sumitro Banerjee

August 2001

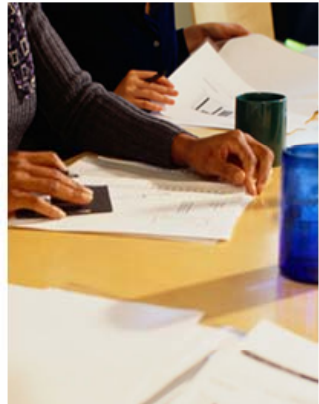


First Opinion
An ARF Research Review of
Integration Marketing & Communications Limited's
Market ContactAudit™ Methodology

William A. Cook, Ph.D.
Sr. V.P., Research & Standards

February 20, 2007

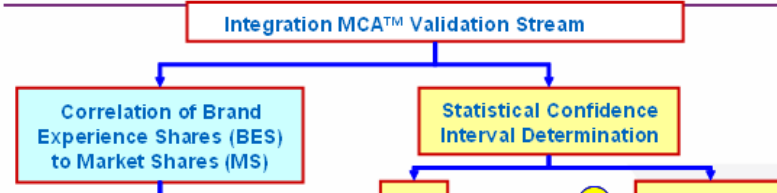
Integration “Validation Work”



MARKETING & COMMUNICATIONS
INTEGRATION™

Latest Evidence on
Validation of MCA™ Indica

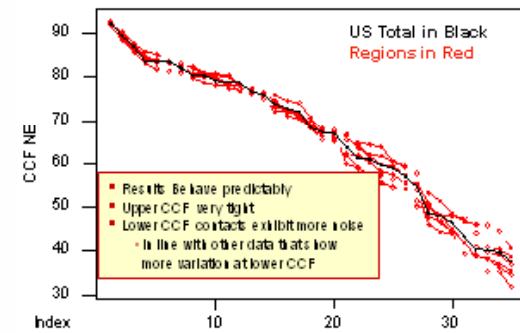
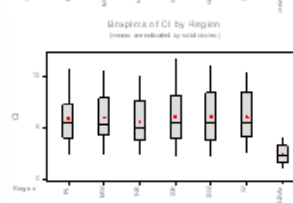
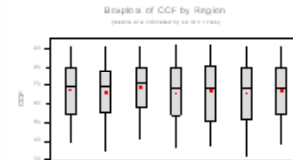
Integration is systematically “VALIDATING” all MCA Metrics



CCF Repeatability is Proven

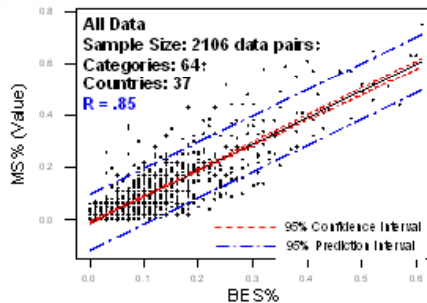
Waters Study September 2005

- 35 contacts
- 14 competitors
- 6 Regions approx. equal sample size
 - ▶ Northeast region SS 421
 - ▶ West region SS 409
 - ▶ Florida region SS 406
 - ▶ Southeast region SS 405
 - ▶ Southwest region SS 404
 - ▶ Midwest region SS 401
 - ▶ Total US SS 2446

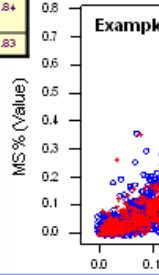
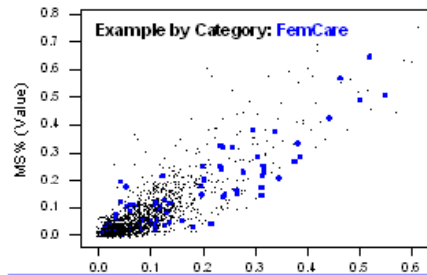
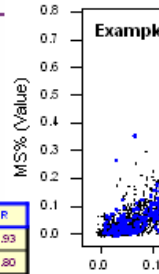


