

# The FORBES MARKETING ACCOUNTABILITY REPORT

PRACTICAL & PROFITABLE ACTIONS MARKETERS  
SHOULD TAKE TO CREATE MORE VALUE

KEY RESEARCH FINDINGS  
MASB WINTER SUMMIT  
February 21, 2018



# AGENDA

- **ABOUT THE FORBES MARKETING ACCOUNTABILITY INITIATIVE POWERED BY MASB**
- **KEY FINDINGS FROM THE MARKETING ACCOUNTABILITY REPORT**
- **CALL TO ACTION TO THE INDUSTRY**

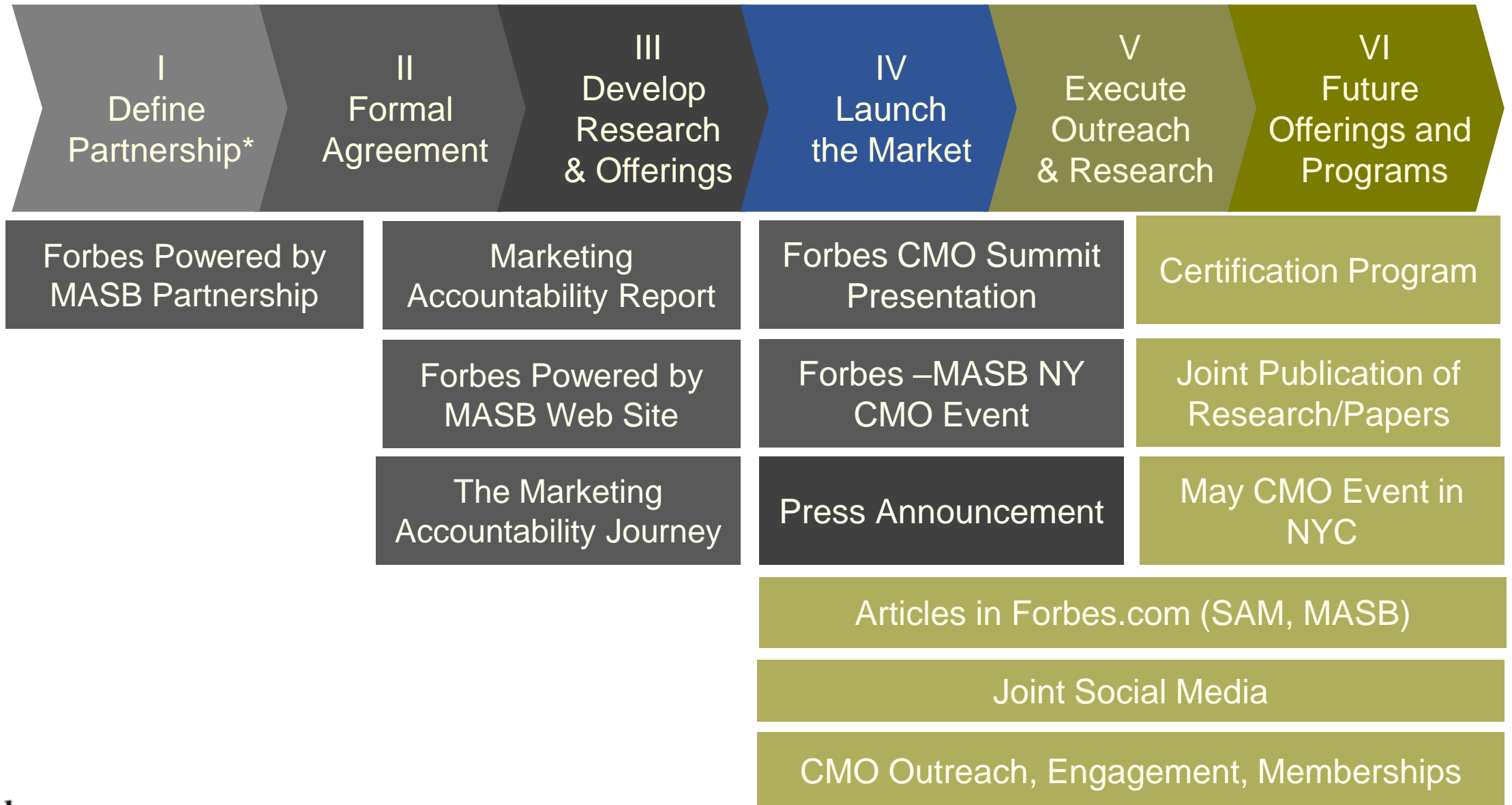


# FORBES-MASB PARTNERSHIP

Project	The Forbes Marketing Accountability Initiative Powered by MASB
Issue Addressed	Broader Adoption of Marketing Accountability Standards and Practices
Project Objective	Improve Awareness, Reach, Membership, and Impact of MASB with CMOs and the Marketing Community
Expected Outcome	Greater Awareness, Adoption, and Participation in MASB Membership by Marketers
When	2017-2018

**Strategy**  
Partner with Forbes CMO Practice to jointly develop and promote research, standards and fully participating membership services to CMOs of Global 5000 organizations and raise the profile of MASB standard setting, metrics and research in the marketing community overall.

