
Warm-Up

What's Been Accomplished What Lies Ahead

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Chicago



Marketing Accountability Standards Board
of the Marketing Accountability Foundation

Preparation

- **August 2004: Growing Demand for Accountability**
 - Handful of industry academics & practitioners
 - Saw opportunity to increase contribution of Marketing
 - Through development of standard metrics & processes
 - Linking marketing activities to firm's financial performance

- **Comprehensive Review**
 - Study over 3 year period
 - Current practices
 - Needs
 - Accountability initiatives underway



An Analogy: The Quality Movement

Marketing is where quality was 50 years ago

- Highly idiosyncratic
- Viewed as a cost (Scrap & re-work as “Low Cost” quality substitute)
- Lacking consistent metrics
- Lacking standardized processes

The quality movement has spent 50 years proving itself

- Developing metrics
- Creating standard processes
- Linking to financial performance (through demonstrated cost savings and higher returns in the market)
- Demonstrating its value

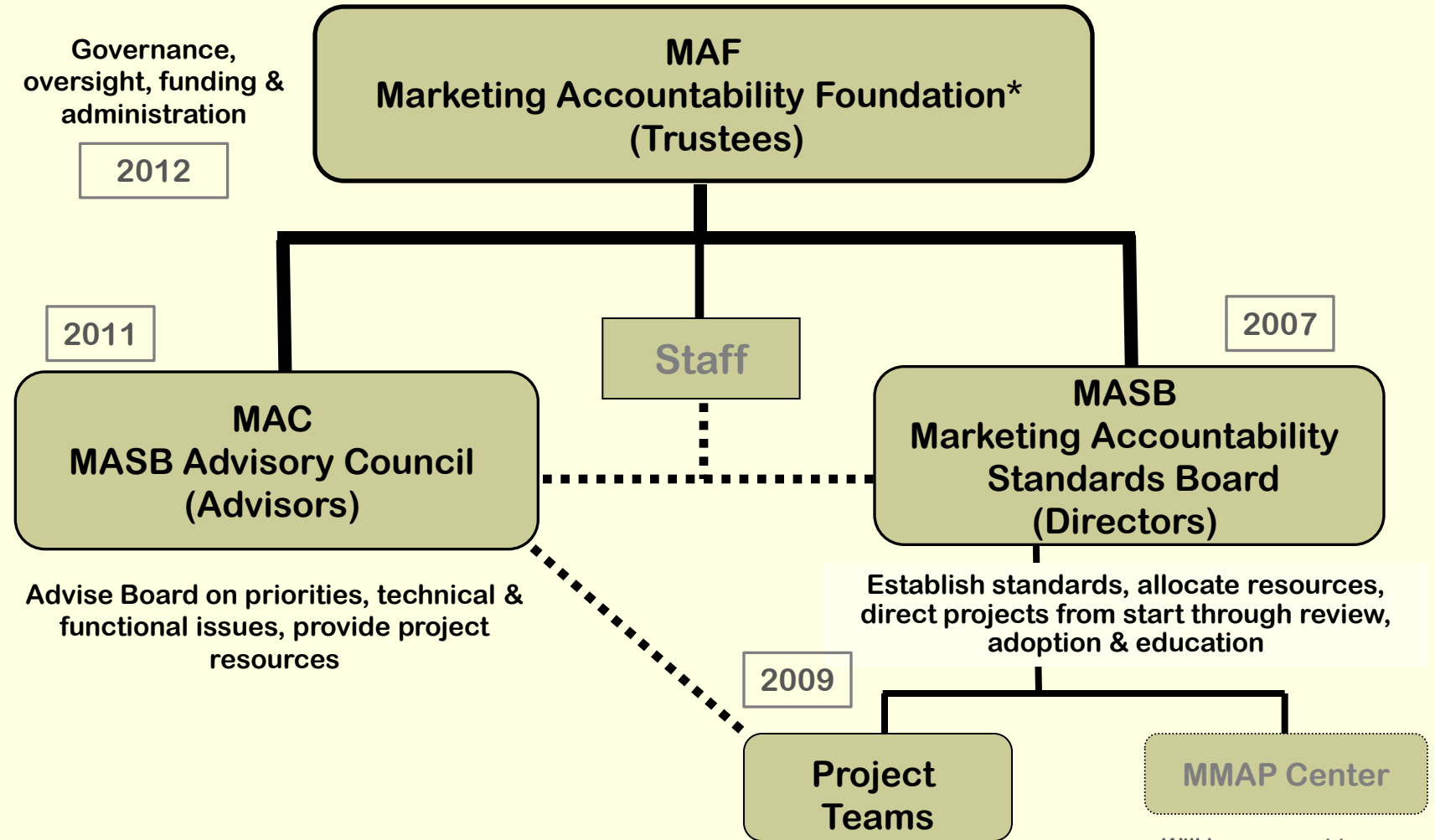
Conclusions & Recommendations

- Marketing relegated to “default” category (control costs) because it lacks metrics that reliably tie activities & costs to corporate return
- Standards across industry/domain, and transparent process to develop & select metrics will be necessary to emerge from current situation
- Market unlikely to achieve consensus on its own
- Need for industry level “authority” to establish standards & ensure relevancy over time
- This was true for manufacturing & product quality (with ANSI & ISO) and for accounting & financial reporting (with FASB & IASB)
- So it will be true for marketing and profitable growth (with MASB)

The Premise

Marketing will move from discretionary business expense to board-level strategic investment through accountability and a standards setting “authority” for measuring (forecasting & improving) the financial return from marketing activities.

Organizational Structure



MASB Directors



Stewart 04
LMU (Chair)



Sirkin 04
SMG



Tisor 07
At Large