- Results behave predictably
- Upper CCF very tight
- Lower CCF contacts exhibit more noise
- In line with other data that low more variation at lower CCF

Correlation of BES to Market Shares



Category	R
Credit Cards	0.93
Chocolate	0.80
Coffee	0.89
Diapers	0.84
Unbranded Diapers	0.83



- Behavior is Consistent Across Categories and Markets and in
- Overall correlation R = .85; Statistically Significant Relationship in Nearly All Cases

Example: Reitcheld's Net Promoter Score



Example: Net Promoter

White Paper

*Would you recommend us
to a friend or colleague?*

Reichheld Under Attack!

The debate over Net Promoter becomes
a war between science and religion

Rick Ferguson, Editorial Directory
COLLOQUY

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When we contacted the folks at NetPromoter. They referred us to Fred Reichheld's book. We also have the paper that fails to find any validity. I have attached one commentary that followed the Journal of Marketing validity study (the one that found no validity). It has an interesting quote: "defenders of NPS....argue that the original research doesn't matter because NPS gets heads to nod in the boardroom."

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Net promoter score

From Wikipedia, the free encyclopedia

(Redirected from [Net Promoter Score](#))



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For blatant advertising that would require a fundamental rewrite to become encyclopedic, use {{[db-sp am](#)}} to mark for [speedy deletion](#). *(December 2007)*

The **Net Promoter[®] score** is a management tool that can be used to gauge the [loyalty](#) of a firm's customer relationships. It serves as an alternative to traditional customer satisfaction research.

Contents [\[show\]](#)

Overview

[\[edit\]](#)

Companies obtain their Net Promoter Score by asking customers a single question (usually, "How likely is it that you would recommend us to a friend or colleague?"). Based on their responses, customers can be categorized into one of three groups: Promoters, Passives, and Detractors. In the net promoter framework, Promoters are viewed as valuable assets that drive profitable growth because of their repeat/increased purchases, longevity and referrals, while Detractors are seen as liabilities that destroy profitable growth because of their complaints, reduced purchases/defection and negative word-of-mouth. Companies calculate their Net Promoter Score by subtracting their % Detractors from their % Promoters. Proponents of the Net Promoter approach claim the score can be used to motivate an organization to become more focused on improving products and services for customers. They further claim that a company's relative Net Promoter Score (its score relative to competitors) correlates with revenue growth relative to competitors.

First introduced in a 2003 article in the Harvard Business Review^[1], the concept is discussed at length in *The Ultimate Question: Driving Good Profits and True Growth* written by [loyalty business model](#) expert [Fred Reichheld](#) of [Bain & Company](#). The Net Promoter approach has been adopted by a large number of large companies, including GE^[2], Allianz^[3], P&G^[4], and American Express.^[5]



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navigation

- [Main page](#)
- [Contents](#)
- [Featured content](#)
- [Current events](#)
- [Random article](#)

search

interaction

- [About Wikipedia](#)
- [Community portal](#)
- [Recent changes](#)
- [Contact Wikipedia](#)
- [Donate to Wikipedia](#)
- [Help](#)

toolbox

- [What links here](#)
- [Related changes](#)
- [Upload file](#)

Criticism of NPS

[\[edit\]](#)

Despite its popularity among business executives, the Net Promoter concept is controversial in academic and market research circles. Research co-authored by loyalty consulting competitor IPSOS Loyalty disputes the claims of Reichheld concerning Net Promoter:^[6]

We find no support for the claim that Net Promoter is the 'single most reliable indicator of a company's ability to grow.'

