THE MARKETING VALUE CHAIN
PROVING THE CONTRIBUTION OF MARKETING TO THE BUSINESS

Stephen Diorio
MASB Fellow

Steve Shannon
CHALLENGE: BUILD FINANCIALLY CREDIBLE MEASURES OF MARKETING’S VALUE
THE FINANCIAL CONTRIBUTION OF MARKETING TO THE ENTERPRISE

A 10% increase in the value of the brand will drive a 3.3% increase in stock price\(^2\)

A 10% increase in the value of customer assets will drive a 7.2% increase in stock price\(^2\)

A 10% increase in organizational competence will drive a 5.5% increase in stock price\(^2\)

Enterprise initiatives aimed at improving the Return on Marketing Investment (ROMI) Initiatives are generating improvements of up to 9 percent\(^2,4\)

A 10% increase in perceptions of product quality will drive a 3% increase in stock price\(^2,3\)

GOAL: MARKET THE FINANCIAL CONTRIBUTION OF MARKETING TO MANAGEMENT AND THE BOARD

THE FINANCIAL CONTRIBUTION OF MARKETING TO THE ENTERPRISE

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<tr>
<th>Brand Value</th>
<th>Customer Equity</th>
<th>Organizational Competence</th>
<th>Marketing Effectiveness</th>
<th>Digital Platforms</th>
<th>Quality of People &amp; Products</th>
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18 STRATEGIC VALUE DRIVERS OF ENTERPRISE VALUE

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### The MASB Marketing Value Chain

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A ROADMAP FOR CONTINUOUS IMPROVEMENT IN RETURN

1. UNDERSTAND AND AGREE
2. DOCUMENT DRIVERS AND HYPOTHESES
3. TEST AND MEASURE
4. MODEL, VALUE AND PREDICT
5. DECIDE AND ACT

COST AND COMPLEXITY OF ANALYSIS

CONFIDENCE AND CERTAINTY
THE MASB MARKETING VALUE CHAIN℠

MILLER COORS EXAMPLE

ACTIONS AND INVESTMENTS
- PAID, OWNED AND EARNED MEDIA
- OWNED MARKETING INFRASTRUCTURE
- PROMOTION ACTIONS
- PLACE-DISTRIBUTION ACTIONS
- PRODUCT ACTIONS
- PRICING ACTIONS
- CAPABILITY DEVELOPMENT
- COMPETITIVE, BRAND, & ACQUISITION STRATEGY

KEY DRIVERS OF VALUE
- BRAND VALUE
- CUSTOMER RELATIONSHIP EQUITY
- ORGANIZATIONAL COMPETENCE
- SALES AND MARKETING EFFECTIVENESS (ROMI)
- DIGITAL PLATFORM EFFECTIVENESS
- QUALITY OF PRODUCTS AND PEOPLE

CUSTOMER BEHAVIOR
- PURCHASE DECISIONS
- USAGE AND BUYING CYCLES
- CONSUMPTION FREQUENCY
- PURCHASE SIZE AND VOLUME
- SHARE OF TRANSACTIONS
- RESPONSE AND CONVERSION RATES
- REFERRALS AND WOM
- LOYALTY
- PRICE SENSITIVITY

BUSINESS OUTCOMES
- VOLUME
- SHARE
- LIFT
- VOLATILITY
- VELOCITY
- PROFIT MARGINS
- CUSTOMER ECONOMICS
- COSTS
- FUTURE OPTION VALUE

FIRM FINANCIAL PERFORMANCE
- ENTERPRISE VALUE
- REVENUE
- PROFITS
- CASH FLOW
- GROWTH RATE
- BRAND ASSET VALUE
- COST OF SALES
- COST OF CAPITAL
About Steve Shannon

- Former CMO of Hyundai Motor America and 32-year veteran of the auto industry including Cadillac, Buick, Saab, and Saturn brands

- Led multiple Super Bowl, Oscar, Grammy and NCAA Football programs, and an award-winning integration with The Walking Dead

- Currently advisor to:
  - Yext digital knowledge management platform
  - Foursquare location data platform
  - EDO data science solution for optimizing linear TV through measuring search engagement

- Harvard Undergraduate and Columbia MBA
The MASB Marketing Value Chain™

**Actions and Investments**
- Paid, Owned and Earned Media
- Owned Marketing Infrastructure
- Promotion Actions
- Place-Distribution Actions
- Product Actions
- Pricing Actions
- Capability Development
- Competitive, Brand, & Acquisition Strategy

**Key Drivers of Value**
- Brand Value
- Customer Relationship Equity
- Organizational Competence
- Sales and Marketing Effectiveness (ROMI)
- Digital Platform Effectiveness
- Quality of Products and People

**Customer Behavior**
- Purchase Decisions
- Usage and Buying Cycles
- Consumption Frequency
- Purchase Size and Volume
- Share of Transactions
- Response and Conversion Rates
- Referrals and WOM
- Loyalty
- Price Sensitivity

**Business Outcomes**
- Volume
- Share
- Lift
- Volatility
- Velocity
- Profit Margins
- Customer Economics
- Costs
- Future Option Value

**Firm Financial Performance**
- Enterprise Value
- Revenue
- Profits
- Cash Flow
- Growth Rate
- Brand Asset Value
- Cost of Sales
- Cost of Capital
Hyundai Brand Value Over Time

HYUNDAI BRAND VALUE OVER TIME

Hyundai Brand Value Over Time

US $ B

Year

2005  2006  2007  2008  2009

Advising Age
MARKETER OF THE YEAR: HYUNDAI

40%
FUTURE OPTION VALUE OF BRAND EXTENSION – SHARE GAINS
FUTURE OPTION VALUE OF BRAND EXTENSION – MARGIN IMPROVEMENT