# FORBES-MASB MILESTONES (July 2017 to Present)



# THE PROBLEM WE SOLVE: MAKE MARKETING MORE ACCOUNTABLE

*“Most marketers lack the externally validated standards for measurement of media, brand and attribution needed to better connect marketing investment to business outcomes. “There are many layers to marketing performance. It takes a complex portfolio of measures. Leadership tends to be overly obsessed with sales attribution and cost of acquisition without factoring important factors like brand perceptions, brand preference, or trust.”*  
David Edelman, CMO Aetna

*“Developing a collective understanding of how business functions work together to contribute to growth is important because growth has become a team sport. Thinking like a shareholder requires teamwork. You need to partner with IT, sales, compliance, service and product to drive sustainable growth— quality relationships.”*  
Denise Karkos, CMO TD Ameritrade

**Growth** - Support big growth strategy, trade-off, and growth investment decisions with facts vs. gut intuition

**Financial Viability** - Communicate and quantify how marketing investment contributes to enterprise value and growth investment

**Teamwork** - Collaborate with other business units to allocate capital, investment and budget to optimize growth and ROI



**Transparency** - Data and metrics to provide staff, solution providers and the marketing services supply chain clear criteria, incentives and performance goals

*“Metrics create value because they facilitate teamwork and help us define collective goals. Only when we have commonly agreed upon and externally validated metrics for marketing’s contribution to enterprise value will we be able to work with the marketing services supply chain as a team, not suppliers.”*  
Elissa Fink, CMO Tableau

*Without consensus measures of the value they create, CMOs face big credibility gaps and enterprise value creation suffers. MASB research found that most organizations fail to achieve these growth results because they fail to agree on a set of clearly defined, common sense, externally validated standards for measuring marketing performance. The linkage between marketing metrics and financial outcomes needs further development”*  
Deborah Wahl, the Vice Chair of the Association of National Advertisers

# WEB PRESENCE: THE FORBES MARKETING ACCOUNTABILITY INITIATIVE

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The screenshot shows the top navigation bar with the Forbes CMO PRACTICE logo on the left and menu items: Home, About, Membership, Research, Events, and News. The main heading is 'ABOUT THE MARKETING ACCOUNTABILITY INITIATIVE' with the MASB logo below it. A blue link describes the initiative's purpose. The main text discusses the pressure on marketers to prove value. A 'Contact us' section provides phone and email information. Below that are links for 'Become a member' and 'Meet the Steering Committee'.

**Forbes CMO PRACTICE**

Home About Membership Research Events News

## ABOUT THE MARKETING ACCOUNTABILITY INITIATIVE

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[The Forbes CMO Practice is sponsoring a membership organization to help marketing leaders measure, prove, and grow the contribution of marketing to enterprise value and inform critical growth investment decisions](#)

Marketers are under increased pressure to prove the value of their marketing investments in a rapidly changing marketplace where economic growth is slowing, customers are moving to digital channels, and marketing investment is rising to keep up. In 2017 marketers will spend over \$1 Trillion globally and over 11% of total sales for the average organization.

But despite years of vetting and advances in media measurement, analytics, and marketing technology, Forbes research—with over 850 CMOs and 50 subject matter experts—revealed that most CMOs still struggle to quantify and communicate the value marketing creates to their leadership, peers and partners. Without common standards for measuring how marketing investments contribute to enterprise value – Boards, CEOs, CFOs and CMOs are unable to make the

### Contact us

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**Become a member**






**Meet the Steering Committee**


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## Proving The Contribution Of Marketing Investments And Assets To Enterprise Value

 **Thought Leaders**  
Thought Leadership In Action [FULL BIO](#) ✓  
Opinions expressed by Forbes Contributors are their own.

 Stephen Diorio, Contributor






The role and importance of marketing has grown significantly in an experience is king and “intangible assets” make up over 80% of cor


New research from the Forbes CMO Practice reveals that the return investments and assets has a major impact on enterprise value. They contribute over 50% of firm value when brand, customer, and digital impact of marketing performance, collaboration, and perceptions are measured.


These findings explain why marketing accountability—the ability to contribution of marketing investments and assets to enterprise value)s.

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## Taking the Risk Out Of The High Stakes Sponsorship Game

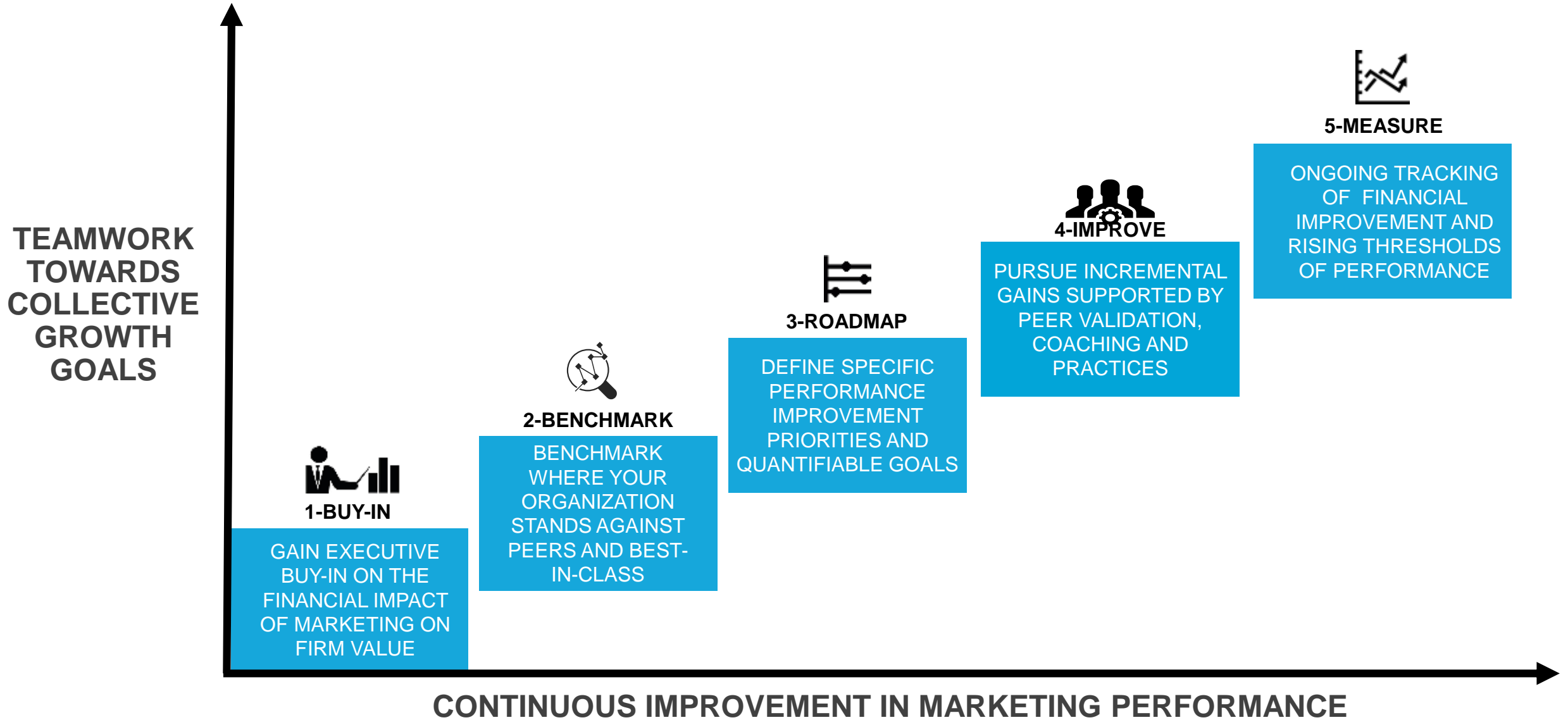
 **Thought Leaders**  
Thought Leadership In Action [FULL BIO](#) ✓  
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In the wake of compelling Super Bowl and GRAMMY Award performances - and with the Olympics and Oscars on the way – most of the conversation in the marketing community has been what’s wrong with sponsorships - the poor quality of the ads, waning TV audiences, and focus on political statements. Nobody is talking about what’s right about sponsorships. There is a large untapped opportunity for marketers to unlock the full potential of these unique properties with better program designs. And progressive marketers that leverage technology, content, and digital channels in their sponsorship program designs are creating significantly more business value from them.

