
MASB Standards Project

Measuring & Improving Return from Interactive Advertising Status Report

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(Randy Bucklin)



Marketing Accountability Standards Board
of the Marketing Accountability Foundation

Interactive Status

- I. Frame-Up (Emerging Issue Project Abstract)*
- II. Research
 - A. What is Known/not Known/need to Know
 - B. New Learning
 - C. Preliminary Summary & Conclusions
- III. Review
 - A. Open Debate by MASB (revisions/approval)
 - B. Open Debate by MASAC (revisions/approval)
 - C. Posting for Industry Feedback (revisions)
- IV. Adoption or Acceptance by MASB
- V. Publication
- VI. Education
- VII. Systematic review over time (revisions)

* Approved by MASB/Chair when \$\$ or Team required; Disclosure to MASB/Chair if not

The Interactive Project

Background & Issue

Online marketing is diverse, encompassing consumer to information, brand to consumer, consumer to consumer and brand to brand. As an emerging technology, numerous real time and delayed measurements are available for online media. There is no standardized approach adopted by the industry for measuring the impact of online marketing.

Alternative Solutions

Several metrics took center stage for measuring Internet marketing impact starting with hits, impressions, Pageviews, and click-throughs. None of these measures have generally accepted standards nor have they been linked to financial performance in predictable ways (particularly off-line sales).

The Interactive Project

Objectives

To identify one or more established metric(s) that may quantify the relationship of banner advertising to financial performance

For brands that are largely purchased online

For brands that are largely purchased offline

Hypotheses

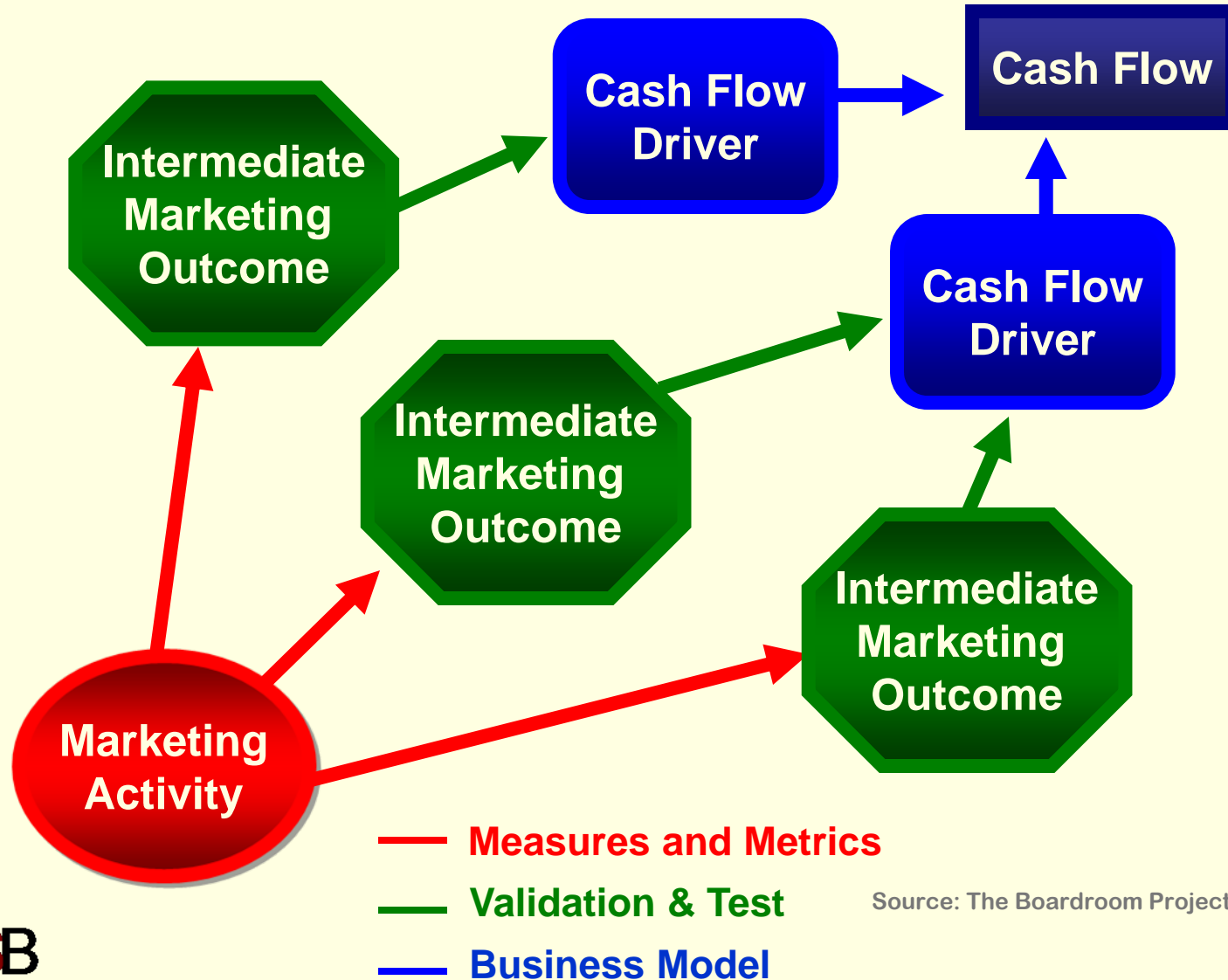
An increase in marketing spending online generates an increase in returns

