

# How We Will Work Together

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**THE  
BOARDROOM PROJECT**

# Overall

- **Marketing is not ignoring all the issues discussed in this meeting, but the many initiatives currently underway are very narrow in focus and lacking integration**

# The Landscape: CMO Council

*Dedicated to advancing the effectiveness, stature and influence of chief marketing executives faced with a unique set of complex and daunting organizational, operational, cultural and strategic business challenges across multiple industry sectors and markets worldwide.*

**Status: Next North America Summit “The Power of Engagement” October 2006...no sign of tackling ROMI**

*The tenure for the CMO...continued to decline in 2006.*

SpencerStuart, (August, 2006)

# The Landscape: The CMO

*The role of today's chief marketing officer (CMO) is fast becoming one of the riskiest jobs in North America....we have witnessed firsthand the increasing and alarming trend of CMOs going through the revolving door of jobs quicker than other senior-level executives...only 14 percent of CMOs for the world's top brands have been with their companies for more than three years-and nearly half are new to the job over the last 12 months.*

*CMO Tenure, SpencerStuart (July, 2004)*

*The tenure for the Chief Marketing Officer...continued to decline in 2006.*

*SpencerStuart, (August, 2006)*

*CMO tenure is often short due to only short term performance metrics, but could become a longer term assignment if metrics were (also) longer term.*

**Mike Duffy, Sr. VP Nielsen Advisory Services and TBP ;  
aka "father of the Baseline metric & Market Mix Modeling"  
(October 2006)**

# The Landscape: ARF

## **Advertising Research Foundation (ARF)**

**Industry Body that seeks to create, aggregate, synthesize and share the knowledge required by decision makers to lead and succeed**

**The principle mission of the ARF is to improve the practice of advertising, marketing and media research in pursuit of more effective marketing and advertising communications.**

**Status: Conducts Research Reviews, Provides process, metrics roadmaps (eg Engagement), research best practice.**

**Has comment in “how works” about “as needed, develop, publish and promulgate industry standard as necessary”**

# The Landscape: MRC

**Media Ratings Council (MRC)**

**Industry Body that Accredits Audience Measurement Services**

*To maintain audience research confidence and credibility with the goal of securing for the industry audience measurement services that are valid, reliable, and effective.*

**MRC was founded in 1964 at the urging of US Congress**

**Status: Accrediting within narrow scope (e.g. are the eyeballs being counted properly); no information as to how the metrics tie to the financial performance of the firm... and the Internet Medium bypassed MRC.**

# The Landscape: Apollo

***NEW YORK, FEBRUARY 1, 2007-Arbitron Inc. (NYSE:ARB) and The Nielsen Company announced today that they have signed an agreement that will govern completion of development and testing of the 'Project Apollo' marketing research service and the expansion of the pilot panel to a full national service if the test results meet expectations and generate marketplace support.***

***The proposed 'Project Apollo' service would use the Arbitron Portable People Meter™ system, ACNielsen Homescan technology and other technologies to provide advertisers with a better understanding of the connection between consumer exposure to advertising on multiple media and their shopping/purchase behavior.***

If the market supports this service over many observations, we'll learn about the overall effectiveness of various media relative to the overall prices (price/value).

# The Landscape: IAB

## Interactive Advertising Bureau (IAB)

*Helping interactive companies increase their revenues.*

Status: Defining standard is in their mission, and to some degree have been successful but still many more opportunities for standardization

“When is a click not a click?”

Competitive Usage Data

NetRatings Vs ComScore

The screenshot shows the IAB website with the following sections:

- IAB SmartBrief:** Get the day's top advertising news - summarized and delivered to your e-mail inbox. FREE. [SUBSCRIBE](#)
- SIGN UP FOR THE IAB INFORMER:** The IAB's Monthly newsletter. Fields for first name, last name, and email address. [SUBSCRIBE](#)
- INDUSTRY PRODUCTS:** **The IAB Job Board** - Recruit the industry's top professionals by posting on our new IAB Job Board. [Post your job now](#). **Candidates:** [Find your next job on the IAB Job Board!](#)
- EVENTS:** [2007 calendar](#). **IAB events educate the marketplace about the benefits of Interactive advertising and how to successfully integrate it as part of the marketing mix.** [Click here for 2007 calendar.](#) **Leadership Forum: Performance Marketing** Mar 14, 2007 – Chicago, IL. [Register Now](#) | [Add to Calendar](#)
- STANDARDS & GUIDELINES:** **NEW: Broadband Video Measurement Guidelines** [Learn More](#). **First Ever Global Media Measurement Guidelines** [View the updated status report](#) [Read the Press Release](#). **Spiders & Bots Filtering List** Combines IAB's Ad List with ABCE's Content Traffic List for First Time. [Learn More](#)



# The Landscape: MI4 Consortium

*In the 21st Century, firms need to create profitable growth in order to prosper. This takes imagination, vision, disciplined strategy and respect for customers. In this context, the new role for marketing is to create brand demand, not just brand awareness.*