On the other hand, other independent research confirms the fundamental claim of a relationship between relative competitive Net Promoter Scores and competitive growth rates.^[7] Similarly, research in Australia by Mark Ritson also supports the conclusions.^[8]

Daniel Schneider, [Jon Krosnick](#), et al found that out of four scales tested, the 11-point scale advocated by Reichheld had the lowest [predictive validity](#) of the scales tested.^[9] Others have taken issue with the calculation methodology, claiming that by collapsing an 11-point scale to three components (e.g., promoters, passives, detractors), significant information is lost and statistical variability of the result increases.^[10] The validity of NPS scale cut-off points across industries and cultures has also been questioned.^[11]

Proponents of the approach counter that analyses based on third-party data are inferior to analyses conducted by companies on their own customer sets, and that the practical benefits of the approach (short survey, simple concept to communicate) outweigh any statistical inferiority of the approach.^[12]

Industry examples

[\[edit\]](#)

Because of its emphasis on radical simplicity, the Net Promoter approach is both popular among business leaders and controversial in the market research community.^[13]

Research by [Fred Reichheld](#), supported by independent research by Paul Marsden of the London School of Economics and Mark Ritson of Melbourne Business School^[14], claims a positive correlation between NPS and growth of the company.^[15] [General Electric \(GE\)](#), for example, uses Net Promoter Score to drive process excellence for its customers, and plans to use NPS as a metric to decide the compensation of its leaders^[16]. Procter and Gamble uses Net Promoter Scores to measure the health of its brands.^[17] Allianz uses Net Promoter Scores to help it achieve what it calls "customer-centricity".^[18] Other companies using NPS include [Phones4u](#)^[19], [American Express](#), [BearingPoint](#), [The Carphone Warehouse](#) and [Intuit](#).^[20] Verizon Wireless also uses NPS in all business channels including their call centers and retail stores.^[21]

References

[\[edit\]](#)

- [↑] "The One Number You Need to Grow," *Harvard Business Review*, December 2003 [↗](#)
- [↑] [ucY4hqA&pagewanted=print "With Its Stock Still Lackluster, G.E. Confronts the Curse of the Conglomerate," New York Times, August 16, 2006](#)
- [↑] [Allianz Capital Markets Day presentation, July 13, 2006](#) [↗](#)
- [↑] [P&G Investor Day presentation, December 16, 2006](#) [↗](#)
- [↑] "Would You Recommend Us?" *Business Week*, January 30, 2006. [↗](#)
- [↑] Timothy L. Keiningham, Bruce Coolil, Tor Wallin Andreassen, and Lerzan Aksoy (2007), "A Longitudinal Examination of Net Promoter, and Firm Revenue Growth," *Journal of Marketing*, vol. 71, no. 3 (July), 39-51.
- [↑] [Advocacy Drives Growth: Customer Advocacy Drives UK Business Growth, September 5, 2005](#) [↗](#)
- [↑] "Net Promoter Scores Australia 2006," [Melbourne Business School](#) [↗](#)
- [↑] Schneider, Daniel; Berent, Matt; Thomas, Randall; Krosnick, Jon (2007): "Measuring Customer Satisfaction and Loyalty: Improving the 'Net-Promoter' Score"; paper presented at the Annual Conference of the World Association for Public Opinion Research (WAPOR); Berlin (Germany)
- [↑] "Would You Recommend Us?" *Business Week*, January 30, 2006. [↗](#)
- [↑] "Customer advocacy metrics: the NPS theory in practice" *Admap*, February, 2008. [↗](#)
- [↑] "Would You Recommend Us?" *Business Week*, January 30, 2006. [↗](#)
- [↑] "Would You Recommend Us? That simple query to customers is shaking up planning and executive pay," *Business Week*, January,



2. Common Initiatives: Organic Growth

- Home
- Introduction
- Letter to Stakeholders
 - Sized to Perform Investors
 - 1. Strong Portfolio
 - 2. Common Initiatives: Organic Growth
 - 3. People + Culture
 - Our Commitment to Investors
 - Go Big
 - Performance Summary
 - Credits

Our first imperative of size is to sustain a strong portfolio of leadership businesses. The second is to drive common initiatives across the portfolio to expand performance. The GE team embraces these initiatives. We measure, learn and drive initiatives until they become part of the culture.