The reason is the marketing industry lacks a financial vocabulary to describe and measure the value of these things. Traditional marketing measures understate the value of sponsorships and create unnecessary risks for marketers that bet on them. The failure to measure the unique value of these high-profile sponsorship programs - in terms of sales, customer equity, and brand asset building – leads to poorly constructed and sub optimal program returns. This puts future funding and credibility at risk, and leaves significant value on the table.

# THE MARKETING ACCOUNTABILITY JOURNEY





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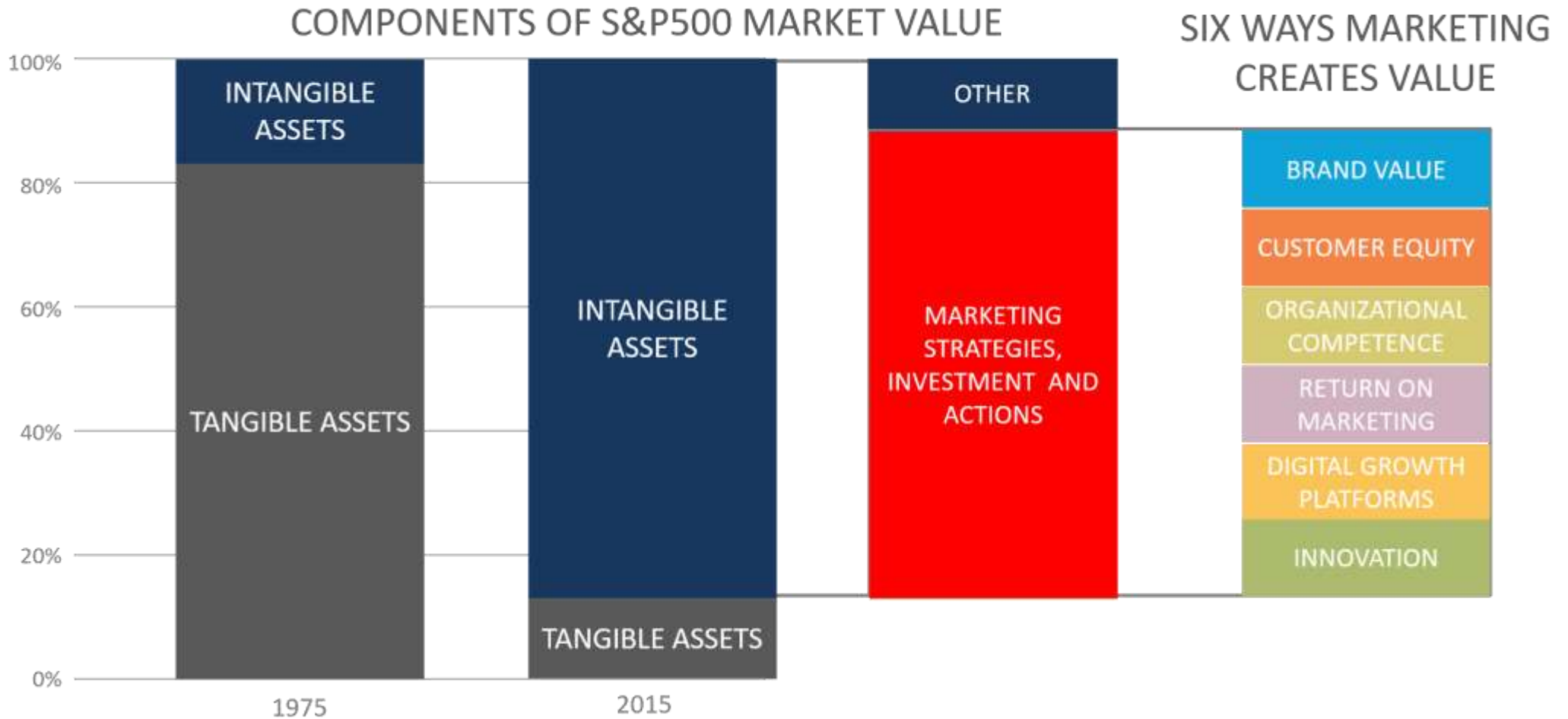


