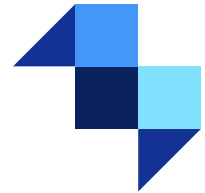


# MASB Measuring Creativity Initiative

**David W. Stewart**

**Emeritus President's Professor of Marketing and  
Business Law at Loyola Marymount  
& MASB Chair**

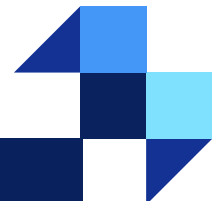
**Summer Summit 2023**  
**August 10, 2023**



**Marketing  
Accountability**  
Standards  
Board

# Measuring the Financial Impact of Creativity Initiative

|                          |   |   |
|--------------------------|---|---|
| <b>Project</b>           | <b>Measuring Creativity Initiative<br/>(Sarathy &amp; Koslow)</b>   | <b>Strategy</b><br>Define "creativity" and identify what makes great creative. Work with CMOs, CFOs, & CEOs to source case studies and benchmark successful creative campaigns. Select metrics to quantify financial outcomes and establish a model for companies to use. |
| <b>Issue Addressed</b>   | Marketers need to make the case why their companies should invest in creativity                             |   |
| <b>Project Objective</b> | Develop a set of metrics and a methodology for quantifying the financial impact of creative                 |   |
| <b>Expected Outcome</b>  | A MASB/ANA model with a robust and easily applied methodology to measure the financial impact of creativity |   |
| <b>When</b>              | Delivered by end of 2024.   |   |
|                          |   | Meetings 3 <sup>rd</sup> Thursdays<br>@ 8:45 am ET  |



# Team Members

**Associations: Latha Sarathy (ANA), Scott McDonald (ARF), Allan Kuse (MMAP Institute), Joanna Seddon (MASB), Bill Duggan (ANA), TBD (ESOMAR)**

**Academics: Scott Koslow (Macquarie), David Stewart (Loyola Marymount), Shashi Matta & Maximilian Bauer (Catholic University of Eichstätt-Ingolstadt)**

**Creative Producers: Trina Arnett (BSSP), Antonis Kocheilas (Ogilvy), Susan Credle, Brandon Cooke, Vita Harris, Lisa Hafer & Tom Theys (FCB)**

**Marketing and Finance Executives: TBD (Pernod Ricard), TBD (Mondelez)**

**Research Agencies: Steve Jagger (MSW), TBD (Kantar), TBD (IPSOS)**



# Literature Review

- **Could benefit from some structure and guidance from the practice side of the house**
- **While the ultimate goal of the creativity initiative is an understanding of the ROI on creativity, there are numerous questions embedded within this general topic**
  - **For example, there are issues of process, how to organize the creative function, how to manage the function, various issues around investments, questions of measurement and what should be measured at what stage in the process**
- **We might later engage our partners on the practice side of the project by asking them to think about and generate a set of 10 – 12 questions they would like answered (there could certainly be more questions or sub-questions within broader questions)**
  - **We could try to find answers, or at least literature relevant to these questions in the literature review, and the questions could also serve as general touch points for the project as a whole. This would also be a way to begin engaging our applied partners**
- **Initial step: ANA research center gather "everything which exists" from existing industry practice literature to be basis for generating structure (timing expectation June)**
- **The academic and practice literature will serve as a single combined body of "what is known" on the subject.**



# “Message” is Key

The only “working” element of the marketing communications mix is the Message

- No amount of media can compensate for an ineffective (poor) message
- Messages differ in their effectiveness
  - A stronger message may require less media weight to be as effective as a weaker message
- Messages Can Have Long Lasting Effects
  - But only if there is a short-term (immediate) effect
- There is evidence of a “quality” or “finish” effect (better delivery of a good message)
  - But only if the message is effective
  - Diminishing Returns



# A Strong Message Rests on Two Factors

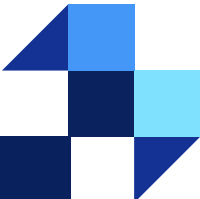
- **The Product or Service (Innovation)**
  - Value Proposition
  - Differentiation
  - Product Characteristics
    - Functional (What it does)
    - Cognitive (How it does it)
    - Emotional (How it makes you feel)
- **Message Delivery (Creativity)**
  - Grounded in Product/Service
  - Attention, Comprehension, Memorable, Differentiating