Our most important initiative is to drive 8% organic revenue growth. We launched this in 2004, when we had an historical growth rate of 5%. Our total continuing revenue growth was 44% in 2005, and organic growth was 8%.

The bounty of great technology is not just the products we sell today, but also the large installed base of long-lived assets where we sell service. Our service business is profitable and grows quickly. More importantly, our services are aligned to solve customer problems in areas such as fuel efficiency, environmental performance and quality.

We have a talented group of engineers and technologists at GE. Our renewed focus on innovative products gives them a platform of leadership in our Company.

Linking Process Excellence to Customer Value

In 2005, we accelerated our progress to link our internal processes to the success of our customers. And we are working hard to get customer perspectives inside the Company.

It starts by creating formal ways to listen to customer input. Last year, I mentioned "dreaming sessions" which involves taking unique customer groupings and having them help us shape our strategy. Recently, I hosted 20 CEOs of major utilities to give us input into the future of nuclear and coal technology. We have hosted similar sessions in Rail, Aviation, Healthcare, Water and Financial Services.

Next, we improved our customer facing processes using Lean Six Sigma, a process for reducing cycle time. Every GE employee wakes up in the morning wanting to help a customer. Sometimes our internal complexities get in the way. Lean helps us look at our processes from a customer point of view and engages our team to create solutions. This is exciting and embarrassing at the same time. Our cycle time to approve a deal in our specialized Real Estate business used to be 168 days with 117 steps in the process. Lean has helped us reduce the cycle by 70%. We have hundreds of Lean activities that are improving speed and quality across the Company.

In several businesses we are linking Lean directly to growth, through what we call "Lean Showcases." The purpose of these showcases is not just to improve our cycle time for the benefit of customers. We know we can. Rather, it is to be so good that we generate incremental growth ... \$50 million in each "showcase."

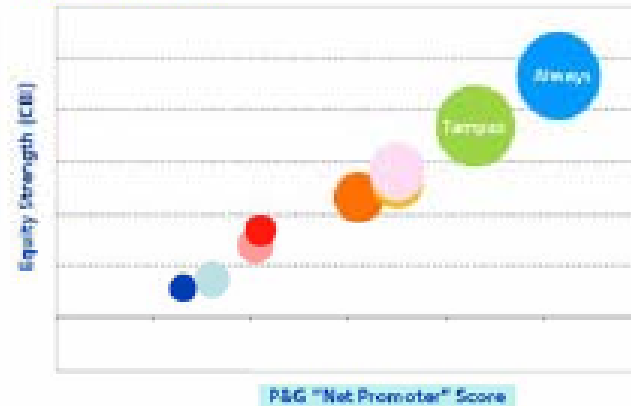
Lastly, we are using a simple metric called Net Promoter Score (NPS) to measure how customers view GE. NPS creates a view of customer loyalty. The absolute score is less important than the trend. We learn from both promoters and detractors. Most importantly, we have been able to associate NPS improvement with growth. NPS is simple and we can use it across the Company. Our ultimate goal is to use improvements in NPS as a measure in how leaders get compensated.