*We know now that creating brand demand requires more than a smart positioning or attention getting advertising, building awareness and providing trial incentives. More and more, marketing and particularly advertising in all forms, needs to engage prospects (customers and potential customers) to build preference, loyalty and a sense of co-ownership.*

*The Association of National Advertisers (ANA), the American Association of Advertising Agencies (AAAA) and the Advertising Research Foundation (ARF) have come together to define engagement as: "Turning on a prospect to a brand idea enhanced by the surrounding context"*

*Many firms and brands are experimenting with a combination of the traditional paradigm and the new relevance and engagement paradigm. The vast majority, however, are sitting on the sidelines and waiting for further validation, a sense of the proper measurements, and confidence in new ways of working together.*

ARF Website 2/07

# The Landscape: AAAA

## AAAA Hiring PR Firm to Improve Image

**“Despite the fact it got badly burned last time it tried the tactic, the industry’s largest trade group has hired one of the country’s largest PR firms to conduct a public-image campaign on behalf of the business.**

**Just how the industry is perceived in corporate boardrooms, on Wall Street and in major business media has consequences for both how marketing budgets are spent and for the financial fortunes of the publicly traded companies that own most of the major shops.”**

**Matthew Creamer; Ad Age, 9/25/06**

# The Landscape: 2006 Agency Relations Forum

## **ANA Annual Agency Relations Forum, 9/13/06:**

**“I understand how costs have to be driven down but the fee-based that we’re on now, it’s like being an hourly worker...if we spend four hours and the idea is worth \$50 million, it doesn’t seem right to just be paid for four hours. I think it’s the compensation model that really should be looked at.”**

**David Lubars, Chairman and CCO. BBDO**

**“Bitching About Pitching and Agency Compensation”; Ad Age, 9/17/06**

# The Landscape: ANA

**Association of National Advertisers (ANA)**

**Marketing Accountability Task Force (MATF)**

*To review current best practices used by ANA member companies...to provide practical catalogue of accountability metrics used.*

**Status: 2005 Report Published; 2006 Report in the works;  
New Marketing Accountability Committee here today to  
discuss accountability and look for a route forward...**

# ANA MAC

Marketing Accountability Committee will focus on the use of appropriate brand and sales metrics to optimize expenditure choices and increase marketing effectiveness. Approaches marketers can use to provide greater oversight and achieve credibility for the organization' marketing efforts will be covered.

## Discussion Topics :

- Advertiser/agency accountability dashboard
- Marketing metrics and financial outcomes
- Measuring and maximizing ROI
- The link between brand equity, brand loyalty, and ROI
- The use of technology to improve marketing department output
- Sales growth through extending a brand's domain

# Other Initiatives: Summary

- CMO Council advancing effectiveness, stature and influence of CMO
  - Tenure of CMO still declining
- ARF conducting research reviews to improve practices for vendors
  - Knows standards body is critical
- MRC auditing media currencies
  - Just eyeballs and if providers are measuring how/ what they say they are
- Apollo providing single source data across media
  - For media targeting and effectiveness
- IAB helping Internet companies increase revenues
  - Arguing when a click is really a click
- M14 Engagement Consortium working w/partners to help process/metric choices
  - Goal is improving communications and sales in new media environment
- AAAA hiring PR firm
  - Credibility of Ad industry in trouble, even beyond the CFO
- ANA/MAC cataloguing practices/metrics, discussing various accountability topics
  - Will MAC move beyond discussion...getting behind/involved in standards body?

**None really focused single mindedly on Metrics/Standards  
and/or Across Domains**

# The Big Questions

- **Are we really serious about this?**
- **How serious will it be if we don't set standards now?**
- **How will it fit with other initiatives going on in this area?**
- **What are our next steps?**

# Are we serious?

- **If so then need to commit....**
  - **To the Journey**
    - **Prioritization of metrics, business verticals, etc.**
  - **To the Investment**
    - **From all constituency organizations**
  - **To the Partnership**
    - **Between Finance & Marketing**



# I'm serious

- Too many times I have a multitude of metrics or analyses to choose from and am asked
  - Is this valid
    - IAG program attention/engagement scores
  - Is this reliable
    - Nielsen Ratings
  - Is this important
    - Non response bias in online surveys
  - Is it going to build my business for the future
    - MMM response coefficients for Hispanic geographies

# How serious will it be if we don't?

## ■ Time

- CRO's will have more and more data, metrics, techniques to validate, process, apply and still not be speaking the same language with each other, with marketing execs, or with finance

## ■ \$\$\$

- Investment in Marketing will become increasingly difficult as Wall St continues to live Qtr by Qtr, and as the CFO keeps treating it as discretionary spending

## ■ Status

- Without proof of contribution to the business/financial metrics, CMO's tenure will continue to be short
- More folks will be going to jail