# CORE FINDINGS FROM THE MARKETING ACCOUNTABILITY RESEARCH

1. **MARKETING INVESTMENTS AND ASSETS MAKE A SIGNIFICANT CONTRIBUTION TO ENTERPRISE VALUE – IN MANY CASES OVER 50%**
2. **THERE ARE 18 WAYS MARKETING ASSETS DRIVE ENTERPRISE VALUE**
3. **THE COMPLEXITY AND COMPOSITION OF THE MARKETING INVESTMENT AND ASSET PORTFOLIO HAS EXPANDED TO 20 CATEGORIES**
4. **CMOS PERCEIVE THEIR INVESTMENTS IN SOCIAL, MOBILE AND DIGITAL MEDIA ARE OUT PERFORMING TRADITIONAL MARKETING CHANNELS**
5. **MARKETING HAS BECOME A TEAM SPORT - CMOS MUST TAKE ON SIX SPECIFIC ROLES TO EFFECTIVELY MEASURE, MANAGE AND GROW ENTERPRISE VALUE**
6. **MARKETERS THAT INVEST MORE IN MEASURING AND MANAGING MARKETING PERFORMANCE ARE CREATING MORE VALUE**
7. **HIGHLY ACCOUNTABLE MARKETING ORGANIZATIONS ARE BUILDING 12 ORGANIZATIONAL COMPETENCIES**
8. **WITHOUT CONSENSUS MEASURES OF THE VALUE THEY CREATE CMOS FACE BIG CREDIBILITY GAPS AND GROWTH SUFFERS**

# FINDING 1: MARKETING INVESTMENTS AND ASSETS MAKE A SIGNIFICANT CONTRIBUTION TO ENTERPRISE VALUE – IN MANY CASES OVER 50%

## THE FINANCIAL CONTRIBUTION OF MARKETING TO ENTERPRISE VALUE



Ocean Tomo LLC, Annual Study of Intangible Asset Market Value 2015, Forbes Marketing Accountability Report, 2017

# FINDING 2: THERE ARE 18 WAYS MARKETING ASSETS DRIVE ENTERPRISE VALUE

## THE FINANCIAL CONTRIBUTION OF MARKETING TO THE ENTERPRISE



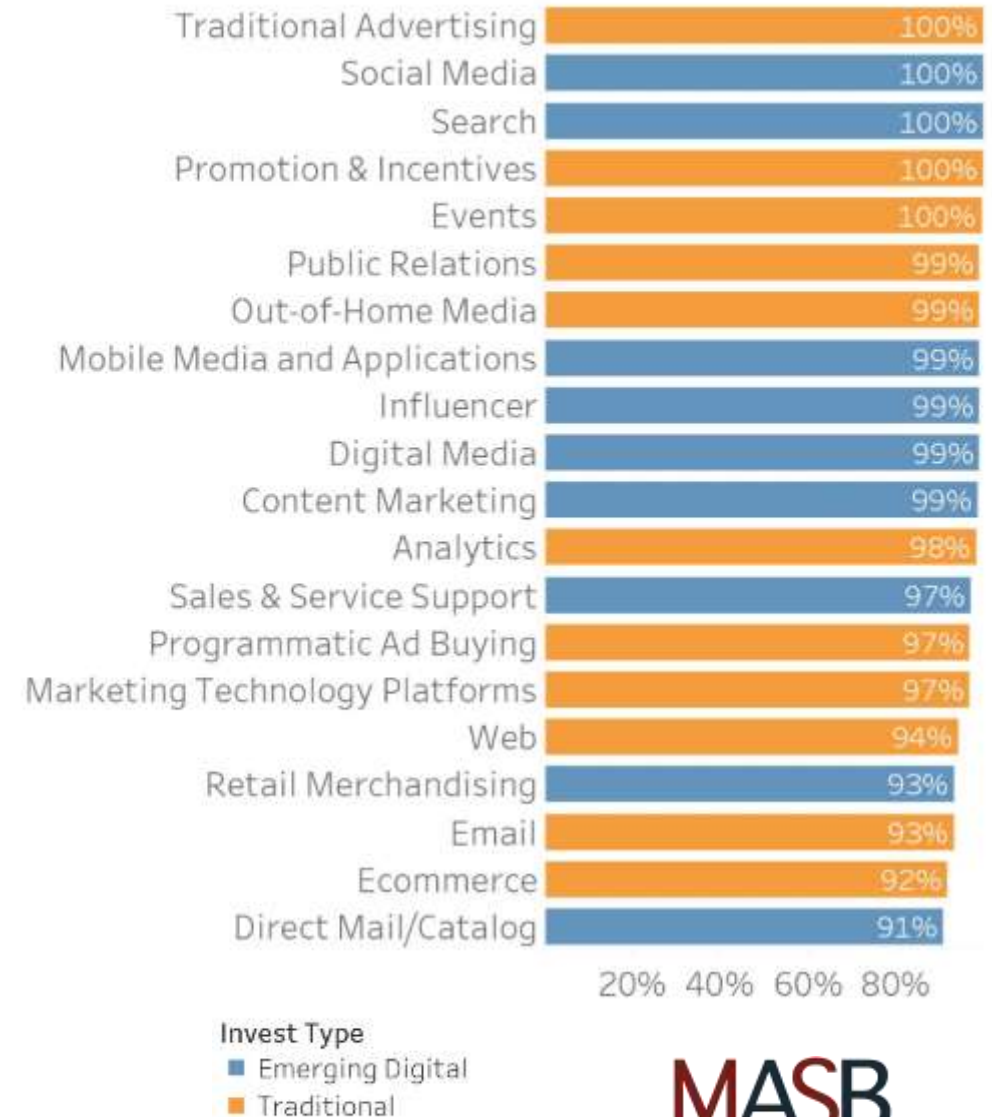
## STRATEGIC VALUE DRIVERS



# FINDING 3: THE COMPLEXITY AND COMPOSITION OF THE MARKETING INVESTMENT AND ASSET PORTFOLIO HAS EXPANDED TO 20 CATEGORIES