Abens 08
Foresight ROI



Kuse 08
MMAP Center



Ciccarollo 09
ConAgra



Taylor 09
MSI



Gugel 09
gugelplex TV



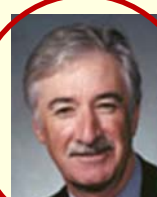
Reibstein 10
Wharton



Stacey 10
Stern



Richardson 10
Kimberly-Clark



Farris 10
Darden



Mitra 10
Coca-Cola



Canter 11
Nielsen



Primola 12
ANA

Here Today

MAC Advisors



Hanssens 06
UCLA (Chair)



Winer 08
Stern



Lehmann 08
Columbia



Kumar 09
GSU



Bucklin 09
UCLA



Batra 09
U of M



Wind 10
Wharton



Allen 10
Darden



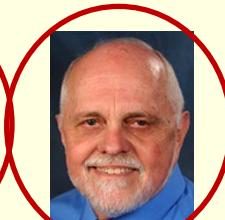
Fischer 11
U of Cologne



Donahue 11
4As



Gregory 11
CoreBrand



Sexton 11
Columbia



McAlister 11
UTA



Mane 11
IAB



Costopoulos 11
AMA



Bahary 12
comScore



Moore 12
UCR



Hess 12
Nielsen

Foundation Trustees



Blair 04
MAF/MASB



Barnes 04
Nielsen



Sirkin 04
SMG



Plummer 06
Columbia



Tisor 07
At Large



Liodice 11
ANA

First 6 Trustees in place...recruiting others

Note: Half w/Finance backgrounds

The Role of MASB

Measurement standards are essential for the efficient and effective functioning of a marketing driven business, because decisions about the allocation of resources and assessment of results rely heavily on credible, valid, transparent and understandable information.

The role of MASB is in setting the standards and processes necessary for evaluating marketing measures in a manner that insures credibility, validity, transparency and understanding.

Work of the MASB is conducted on a Project basis...

Projects Completed & Posted*

- Marketing Productivity, Effectiveness & Accountability
- Objectives of Marketing Standards
- Academic Review: Role of Standards
- C-Level Views on Marketing Accountability
- Methods of Brand Valuation
- MMAP Metrics Catalogue
- The Long-Term Impact of Advertising, What is Known
- Measuring (Forecasting & Improving) the Return from TV
- Marketing Metric Audit Protocol – MMAP
- Practices Underlying Ideal Metrics
- Rationale & Proposed Principles for Brand Valuation
- Over 32 Articles & Presentations
- 11 Two-Day Summits

Specific MASB output that marketers can embrace for more consistent growth and improved return.