# How will it fit with other initiatives?

- **MASB will involve all constituencies, at many levels**
  - Trustees
  - Board of Directors
  - Advisory Council
  - Sub-Committees
  - Specific and Prioritized Projects
- **Focused on setting & improving measurement standards (tied to financial performance)**
- **Allowing other organizations to achieve their specific objectives and to serve their particular constituencies and/or domains**

# Overall

- **Marketing is not ignoring all the issues discussed in this meeting, but the many initiatives currently underway are very narrow in focus and lacking integration**
- **Establishing a Standards Body is our opportunity to approach the foundation of metrics and accountability at the highest level: across industries, disciplines, and domains with common language, common purpose, common financial denominator, and coordinated efforts.**

# Next Steps?

- **Provide feedback now**
- **Commit to involvement levels**
- **Encourage participation throughout your organizations and the industry**

# Any More Feedback re Concerns?

# ANA MAC Commitment?

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**Why not become Charter Members of MASB and The Advisory Council... where discussion can take place, priorities set, and MASB will do the work?**

# We have Commitments, but Need Yours:

## ✓ ARF\*

Charter Membership in MASB

Sponsor CFO Outreach Project

## ✓ MSI\*

Charter Membership in MASB

Sponsor CFO Outreach Project

## ✓ TBP

Charter Memberships in MASB

Conduct CFO Outreach Project

Establish MASB

## MAC

Charter Memberships in MASB (3yrs membership for 2yrs dues)

Active participation as members of Advisory Council

## ANA\*

Charter Membership in MASB

Recruit for CFO Outreach Project & Charter Trustees

\* Key Conference Podiums



**Thank you!**

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# “The future, more metrics, more challenges”

- The advertising research foundation (ARF) is making a valiant effort to champion "engagement" as the future of communications metrics. Its insistence that the metrics be reliable, valid, and predictive is exactly right. ARF's definition, arrived at this summer, announces: "Engagement is turning on a prospect to brand idea enhanced by the surrounding context."
- We frequently see different strategies from competing research companies on how to deliver measures of brand idea impacts, association of brand idea to surrounding context, and general scoring of media contexts. The techniques vary but the viewpoint is consistent: All these researchers look in from the outside through focus groups, surveys, and statistical modeling. No one delivers the whole package in a continuous, syndicated format. The multitude of brands, communication channels, ideas, and contexts makes this a formidable challenge for traditional research sampling frameworks.
- The Internet continues to disrupt the mass-audience worldview, niche-ifying almost everything through a proliferation of individualized content and connections. This in turn makes outside-looking-in research hard to do. Researchers who need continuous measurements can either have representative samples with limited measurements or rich data with no sense of representation, but not both. It simply costs too much.

Media Post Feb 07, Mark Green

# “The future, more metrics, more challenges”

- In San Francisco, a new idea is emerging from a group called AttentionTrust. Its idea: to switch the research paradigm from outside looking in to inside looking out. As the AttentionTrust folks point out, "When you pay attention to something (and when you ignore something), data is created. This 'attention data' is a valuable resource that reflects your interests, your activities, and your values, and it serves as a proxy for your attention." They are talking about the Internet, but with the right economic model this concept could easily expand offline.
- The AttentionTrust viewpoint is to let people record their behavior and then sell it. The similarity to the direct-marketing model is striking. The points of difference are, 1) Now the "merge/purge" name lists have extensive continuous behavior associated with them, and, 2) The data are being provided by consumers, so permission is explicit. The premise is that people are more willing to supply information to marketers if they have reasonable control and ownership of it - and more likely to trust a company if the company's reputation is tied to how transparently it handles consumer-permissioned data.
- Expecting consumers to volunteer for research sounds strange, especially as current market and media researchers struggle to get people to cooperate. What's new is the perspective. Today's youth are proactively shaping the future of media. Digital technologies and applications are letting people control and create media, and social media communities are teaching them how. The result is a new research worldview. The outside-in research measures how advertisers control consumers with engagement metrics. The inside-out research measures through attention how people are controlling media, communications, and messaging.

Media Post Feb 07, Mark Green

# “The future, more metrics, more challenges”

- The logical extension of the inside-out worldview is that consumers can not only "sell" their information but also analyze, edit, share, and barter it.
- Root.net sees this vision and is building the relationships and infrastructure to turn rich databases into attention currency. Maybe the reality of sample sizes and the fluid nature of digital media will flip the research worldview from outside-in to inside-out. More likely, the two research worldviews will blend, covering both poles of the media market, from the blockbusters at one end to the more personal niche offerings further down the "long tail." Companies like Root.net may partner with traditional "hits" measurement currencies to provide holistic communication campaign tools. Or they may find tighter marriages with consumer database companies like Experian and Equifax.
- Imagine 60 million names and addresses with assorted financial and consumer attributes extended with a year's worth of Internet activity - browsing, reading, watching, listening, downloading, and purchasing. Imagine if you tied this to the data TiVo now makes available. The nature of analyzing and targeting marketing communications would change rather quickly in this new data-rich environment.

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