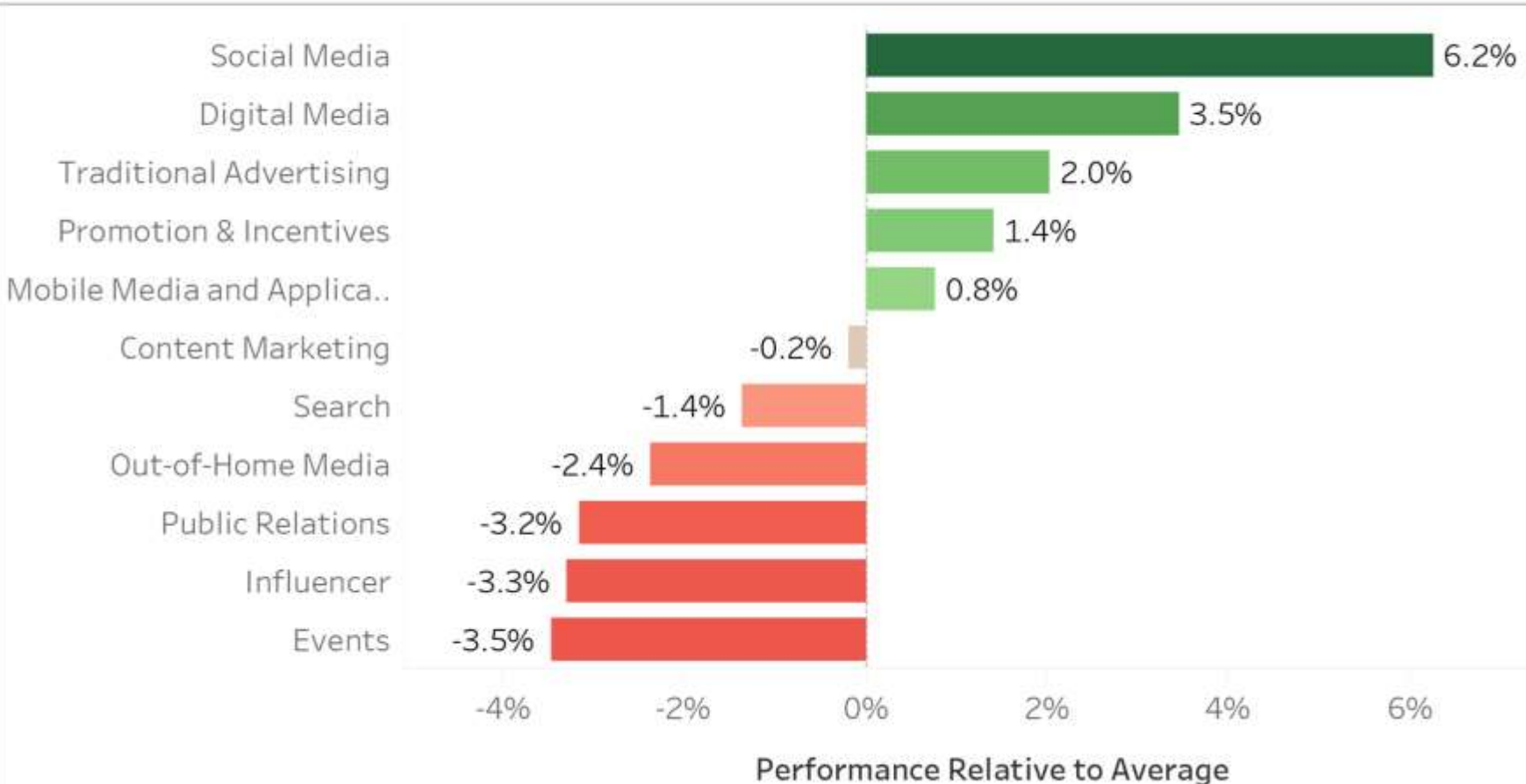
- THE MARKETING INVESTMENT PORTFOLIO HAS EXPANDED TO 20 PRIMARY MEDIA, MARKETING, CHANNEL & TECHNOLOGY CATEGORIES
- UNDERSTANDING WHERE TO REALLOCATE INVESTMENT RESOURCES AND HOW AGGRESSIVELY TO SHIFT TO EMERGING DIGITAL INVESTMENTS HAVE EMERGED AS THE TOP SHORT TERM CMO PRIORITIES
- PROVIDING FACTS TO HELP CEOS AND BOARDS UNDERSTAND WHAT BETS TO MAKE TO SUPPORT DIGITAL TRANSFORMATION AND INNOVATION STRATEGIES IS THEIR TOP LONG TERM CHALLENGE
- MANAGING THIS PORTFOLIO REQUIRES HIGH DEGREES OF MARKETING ACCOUNTABILITY AND A DEEPER UNDERSTANDING OF THE ECONOMIC CONTRIBUTION OF MARKETING INVESTMENT TO ENTERPRISE VALUE.

The Modern Marketing Investment Portfolio



# FINDING 4. CMOS PERCEIVE THEIR INVESTMENTS IN SOCIAL, MOBILE AND DIGITAL MEDIA ARE OUT PERFORMING TRADITIONAL MARKETING CHANNELS

