
MASB Research Project

C-Level Views on Marketing ROI 2008 (Excerpts)

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Marketing Accountability Standards Board
of the Marketing Accountability Foundation

Project Framework

- In the Fall of 2006, The Boardroom Project members decided to conduct interviews with C-Level management (CFO, CEO, CSO) to gain insight into their views regarding the role of marketing in the business process and the value of marketing metrics in the accounting & financial processes.
- Interviews with senior management were completed December 2006-January 2008 at a sample of marketing oriented companies:

Visa

Colgate

PepsiCo

Frito Lay

Meredith

NBC Universal

Federal Express

USPS

Ford

Nokia

Wachovia

ConAgra

Novartis

C-Level Views

“Our finance organization measures performance in terms of: (1) high integrity-especially forecasting accuracy (2) no big surprises (3) productivity and value creation (4) building a global community.”

CFO, Novartis

“Much of what marketing can contribute right now is seen as less tangible because we lack the metrics.”

CEO, Pepsi NA

C-Level Learning Highlights

- Marketing is not perceived as
 - Part of Core Management Team
 - Bringing a Strategic orientation to the Business
 - Profit Focused – more brand and sales focused
- Marketing is perceived as
 - Innovative
 - Crucial for growth
 - Brand Builders
- Expenditures treated differently and metrics perceived differently (input vs outcomes).
- Greatest need is for marketing to help forecast future performance.

C-Level Learning Highlights cont

- **Planning is toughest challenge because**
 - **Lack of hard evidence on drivers of success**
 - **Dynamics of marketplace move fast**
 - **Impact of competitors tough to anticipate**
- **Accounting for/control of marketing expenses in good shape**
- **Determining factors of success (or shortfall) of major go-to-market efforts are time consuming and difficult**
- **Companies are increasing analytic horsepower**
 - **Recruiting new talent**
 - **Increasing focus on metrics**
 - **Hybrid analytics function reporting to finance & marketing**
 - **Modeling to better assess interactions & key success drivers**

Role of Marketing & Potential Impact is Clear

“Marketing should be the builder and protector of brand assets...creating the corporate growth vehicles.”

“Marketing should drive enterprise strategy and help set goals. We need to get better at marketing strategy instead of rushing from sales goals to promotions and ad campaigns.”

“Marketing should be looking at cost of long-term customer value vs. cost of acquisition.”

“Looking back is helpful. I would feel better if we could look forward more. Our teams are good at yes/no decisions in the short term and use real time data. We need, however, to build a ‘learning loop’ so we can keep getting smarter.”

Uncertainty about “best” Metrics to Standardize

Metrics reliably tied to financials are Ideal:

“None currently; just beginning process; some short term spending relates to P&L; promotional metrics do, but not advertising/sports marketing; brand preference trends do; brand equity metrics don’t.”

Metrics that anticipate/forecast future performance:

“None have been forward validated yet; weak spot is new products & advertising; Brand preference trends with channel partner forecasts.”

Metrics that help inform overall business investment decisions:

“Some have allowed spend reduction...more \$\$ to trade.”

Metrics that have helped improve performance like:

“Promotion spend, value of packaging, line extensions”

More Valuable Feedback

Types of marketing performance info/metrics reported up to CFO:

Brand P&L (revenues/costs/profits), Brand Health, SOV, Market Share, Lifetime Value, Premium Price, Spend as % Sales

Information useful:

Brand Health, Market Share, Repeat, Premium Price

Not useful: SOV, Brand Attributes, Awareness, Lifetime Value; Brand and sales info not aligned to financials. Dashboards are complex & metrics not linked to financials

Info/metrics that would be useful:

Areas & tactics w/higher return, in-store return; predict competitive impact & new ideas; true ROI metrics; linking advertising, marketing & sales to growth; clarity on cause & effects; ones that predict revenue, tie qualitative info to ROI.

More Valuable Feedback Cont

How expenditures are justified:

Based on estimates during planning process; different from supply chain that has strict controls & metrics.

How expenditures are accounted for:

Expensed in quarter/year spent, except new products.

Comfort w/current audit/control processes:

Comfortable w/internal processes, concern w/soft objectives, valid metrics, analysis of what working/not.

C-Level Wish List

Measures on timing of returns (especially advertising)

Return on trade spending

Sponsorship metrics

Forecasting cannibalization

Forecasting competitive moves

Return for portfolio

Better definitions of causality/drivers

All metrics connected to financials

Summary of Interviews

- There is a universal need for true marketing ROI metrics... valid/predictive performance (return) metrics which can be integrated w/performance metrics from other parts of value chain.
- This need for metrics is especially true for advertising, new product introductions and in-store/similar “channel” activities as well as competitive moves.
- Metrics related to both short term and long term impact are needed...with focus on customer outcomes.
- Increased speed of business makes accurate forecasting critical.
- It will take a combined effort of marketing, finance and sales to find/agree on/work with the “best metrics”.
- A self-governing standards body could add real value to meeting these needs.



Thank-you!



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