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# MASB Standards Projects Status

August 2007



Marketing Accountability Standards Board  
of the Marketing Accountability Foundation

# MASB Standards Projects

## **Marketing Accountability Standards (SMAS)**

**Measuring the Impact of TV Advertising**

## **Marketing Accountability Concepts (SMAC)**

**Fundamentals, How We Will Work**

**Improvement Pyramid**

**Common Language of Accountability**

## **Research Projects (Research)**

**Standards Review**

**Marketing Activities & Metrics**

**CFO Outreach**

## **Emerging Issues (EITF)**

**Long-Term Effects**

**Competitive Activity**

**Non-TV**

# Measuring The Impact of TV Advertising (SMAS No1)

## Objectives

Identify quality standardized pre-market metrics of TV advertising effectiveness that can be used to improve return from the activity and offset the rising costs of the medium

## Hypothesis

There is evidence that at least one standardized metric meets the Marketing Metric Audit Protocol (MMAP) and its application leads to improvement in return from the activity

## Description

Review body of knowledge to determine whether any of the pre-market methods & metrics commonly used to evaluate TV Ads meet the MMAP Standards, how they might be applied for improved return, and how much improvement might be realized?

Timetable: 8/06-9/07

Status: **Final Review**

Direction: Blair\* & Stewart

# Fundamentals (SMAC No1)

## Objectives

Document fundamental concepts, processes & precepts by which MASB will operate in setting marketing measurement & accountability standards

## Hypothesis

Advancement of the marketing profession will occur when there is broad support of MASB; broad support will be determined in part by the level of transparency and communication regarding the work of MASB

## Description

Combine disparate pieces of fundamental concepts, processes and precepts into a single document which clearly communicates how the MASB will operate in setting standards (Inc *Objectives of Marketing Standards*, *MMAP*, Prioritization, Delegation, Review & Adoption etc)

Timetable: 8/07-6/08

Status: Beginning stages of research

Direction: Hanssens\* & Blair

# Improvement Pyramid (SMAC No2)

## Objectives

Identify and document a model for continuous improvement in returns from marketing activities

## Hypothesis

There is evidence that applying the general principles of quality management to marketing will improve return from the activities, just as it has when applied to manufacturing and product quality

## Description

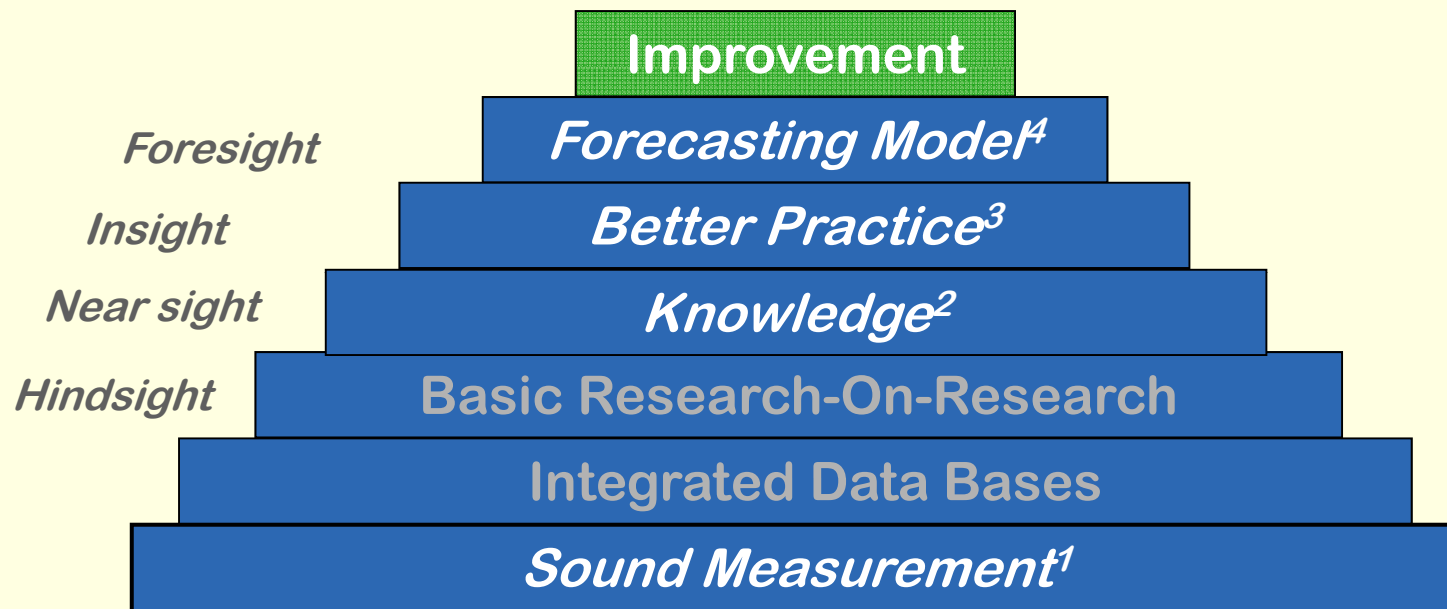
Review body of knowledge to determine whether any have applied the principles of quality management to marketing activities, what was the model, and how much improvement in return was realized?