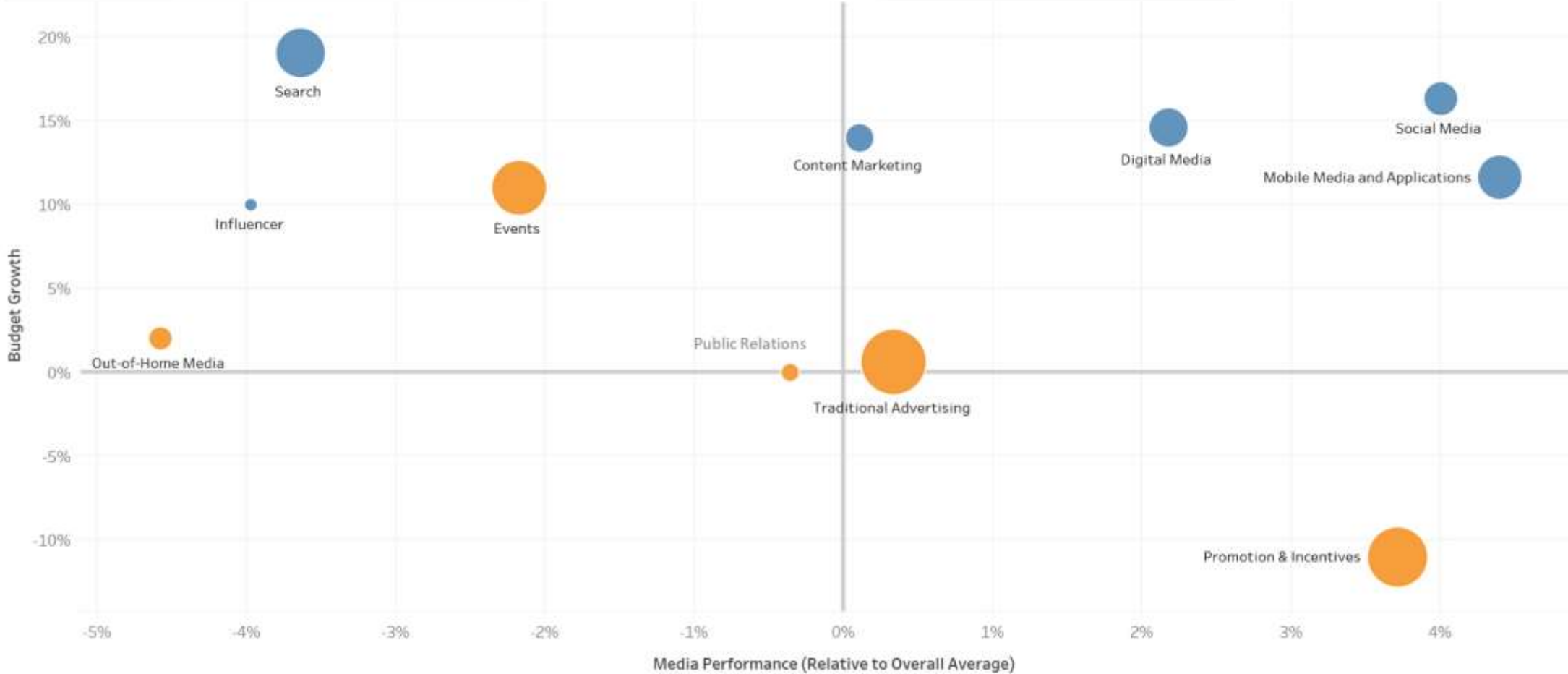
## The Relative Effectiveness of Brand Awareness Marketing Investments



Source: Forbes benchmarks from 300 Global CMOs, 2017

# FINDING 4. CMOS PERCEIVE THEIR INVESTMENTS IN SOCIAL, MOBILE AND DIGITAL MEDIA ARE OUT PERFORMING TRADITIONAL MARKETING CHANNELS

## CMO Perceptions of Media Performance vs. Investment Growth Rate



# FINDING 5: MARKETING HAS BECOME A TEAM SPORT - CMOs MUST TAKE ON SIX ROLES TO EFFECTIVELY MEASURE, MANAGE AND GROW ENTERPRISE VALUE

## SIX ROLES THE CMO PLAYS IN CREATING ENTERPRISE VALUE



Brand Steward



Voice of the Customer



Cross-Functional Orchestrator



Portfolio Manager



Director of the Digital Roadmap



Innovation Megaphone



## FINDING 6: MARKETERS THAT INVEST MORE IN MEASURING AND MANAGING MARKETING PERFORMANCE ARE CREATING MORE VALUE

The research revealed that high-performing marketers that invest in marketing accountability and data-driven marketing approaches are achieving better returns on marketing investments and superior levels of growth performance. Marketers who pursue higher levels of marketing accountability are achieving 5% better returns on marketing investments and over 7% higher levels of growth performance.



5%

5% higher levels of performance from their marketing investments across 11 categories of investment