# Understanding the Effective Creative Product

- Evidence is often anecdotal and focuses on successes
- Need full picture

|              | Not Effective | Effective |
|--------------|---------------|-----------|
| Creative     |               |           |
| Not Creative |               |           |



# What is "Creativity"?

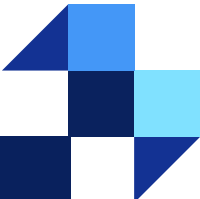
- Academic definitions focus on generating something "new" but are not consistent
  - Novelty/originality versus value/appropriateness
  - Divergence and self-expression (novel, messy, unpredictable) versus convergence and problem-solving (practical, functional, orderly)
  - Creativity in art versus science (where does management/marketing fit?)
  - Individual versus group (organization)
- "Theories" reflect differences in focus
- Terms like creativity, originality, novelty, and innovation often used interchangeably
- What is considered creative is often, but not always, contextually and temporally bound
- Creative individual/organization versus creative product (outcome)





# Creativity in Marketing

- Relevant to all elements of marketing mix but most focus is on product/service (innovation) and advertising (creative)
  - Product/service
  - Pricing/promotion
  - Distribution/service delivery
  - Marketing communication (advertising, collateral materials, content marketing, media, etc.)
  - Business models



# Two Critical Questions

## 1. How to Operationalize Creativity in Advertising?

- Expert opinion (ratings)
- Consumer opinion (ratings)
- Awards for creativity (usually based on peer/expert judgment)
- Empirical evidence does not support awards or subjective judgments as predictive of market success (selectivity and hindsight biases)



# Two Critical Questions

## 2. What Effect(s) of Creativity to Measure?

- Effect can be measured in many ways for different purposes
  - Importance of goals
  - There are Strong, Reliable, Valid Measures
    - Diagnostic (awareness, attitude, liking)
    - Evaluative measures (choice, price, premium, incremental revenue)
    - Long-term versus short-term effects
    - All evidence demonstrates that there are no long-term effects without short-term effects



# Financial Justification for Investing in Creativity

- **Understanding Context (Who, What, Where in Organization)**
  - **Cost or Revenue Driver?**
  - **Business Partner or Supplier?**



# Financial Justification for Investing in Creativity (cont.)

- Investment in creativity is but one of many financial decisions
  - What are the alternatives?
    - In firm as whole (improve product, increase efficiency of production, etc.)
    - Within product portfolio (which products/markets represent best opportunities)
    - Within marketing actions for individual product/brand (improve advertising message, support distribution channels, respond to competition, etc.)
    - There are always alternatives: drop funds to bottom line, invest in 3-month T-bills (currently >5%)
  - The search for highest and best use of funds
    - Financial decision makers make trade-offs
  - Investment decisions are forward looking (prospective)
    - History, retrospect can be useful for context, but it does not address the decision the financial decision-maker must make
  - Publicly traded firms (and the CEO and CFO) are required to report financial results (and CEO's & CFO's are usually compensated based on financial results)
    - Make their job easier and speak to their incentives by framing actions (creativity) in financial terms



# Making the Financial Case for Creativity

- **Highly predictive measures and models of advertising effects on financially relevant outcomes are available (choice, persuasion, price-premium)**
- **All financial decisions (not just marketing decisions) require assumptions and involve uncertainty**
- **Be explicit about assumptions**
- **Build in ways to obtain frequent feedback and to make adjustments (have a plan to mitigate the unexpected)**
  - **Learn what does and does not work**
- **Have people who understand the business, the role of marketing activities in the business, and how to translate marketing actions into financial projections**



# Managing Creativity

- Individual differences
- Effects of training (to be creative)
- Effects of preparation and direction
- Contextual factors
  - Time
  - Direction
  - Information (research, strategy statement, briefing)
  - Opportunities and Constraints: Strategy, Truth, Media, Budget, Political
- Risk/uncertainty management
  - Larger pools of ideas more likely to include the “big” idea (other things being equal and subject to diminishing returns)
  - Stage and gate management
  - Role of testing (research in service of creativity)
- Where in the organization decisions are made



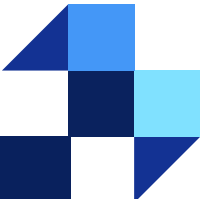
# Questions for Discussion

1. Why doesn't the process work?
2. What are the impediments?
3. What are the organizational/decision-making problems?
4. What questions remain unanswered?
5. What would be helpful?
  - a. May vary by role, organization?