**Timetable:** 6/07-6/08

**Status:** Final stage of research

**Direction:** Blair\* & Plummer

# Improvement Pyramid



<sup>1</sup> Reliably identify business opportunities (or threats) given current context and (potential) actions (MR Vision 2003); Process of achieving & maintaining measurement reliability, relevancy, predictive validity & calibration

<sup>4</sup> Documented method of operating that yields higher level of performance than other operating behaviors (IBID)

<sup>3</sup> Profound understanding (of the business process or human & customer behavior) that yields a clear prioritization of action; Learning or principles that yield true predictions with unvarying uniformity (IBID)

<sup>4</sup> Analytical technique that represent causal relationships among various conditions & actions taken to achieve specific business results, and forecast future outcomes of various potential actions & conditions (IBID)

# Common Language of Accountability (SMAC No3)

## Objectives

Document the financial and marketing language that will be used in the process of tying marketing activities, costs, and outcomes to the financial performance of the firm

## Hypothesis

This will help the CFO and CMO Trustees fulfill their responsibilities as stewards of the MAF as well as all marketing and finance professionals in their journey of accountability

## Description

Review the body of language used in the marketing profession and add the language used by finance and accounting professionals in the reporting of financial performance

**Timetable:** 8/07-12/09

**Status:** Not Started

**Direction:** Johnson\* & UCon?

# The Language of Accountability

**Measurement:** Reliably identify business opportunities (or threats) given current context & (potential) actions\*

**Metric:** A standard of measurement

**Cause:** The producer of an effect, result, consequence

**Model:** Analytical technique that represent the causal relationships among various conditions and actions taken to achieve specific business results, and accurately forecast the future outcomes of various potential actions and conditions\*

**Knowledge:** Profound understanding (e.g., of the business process or human & consumer behavior) that yields a clear prioritization of action; Learning or principles that yield true predictions with unvarying uniformity\*

**Best Practice:** A documented method of operating behavior that yields a higher level of performance (ROI) than other operating behaviors\*

**Research:** Scientific investigation or inquiry; the search for truth; a precursor to Measurement, Metric, Cause, Model, Knowledge, Best Practice

**Diagnostic:** Identification of the cause of something (totally misused in marketing & should be taken out of the language of accountability in favor of cause or causal

\*MR Vision; RELEAS Global Research Leaders Summit (2003)