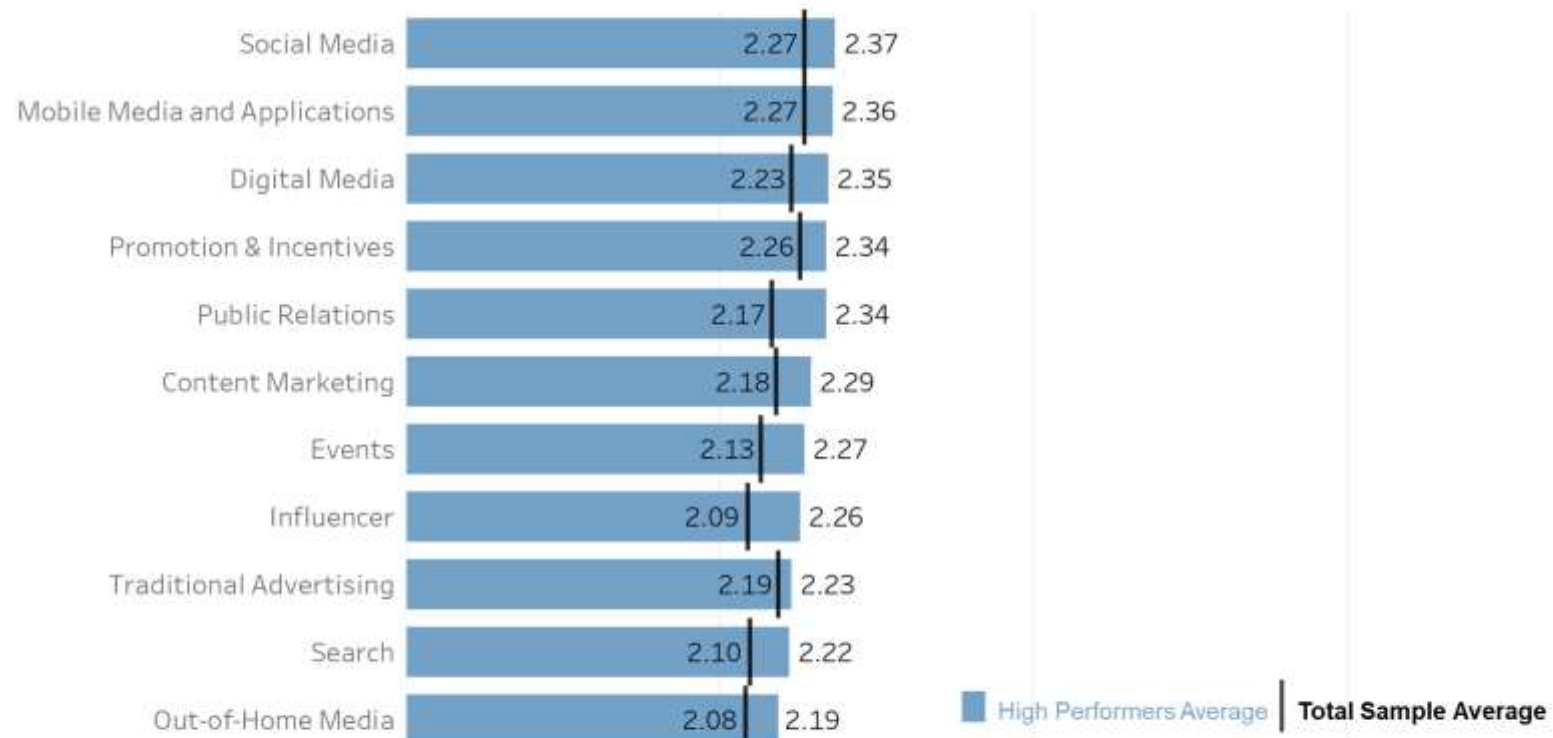
7.5%

7.5% better growth outcomes across 27 measures of business performance at every stage of the journey

# 5% HIGHER LEVELS OF PERFORMANCE FROM THEIR MARKETING INVESTMENTS ACROSS 11 CATEGORIES OF INVESTMENT

## Marketing Investment Performance by Media Type High-Performing Marketers vs. Total Sample

HIGH PERFORMANCE: 3; AVERAGE PERFORMANCE: 2; LOW PERFORMANCE: 1

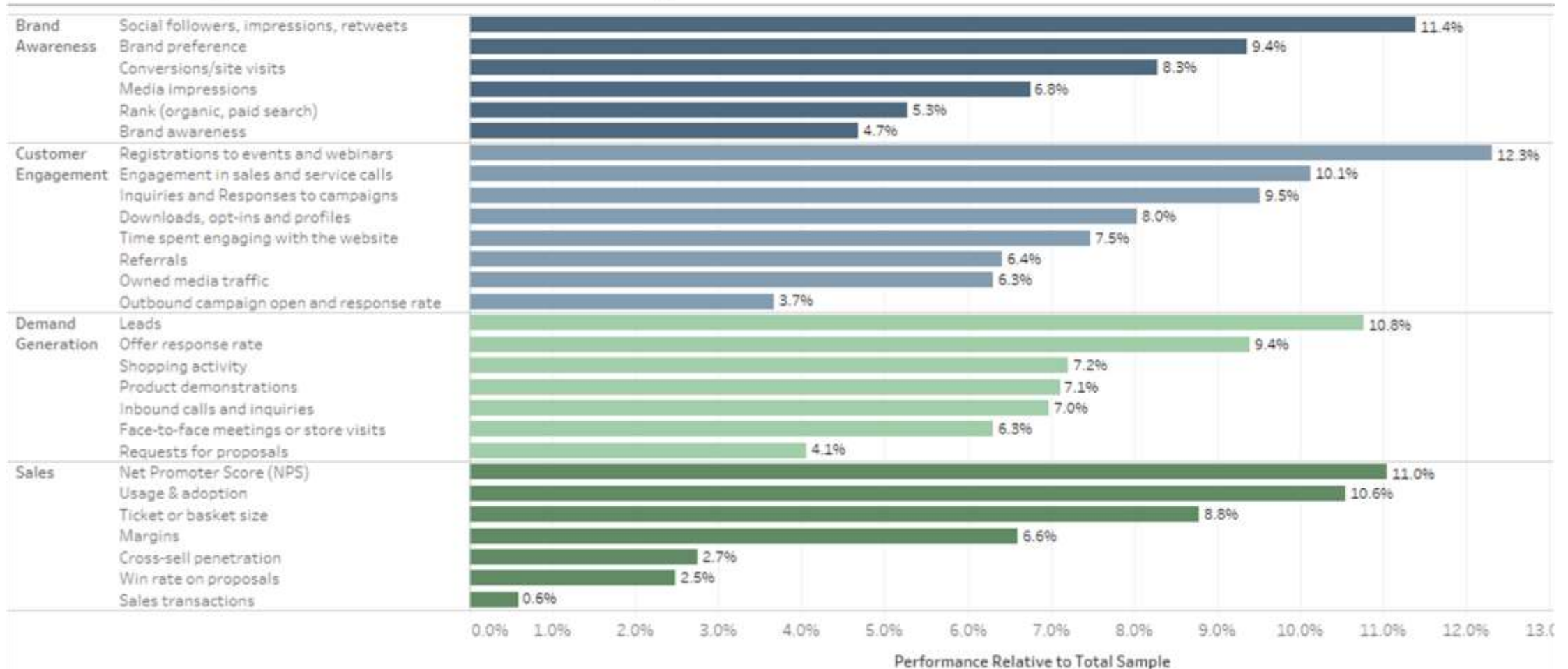


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 tableau

Source: Forbes benchmarks from 300 Global CMOs, 2017

# 7.5% BETTER GROWTH OUTCOMES ACROSS 27 MEASURES OF BUSINESS PERFORMANCE AT EVERY STAGE OF THE JOURNEY

## Relative Business Outcomes By Stage of the Customer Journey High Performing Marketers vs. Total Sample



# FINDING 7: HIGHLY ACCOUNTABLE MARKETING ORGANIZATIONS ARE BUILDING 12 ORGANIZATIONAL COMPETENCIES

The research identified 12 common organizational capabilities that high performance marketers are developing to leverage the data, systems and marketing services partner relationships they have to evolve their marketing performance measurement systems to a best-in-class model and improve marketing accountability.