P&G's Brand Building Framework



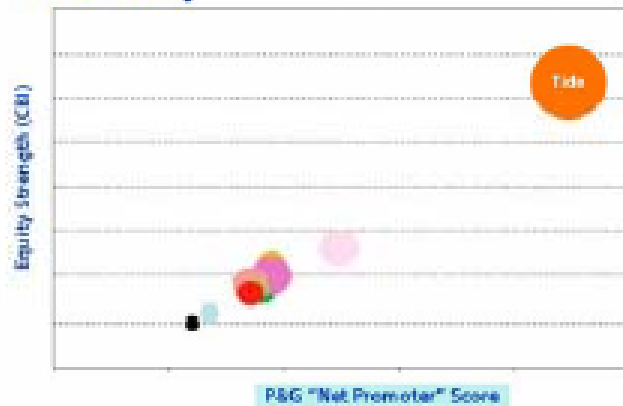
Fem Care Brand Equities

US Fem Care



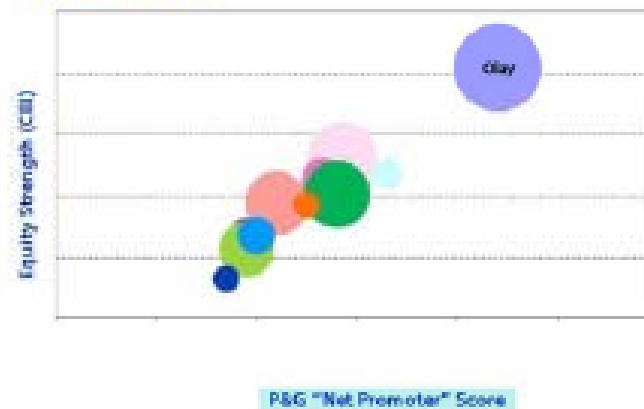
Tide Brand Equity

US Laundry

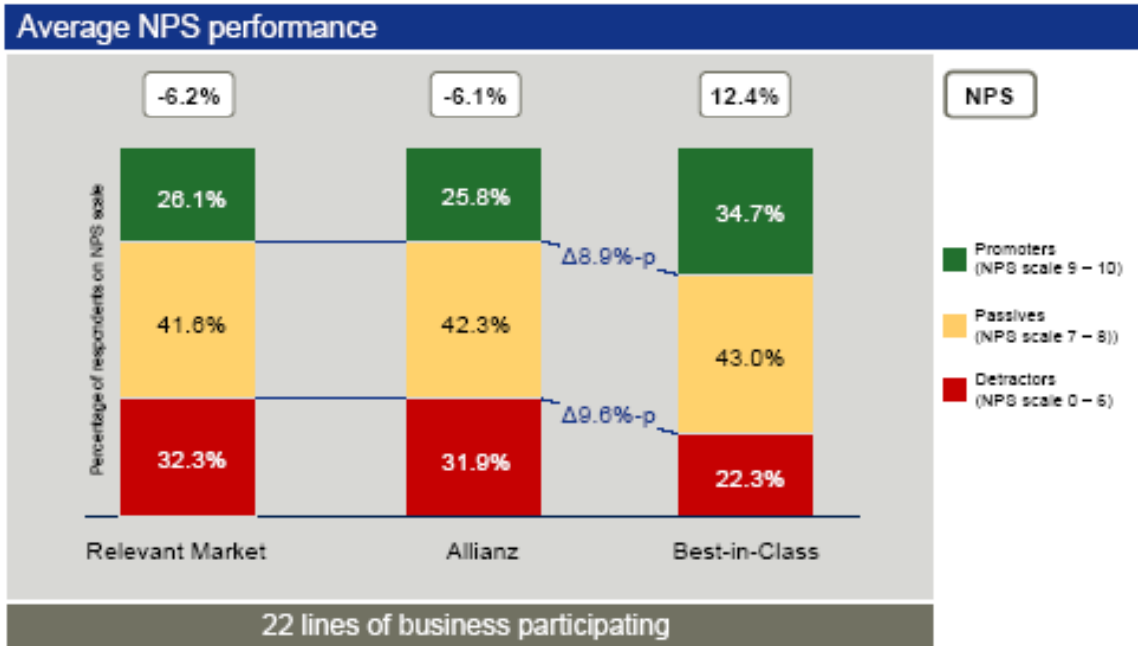


Olay Brand Equity

US Skin Care



Allianz in line with market, but significant room for improvement



Source: Allianz 2006

© Allianz AG 2006

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Example: APM Facts

APM Facts

APM Facts (aka ARS Persuasion measure) is a behavioral measure of TV advertising's impact on consumer brand preference/choice collected before and after exposure