MMAP

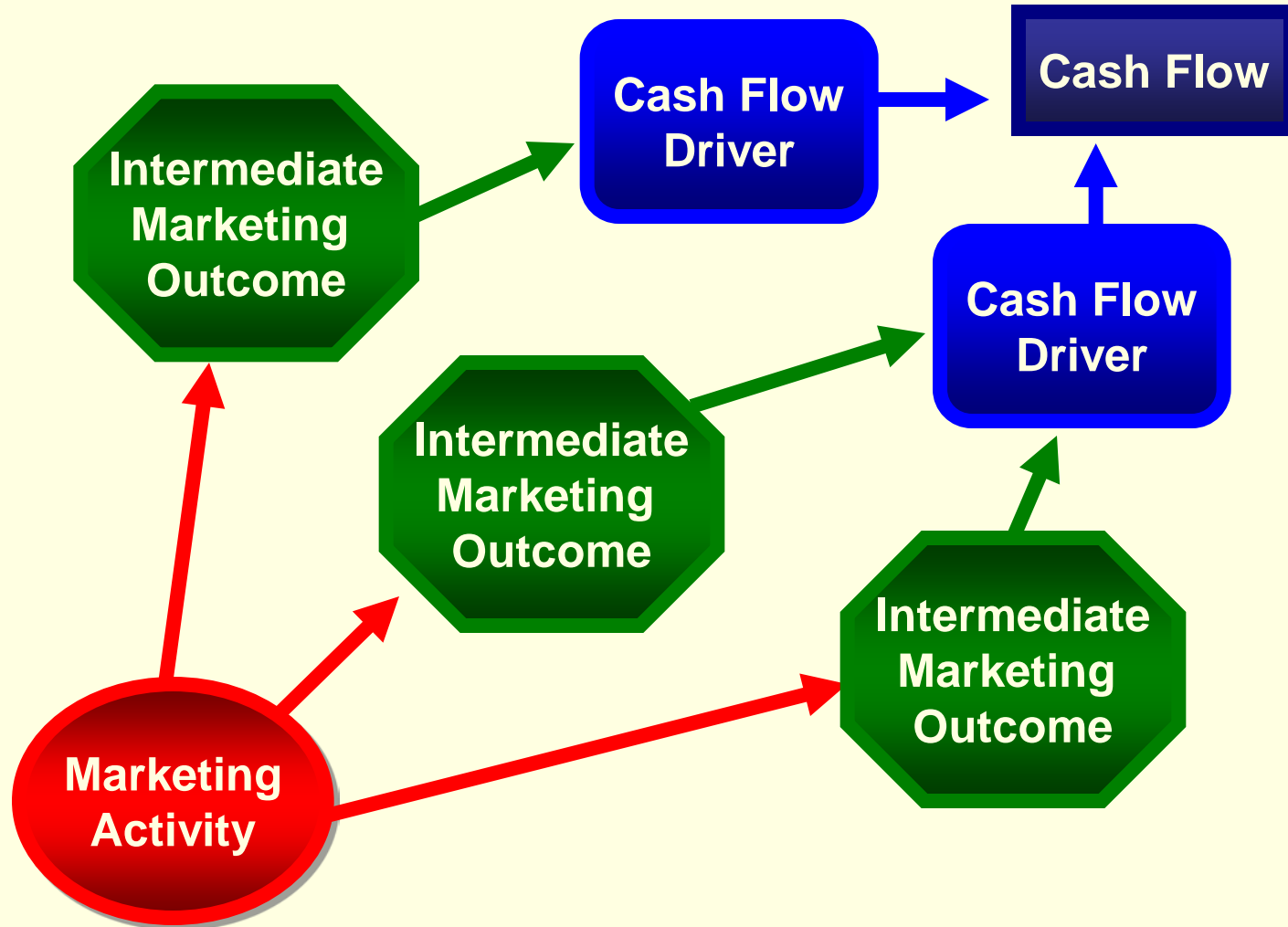
While marketing does not lack measures, it lacks standard metrics explicitly linked to financial performance in predictable ways.

Cash flow both short-term and over time is the ultimate metric to which every business activity, including marketing, should be causally linked through the validation of intermediate marketing metrics.

The process of validating intermediate outcome metrics against short-term and/or long-term cash flow drivers is necessary to facilitate forecasting and improvement in return.

The Marketing Metric Audit Protocol (MMAP) is a formal process for connecting marketing activities to the financial performance of the firm.

MMAP: Marketing Metric Audit Protocol



Projects Underway & On-Going - Tomorrow

- **Measuring Return from Interactive**
What is Known Project Stage: IAB Presentation & Interim Budgeting
- **Measuring Return for CPG with CLV**
Pilot results will demonstrate that the CLV construct and models can be applied systematically to CPG
- **Common Marketing Language on Wikipedia - Ongoing**
Eliminating ambiguity in marketing terminology 60+ Entries
- **Marketing Metrics Catalogue - Ongoing**
Connecting marketing metrics to financial metrics via MMAP
- **The MASB Book I**
The best of MASB work in edited book to be accessible for general business and academic communities

The Game Changers - Today

- **Brand Investment & Valuation Standards (BIV)**
Establish “generally accepted brand investment and valuation standards” for both acquired and internally developed brands
- **Improving Financial Reporting**
Ensure marketing is at the table when reporting of Brand Value is required for internally developed brands

Creating Value in 21st Century

MASB

Where marketing & finance align on measurement for reporting, forecasting & improving financial returns from buyers in markets...short-term & over time

**Game
Changing
Project**

BIV
Brand Investment
& Valuation

IFR
Improving Financial
Reporting



Thank-you!



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