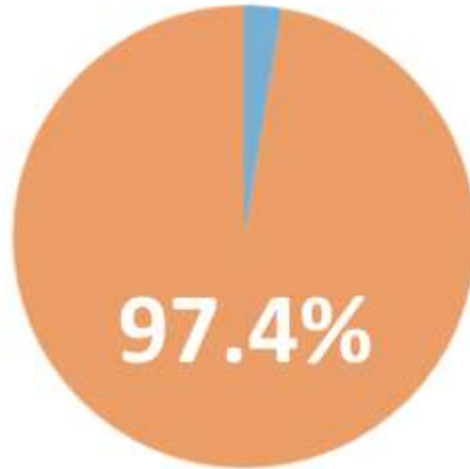
PEOPLE	<ol style="list-style-type: none"><li><b>1. Cross-Functional Organizational Structures:</b> Growth is a “team sport” that requires high degrees of collaboration across business units and functions.</li><li><b>2. Measurement Skills and Competencies:</b> Marketing accountability requires superior “below the line” skills in analytics, modeling and financial integration.</li><li><b>3. Functional and Role Alignment:</b> Marketing must be functionally aligned with the growth strategy and enabled, partnered and resourced to achieve company growth goals.</li></ol>
PROCESS	<ol style="list-style-type: none"><li><b>4. Common Funding Processes:</b> Centralized funding of short-term, long-term and strategic marketing investment maximizes ROMI and facilitates trade-offs.</li><li><b>5. Common Planning Processes:</b> Common planning processes that are data-driven, frequently updated and forecastable improve financial outcomes.</li><li><b>6. Information-Sharing Processes:</b> Documenting, sharing and leveraging information and learnings across the organization directly impacts enterprise value.</li></ol>
INCENTIVES	<ol style="list-style-type: none"><li><b>7. A Common Economic Purpose for Marketing:</b> Leadership must agree upon the economic purpose and contribution of marketing investments and actions to grow enterprise value.</li><li><b>8. Collective Growth Rewards and Incentive:</b> Executive stakeholders must share growth incentives to foster collaboration and achieve collective growth outcomes.</li><li><b>9. Common Enterprise Measures and KPI:</b> Company growth performance requires connecting the dots across many data sources to fuel reliable and externally validated measures of the financial impact of marketing investments.</li></ol>
SYSTEMS	<ol style="list-style-type: none"><li><b>10. Common Customer ID and Profiles:</b> Customer profiles are the foundation of marketing mix and attribution models that span investments, channels and stages of the customer journey.</li><li><b>11. Planning, Attribution and Forecasting Models:</b> Measurement models must incorporate a wide range of detailed performance data to support strategic CMO decision-making and investment trade-offs.</li><li><b>12. Broad Data Sources and Degrees of Integration:</b> The more internal and external data sources integrated into marketing planning models, the more robust performance measurement models become.</li></ol>

# FINDING 8: WITHOUT CONSENSUS MEASURES OF THE VALUE THEY CREATE CMOS FACE BIG CREDIBILITY GAPS AND GROWTH SUFFERS

## The Consequences of Not Having Consensus Measures of Marketing's Value

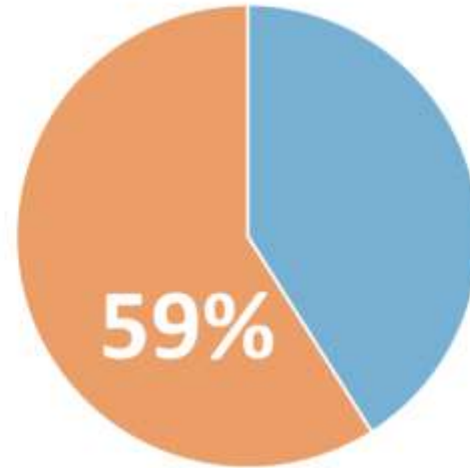
How the inability to communicate, quantify and measure marketing value impacts CMOs

### NO SEAT AT THE BOARDROOM TABLE



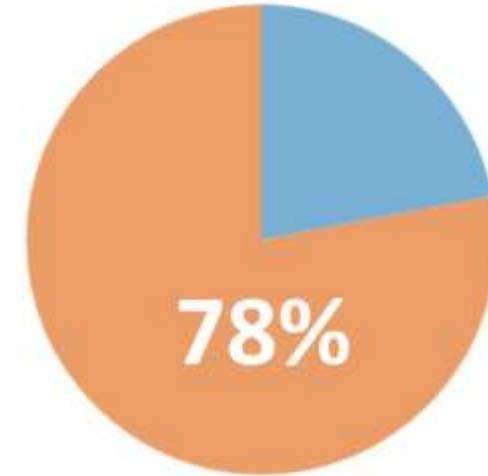
of boards do not have CMO representation<sup>2</sup>

### CEO PRESSURE TO DEMONSTRATE VALUE



of CMOs are under pressure from the CEO to prove the value of marketing<sup>3</sup>

### LACK OF CREDIBILITY WITH PEERS AND PARTNERS



of CMOs feel the inability to communicate, quantify and optimize the value marketing creates hurts them personally and professionally<sup>1</sup>

Sources: 1) Forbes CMO Research, 2) How Board Level Marketing Experience Improves Firm Value, Whittler, Krause, Lehman 2015, 3) Duke Fuqua CMO Survey 2017

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# SIX QUESTIONS EVERY CEO NEEDS TO ASK ABOUT GROWTH

## The Financial Contribution of Marketing to Enterprise Value



## Six Questions Every CEO Needs to Ask About Growth

- 1** What is the contribution of brand to current and future enterprise value?
- 2** Are we doing enough to leverage, protect and expand the value of our customer relationships?
- 3** How ready is our organization to support growth?
- 4** Are we getting more than \$9 of top-line growth for every dollar we allocate to marketing investments and activities?
- 5** How aggressively should we reallocate resources to digital channels to keep up with customers, competition and the cost of acquisition?
- 6** How important is innovation to growth in our industry and competitive set?