Using a large randomly selected rep sample, brand preference/choices are collected before and after incidental, clutter exposure to TV material
APM Facts = % Brand Preference Post - % Brand Preference Pre;
Variations exist for measuring advertising aimed at increasing household penetration (PM-P) and consumption (PM-C)

APM Facts is used to:

1. Quantify likelihood and magnitude of TV advertising's impact on future brand preference, sales, market share, and market value
2. Quantify appropriate level of GRP spending for discrete executions to maximize media investments

APM Facts has withstood the test of time and been proven:

1. Reliable (within sampling limits & sensitive to meaningful true differences)
2. Relevant (addresses specific/pending actions)
3. Valid (accurate in predicting outcome of pending actions)
4. Calibrated (means the same across conditions & cultures)
5. Empowering (transparent; can be adopted/acted upon easily; 24/7 desktop availability)
6. Hygiened (ongoing quality assurance and improvement for above)

Sources:

A. Summary of ARS Group's Global Validation and Business Implications - 2004 Update

B. Global Reliability of the ARS Persuasion Measure, ARS Validated Drivers, and Diagnostic Measures - 2005

1. Currently applicable to only TV advertising
2. Limited validation for "new to the world" categories

APM Facts (aka ARS Persuasion scores) predict TV advertising's impact on market results at ~.90 level when the TV activity is isolated from the other elements of the marketing mix (about as high a relationship as possible, given sampling probability). Within the context of other marketing activities, APM Facts (aka ARS Persuasion scores) predict TV advertising's impact on change in market share at the ~.70 level.

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Both these relationships consistent with standard business quarter for reporting.

Source:

A. Summary of ARS Group's Global Validation and Business Implications - 2004 Update

APM Facts predicts the return of TV advertising (impact on sales, share, market value) plus risk/opportunity of alternative investments / ad plans
APM Facts (aka ARS Persuasion scores) predict TV advertising's impact on market results at ~.90 level when the TV activity is isolated from the other elements of the marketing mix (about as high a relationship as possible, given sampling probability). Within the context of other marketing activities, APM Facts (aka ARS Persuasion scores) predict TV advertising's impact on change in market share at the ~.70 level. Also related to market value over time.

Source:

A. Summary of ARS Group's Global Validation and Business Implications - 2004 Update

A difference of just two APM Facts is associated with a +0.5 market share increase over a 4-8 week period and +0.4 market share increase over a business quarter. From Long-term study, a difference of just +1.2 points (+3.3 to +4.5) takes a brand from a sales decline to a "modest" sales increase over a five-year period. A further improvement of +1.2 points (+4.5 to +5.7) leads to "substantial" growth over a five-year period.

Sources:

A. Blair and Kuse, "Better Practices in Advertising Can Change a Cost of Doing Business to Wise Investments in the Business." JAR-March 2004

B. Blair and Rabuck, "Advertising Wearing and Wearout: Ten Years Later." JAR - Sept./Oct. 98

APM Facts is predictive of incremental impact and total impact on volume (as determined by MMM)

APM Facts is calibrated across brands, categories, and countries

APM Facts is a measure of outcome and TV advertising effectiveness

APM Facts is calibrated across brands, categories, and countries.

Predictive of TV advertising's impact on future brand preference, sales, market share and market value.

30+ years of documented RRVCE

See www.arswowwww.com - Empirical Knowledge Library

Been managed to generally accepted RRVCE standards, subject to independent academic audits, and meets characteristics of an ideal measure

Next Steps (Catalogue)

- Chair & Pres align Catalogue Dimensions & MMAP Characteristics (Done 5/08)
- MASB Board Members review Index and select Top 20 metrics based on expertise and needs (Done 6/08)
- Interns work on priority metrics (Jul/Aug)
- MASB and Guests discuss challenges and future at summit (Aug)



Thank-you!



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