***Thank You!***



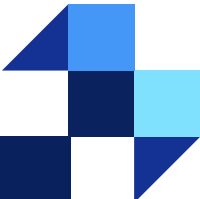
# Initial Workstream – 5 Step Process

1. Define “creativity”
2. Identify campaigns which meet the definition
3. Select the metrics to be used
4. Quantify the financial outcomes
5. Establish a model for brands to use



# Why This is a Priority

- Pressure on marketing budgets is intensifying
- When times get tough, investments in creativity are first to be cut because there is no standard way of quantifying creativity's impact on business results
- Focus has been on promotional activities whose ROI can be easily measured but are most often not at all creative
- Creativity is the MAGIC that lies at the heart of marketing
- Marketers know intuitively how important creativity is but are not equipped to talk about it persuasively with CFOs



# Association Alliance (Hosted by MASB)



A·A·M·A  
African-American Marketing Association



Marketing Accountability  
Standards Board

# Workstreams, Initiatives, Projects—2023 Overview

## Priority Initiatives

- Marketing Organization
- Measuring Creativity
- Making Big Data Useful
- Digital Targeting Accuracy
- Economic Impact of Marketing

## Fundamental MASB Pillars

### Measurement Related

- Brand valuation
- Audits, certifications, & benchmarking
- Standards
- Sponsorship
- Diversity

### Education

- Need for common language - Universal Marketing Dictionary
- Finance in Marketing Course
- Video Series
- White papers, practitioner pieces, journals
- MASB Summits and webinars
- Podiums

# What We Plan to Do

- ANA is partnering with MASB on an initiative to design a robust yet easily applied methodology to measure the impact of creativity on sales
- Methodology will provide both the language that illustrates the financial impact of creativity and a measurement model that quantifies it
- Output:

**MASB/ANA model and principles to follow  
to ensure that creative generates financial value**



# Active MASB Projects

- **Financial Value of Brands (FVB)**  
*valuing brands, guiding investment decisions, treating brands as material assets*
- **Continuous Improvement in Return (CIR)**  
*Best Practices Benchmarking, assessing progress and benchmarking with others over time*
- **Finance in Marketing Education (FME)**  
*complete college and professional courses linking marketing and finance including a corresponding video library*
- **Sponsorship Accountability Metrics (SAM)**  
*creating roadmap for the financial assessment of brand sponsorship & activation and illuminating emerging sponsorship opportunities*
- **Marketing Metric Accountability Protocol (MMAP)**  
*determining how specific marketing metrics tie to financial performance*
- **Digital Marketing Accountability (DMA)**  
*removing obstacles to accountability of digital marketing investments: Digital Targeting Accuracy & ROO/ROI and Big Data Initiatives*
- **Brand Evaluation Standards (BES)**  
*collaborating with ANSI & ISO to establish international brand evaluation and valuation standards*
- **Universal Marketing Dictionary (CMD)**  
*curating the definitive industry dictionary*
- **Marketing Organization Best Practices (MOP)**  
*defining better the role of the marketing function and proliferating best practices*
- **Measuring Creativity Initiative (MCI)**  
*bringing focus to the critical role 'creative' plays in marketing effectiveness*

# Literature Review – Examples of Types of Documents Being Reviewed

## RESEARCH/WHITE PAPERS

- [Building a culture of creative effectiveness](#). WARC, June 2023 (Attached).
- [The art of proof: How creative quality drives profit](#). WARC/Kantar, February 2023.
- [Creativity as a force for growth](#). Deloitte, January 2023.
- [Exploring the Links Between Creative Execution and Marketing Effectiveness](#). Ekimetrics, October 2022.
- [New Research Methods to Strengthen the Impact of Advertising Creative](#). ARF. October 2022.
- [Clients and Creativity](#). WFA, June 2022 (attached).
- [Best practices for creative effectiveness](#). Kantar, May 2022.
- [The growth triple play: Creativity, analytics, and purpose](#). McKinsey, June 2021.
- [The Cost of Losing Creativity](#). Forrester, October 2020.