# They Are Very Different

	<b><u>Survey Research</u></b> <b><u>Attitudinal/Insight</u></b>	<b><u>Measurement</u></b> <b><u>Behavioral/Causal</u></b>
<b>Properties</b>	Voice of Consumer Relative Custom Small Samples Low Precision	Behavior of Consumer Calibrated Standardized Large Samples High Precision
<b>Skills</b>	Insight Creativity	Process Science
<b>Activities</b>	Questionnaire Design Interpretation Project Management	Measurement Development Data Base Management Basic Research/Knowledge
<b>Application</b>	Ideas Hypothesis Generation Story Telling	Prediction Hypothesis Testing Improved Performance

# Standards Review (Research 05 No1)

## Objectives

Determine whether marketing can achieve accountability in the absence of generally accepted standards

## Hypothesis

Marketing accountability cannot be achieved until generally accepted standards for the measurement of marketing outcomes are adopted

## Description

Review current practice, the role of standards, essential characteristics of standards, and how they may be developed and applied for achieving accountability in the marketing function

**Timetable:** 8/04-8/05

**Status:** Paper submitted to JAR (07) (Fundamentals)

**Direction:** Stewart\* & Blair

# Marketing Activities and Metrics (Research 07 No1)

## Objectives

Define the MASB Universe across domain & industry for future work

## Hypothesis

Some of the most costly activities (advertising & store/channel) have no outcome metrics that tie to the “return” line of financial performance

## Description

Document all marketing activities, outcome metrics in use, evidence of ties to financial metrics, and costs associated with the activities.

Timetable: 8/06-?

Status: Beginning stages of research

Direction: David\* & Kate???

# CFO Outreach (Research 08 No1)

## Objectives

Create a lasting industry level partnership between Marketing and Finance for the sake of marketing accountability and consistent growth

## Hypothesis

The CFO will help the CMO because their individual success is dependent on collaboration: forecasting and achieving consistent growth in customer revenues, earnings, and cash flows both short-term and over time

## Description

Gain a better understanding of the CFO's perspective re: the role of marketing & marketing metrics in the business/accounting processes ("interview"); and invite them to share in the stewardship of MASB as Co-Trustees (w/CMOs) of the Marketing Accountability Foundation.

**Timetable:** 12/06-7/08

**Status:** 4/15-20 CFOs interviewed

**Direction:** Plummer\* & Cummings

# Long-Term Effects-TV (EITF Abstract No1)

## Emerging Issue

Marketing & Finance believe that advertising has a long-term impact on a brand's financial performance (revenue stream & price), but no way to quantify the impact. This is one of the top issues raised in the CFO interviews.

## Objectives

Quantify the long-term effects of advertising, starting w/TV, in a manner that can be predicted for a specific ad and series of ads planned.

## Hypothesis

The exemplar Brand Preference metric will anticipate an ads impact on a brand's baseline sales and price elasticity beyond a business quarter, just as it has on sales overall and on volume impacted over a business quarter.

## Description

Negotiate cooperation between the exemplar provider and Nielsen to analyze the ~400 observations of ads that aired as tested to Nielsen base-line data and price elasticity...study the available past data.

Timetable: 1/08-10/08

Status: Not started

Direction: Duffy\* & Hanssens

# Competitive Activity (EITF Abstract No2)

## Emerging Issue

Finance and Marketing have no means to forecast the impact of competitive activity in time to change plans and offset the impact. This is one of the top issues raised in the CFO interviews.

## Objectives

Quantify the impact of competitive activity on a brand's sales in a manner that can be predicted from a competitor's move within several weeks of the move.

## Hypothesis

The exemplar Brand Preference metric can be used to predict the impact on sales of a competitor's (TV) move within weeks of the move. (There is evidence that the provider can account for and predict the "normal" competitive impact on a brand's sales over a quarter...extend to "not normal")

## Description

Audit the exemplar provider to determine if MMAP standards are currently in practice, then contract study, or find alternative metric that meets the standards.

Timetable: 4/08-7/09

Status: Not started

Direction: Chakraborty\* & Winer



# Thank-you!



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