An increase in online ad impressions generates an increase in returns

An increase in clicks generates an increase in returns

One of the three measures will meet more of the MMAP Standards, at least for quantifying the impact of the media (not impact of the ads).

MMAP: Marketing Metric Audit Protocol



Source: The Boardroom Project 2006

MMAP: Marketing Metric Audit Protocol

Step 1: Identify Cash Flow Drivers

There will be at least one source of cash and one business model.
In many businesses there is a dominant source and a dominant model.

Step 2: Identify Intermediate Measures of Marketing Outcomes

Distinguish between measures of efficiency, like CPM and cost per lead, and measures of effectiveness, like redemption rate for coupons and market share.
Focus first on measures of effectiveness.

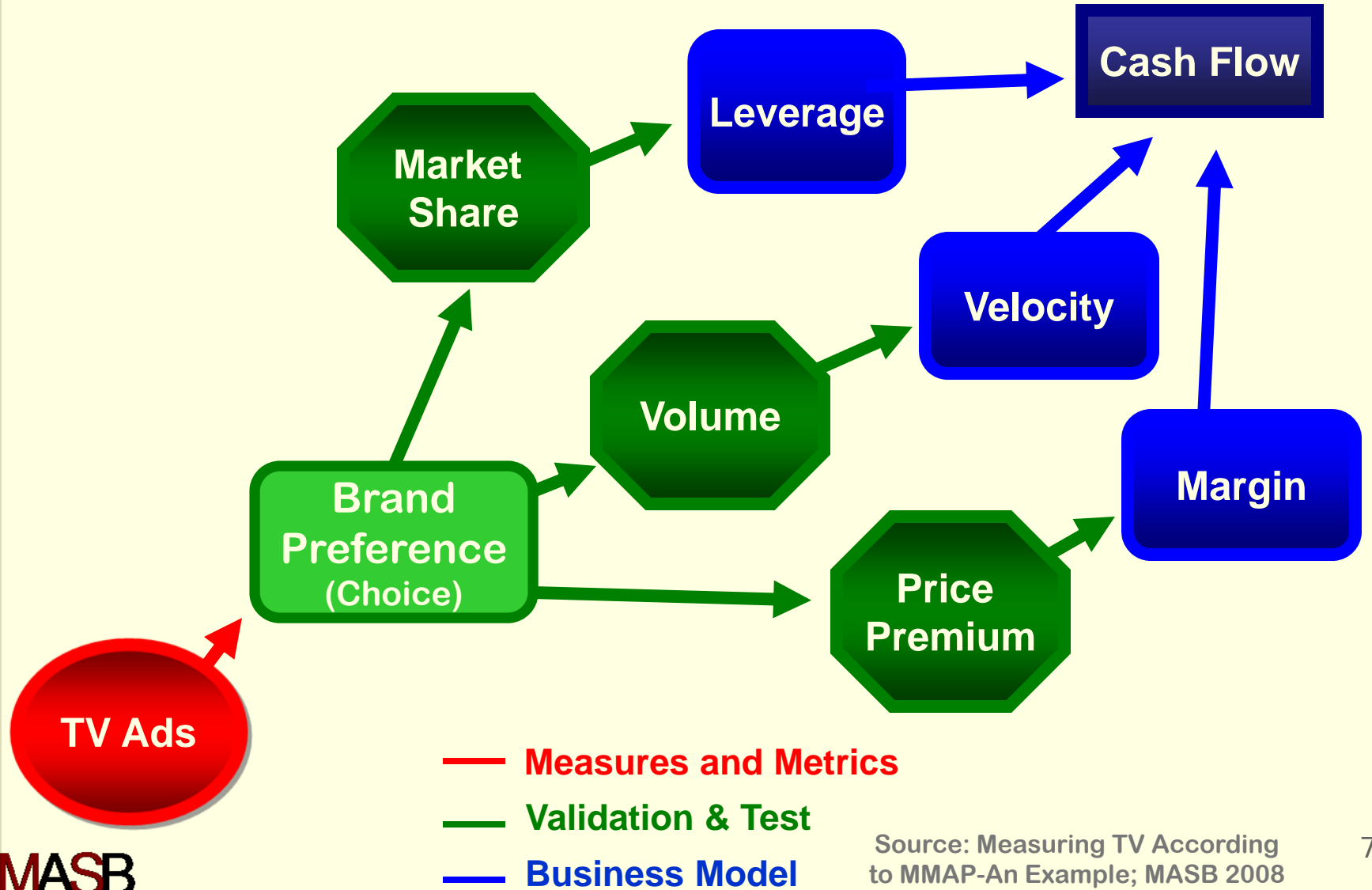
Step 3: Identify the Conceptual Links

Every marketing action should have an identified outcome metric.
If there is no logical link between a marketing outcome and a cash flow driver, you might question the need for the associated marketing activity.