## INITIATIVES

- [The Creative Effectiveness Ladder](#). Cannes Lions/WARC.
- [Creative Council](#). ARF.
- [The Open Creative Project](#). Creative Works (Google), 2023. Also see their [Creative Effectiveness](#) section.

## ARTICLES/NEWS/PRESENTATIONS

- [WARC x Cannes Lions: The state of creativity, plus insights from WAFE](#). WARC, 2023.
- [Thinkbox hires Laurence Green to identify barriers to ad creativity](#). Media Leader, April 2023.
- [How Creativity Can Fuel Business Growth](#). ANA, October 2022.
- [Don't Be Seduced by the Mystery Box: Creativity in Ads Matters More Than Ever](#). ANA, May 2022.
- [Creativity Is an Economic Multiplier](#). ANA, May 2022.
- [How AI Is Helping to Measure Creative Effectiveness in Marketing](#). The Drum, June 2022.

Also from the Drum, see this article on the [Data Creativity Score](#). August 2019.

IBM also offers an AI-based solution with its [Watson Advertising Accelerator](#).

## FYI - OLDER

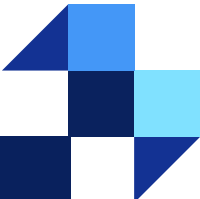
- [How to Assess an Ad's Creativity](#). Harvard Business Review, May 2015.
- [Evaluating Creative Ideas](#). Jane Maas.
- [The Advertising Creative Process](#). ANA, September 2003.





# Potential Agencies

- Agencies which win the most awards (e.g., Cannes Lions, David Ogilvy Awards, WARC Awards, ANA Awards, Effie Awards)
- Have a representative lead from each of the networks (Publicis, WPP, Dentsu, Omnicom, IPG)
- Have initial material prepared for them to react to based on literature
- Multi-cultural and other audience driven agencies might have an additional specific – reach out to association alliance partners who specialize in this



# Empirical Data

- The project description calls for empirical data as we move forward
- This is another area in which we might begin to engage our partners on the industry side.
- At a general level, what data are people aware of that could be obtained and made available to inform the project (with appropriate NDA's, disguises of data sources, etc. as necessary)?
- At a minimum, it seems we would want to obtain adequate representation of marketing activities for each of four cells in a two-by-two matrix (next slide)
- While the ultimate goal of the creativity initiative is an understanding of the ROI on creativity, there are numerous questions embedded within this general topic.
- the matrix itself will spark discussion of what creative means and what success means, which could itself be instructive (and we might want to try to capture some of this discussion)
- Rather than have these discussions in the abstract, identification of specific cases would be helpful.

# 2X2 Matrix

- Need to assure adequate representation of marketing activities for each of four cells in this two-by-two matrix

|              | Creative | Not Creative |
|--------------|----------|--------------|
| Successful   |          |              |
| Unsuccessful |          |              |



# Next Steps (**green** is completed)

- **Calls with academics (Latha, Dave, Joanna, Scott K., Maximillian, Shashi)**
- **Regroup in July to review practice literature from ANA**
- **More detailed motivational project descriptions for marketers (incl. what they receive) and agencies (Mid-May – postponed to after meeting with academics)**
- **Kick-off call for initial members**
- **Identify Marketer and Agency participants (ongoing)**
- **Kick-off call for broad members (TBD)**
- **Literature compilation (concurrent with other steps)**



# Call for Participation

- Team of experts being brought together
  - **Academics** with a background in the study and philosophy of creativity – to take the lead in crafting the definition
  - **Top Creative Producers** who have devoted thought to the meaning and essence of creativity
  - **Company Marketing and Finance Executives** with extensive and varied experience with investment in creative
  - **Research Agencies** with a specialty in measuring creative