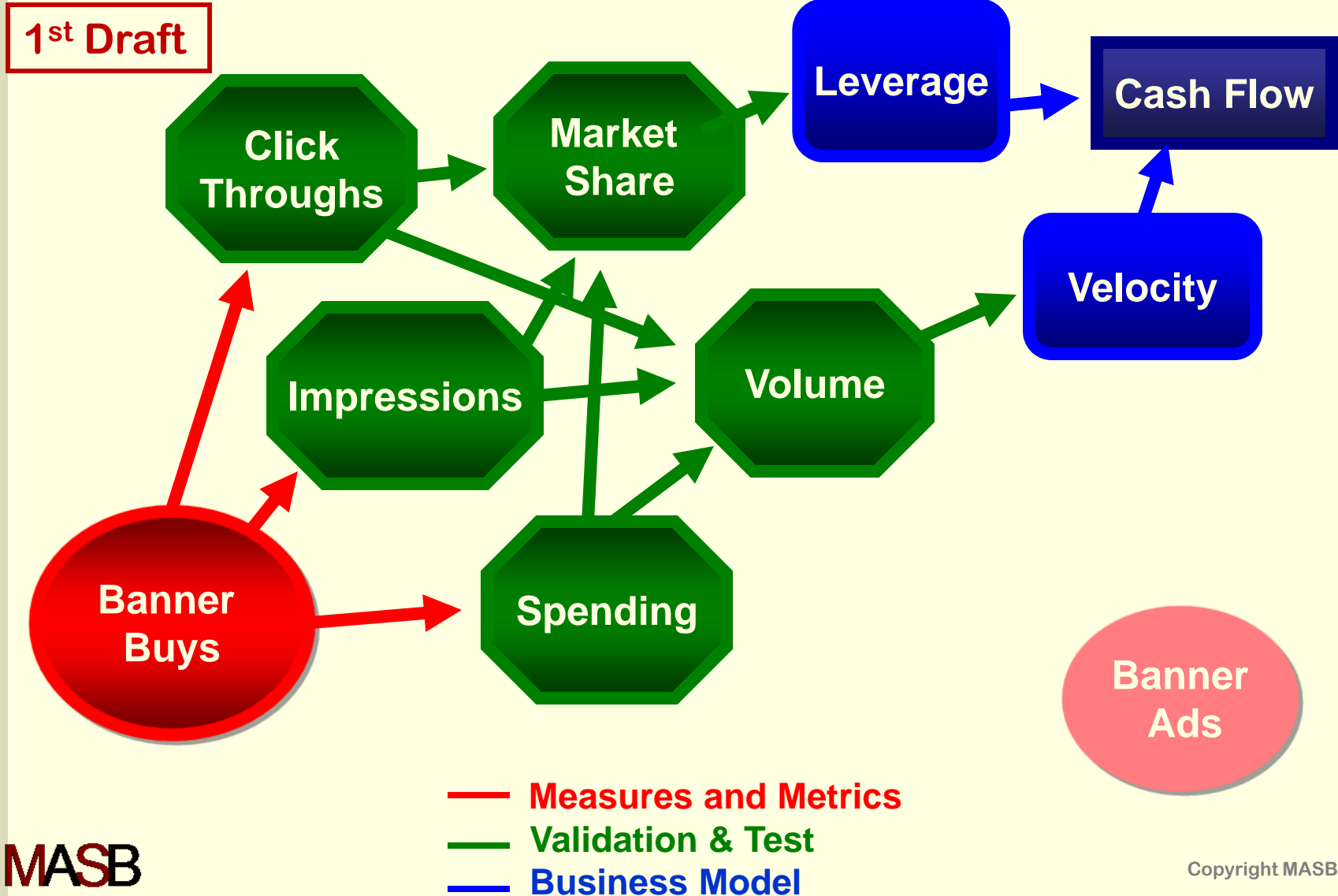
Step 4: Identify the Causal Links

When there is uncertainty about the causal link between a marketing outcome and one or more cash flow drivers, validation or test is appropriate—especially if the costs of the marketing activity are high (validity and causality audit).

MMAP TV Example: Activity, Measures & Conceptual Links



Banner Advertising: Activity, Measures & Conceptual Links



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Technical Feasibility

In order to link on-line marketing metrics to the financial performance indicators, we will need data from third parties.

Convergence Possibilities

Case studies from co-operating on-line advertisers and/or data suppliers will provide the start, based on which we can form generalizations.

Cooperative Opportunities

The need for third party data will require co-operation from third party data and metrics providers.

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Data requirements

Display advertising has 22% of the \$21.4 billion total spending from 2007 (eMarketer, October 2007). Work should start on a standard framework for linking display efforts to the impact it produces. Co-operating companies should provide spending, clicks, impressions, market share, Volume Impacted etc. from their display activities.

Objectives

To identify one or more established metric(s) that may quantify the relationship of banner advertising on the financial performance of the brand

For brands that are largely purchased online

For brands that are largely purchased offline

Hypotheses

An increase in marketing spending online generates an increase in returns

An increase in online ad impressions generates an increase in returns

An increase in clicks generates an increase in returns

One of the three measures will meet more of the MMAP Standards, at least for quantifying the impact of the media (not impact of the ads).

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Description

Acquire datasets

At least 2-3 cases involving brands that are advertised heavily online and largely purchased online

At least 2-3 cases involving brands that are advertised heavily online and largely purchased offline

Analytic approach

Apply a marketing mix model or test/control to estimate revenue impact and relate it to the three metrics under consideration.

Relate three metrics under consideration directly to Market Share Change.
Other techniques determined by academic partners.

In order to evaluate the metrics relative to the MMAP Standards including the 10 Characteristics of an Ideal Metric (eg reliable, objective, transparent, quality assured), we will also need cooperation/information/data from one or more of the major providers.

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Expected Results

The expectation is that all of these metrics will show a relationship to the return variable (revenue or market share), but one will satisfy more MMAP Characteristics and that finding will be published.

In the long run, these metrics will only be satisfactory for the buying of media. In order to forecast the return from the Banner activity overall, a measurement of the (potential) impact of the ad will be a requirement.

Additionally, as this project moves to the impact of the ad, intermediate outcome metrics such as time spent, download, click through to buy, etc. will be measured as well as interaction between various media used in the campaigns.

Finally, in order to improve return, identifying the drivers of the media and ad impact will be necessary.

Scope/Universe

Online display advertising by heavy users

Interactive Project Team Next Steps (July 09)

- Discuss what people are willing to take on in terms of the project
 - Review of Literature and documentation (Randy Bucklin 10/09+)
 - Summarize learning in published and unpublished studies
 - IAB (Randy Rothenberg is interested in project)
 - Nielsen (offline impact: Summit presentation)
 - **Online Impact (MSP? Other? Bill Seely)**
 - Lit Review (Randy Bucklin joining team as of 10/09)
 - Determine resources required & Final Frame-up (Bill Seely 10/09)
 - Recruit data & advertiser partners (Bill Seely, ongoing)
 - Analytics (Bill Seely, Randy Bucklin timing TBD)
 - Identify other MASB/Team Members who might be interested (Team)

Interactive Project Team

Leads: Bill Seely (ensequence)
Randy Bucklin (UCLA)

Heroes: Dipita Chakraborty (Nielsen)
Joe Plummer (Columbia)
Don Lehmann (Columbia)
Rajeev Batra (U of Michigan)
Peter Johnson (MMA)
IAB?
Wes Nichols (MSP)?

Admin: Allan Kuse (MMA Center)
Meg Blair (MAF/MASB)

Meet: 2nd Tuesday every month (12 Noon EDT)



Thank-you!



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