

# How We Will Work Together

Kate Sirkin, Starcom MediaVest  
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**THE  
BOARDROOM PROJECT**

# Overall

- **Marketing is not ignoring all the issues discussed in this meeting, but the many initiatives currently underway are very narrow in focus and lacking integration**

# The Landscape: CMO Council

*Dedicated to advancing the effectiveness, stature and influence of chief marketing executives faced with a unique set of complex and daunting organizational, operational, cultural and strategic business challenges across multiple industry sectors and markets worldwide.*

**Status: Next North America Summit “The Power of Engagement” October 2006...no sign of tackling ROMI**

*The tenure for the CMO...continued to decline in 2006.*

SpencerStuart, (August, 2006)

# The Landscape: ARF

## **Advertising Research Foundation (ARF)**

**Industry Body that seeks to create, aggregate, synthesize and share the knowledge required by decision makers to lead and succeed**

**The principle mission of the ARF is to improve the practice of advertising, marketing and media research in pursuit of more effective marketing and advertising communications.**

**Status: Conducts Research Reviews, Provides process, metrics roadmaps (eg Engagement), research best practice.**

**Has comment in “how works” about “as needed, develop, publish and promulgate industry standard as necessary”**

# The Landscape: MRC

## Media Ratings Council (MRC)

**Industry Body that Accredits Audience Measurement Services**

*To maintain audience research confidence and credibility with the goal of securing for the industry audience measurement services that are valid, reliable, and effective.*

MRC was founded in 1964 at the urging of US Congress

**Status: Accrediting within narrow scope (e.g. are the eyeballs being counted properly); no information as to how the metrics tie to the financial performance of the firm... and the Internet Medium bypassed MRC.**

# The Landscape: Apollo

***NEW YORK, FEBRUARY 1, 2007-Arbitron Inc. (NYSE:ARB) and The Nielsen Company announced today that they have signed an agreement that will govern completion of development and testing of the 'Project Apollo' marketing research service and the expansion of the pilot panel to a full national service if the test results meet expectations and generate marketplace support.***

***The proposed 'Project Apollo' service would use the Arbitron Portable People Meter™ system, ACNielsen Homescan technology and other technologies to provide advertisers with a better understanding of the connection between consumer exposure to advertising on multiple media and their shopping/purchase behavior.***

If the market supports this service over many observations, we'll learn about the overall effectiveness of various media relative to the overall prices (price/value).

# The Landscape: IAB

## Interactive Advertising Bureau (IAB)

*Helping interactive companies increase their revenues.*

**Status: Defining standard is in their mission, and to some degree have been successful but still many more opportunities for standardization**

“When is a click not a click?”

Competitive Usage Data

NetRatings Vs ComScore

The screenshot shows the IAB website interface. At the top, there is a search bar and navigation menu. The main content area includes:

- IAB SmartBrief:** A section for getting daily advertising news via email, with a "SUBSCRIBE" button.
- SIGN UP FOR THE IAB INFORMER:** A form to sign up for the IAB's monthly newsletter, with fields for first name, last name, and email address, and a "SUBSCRIBE" button.
- INDUSTRY PRODUCTS:** A section featuring "The IAB Job Board" for recruiting professionals, with a "Post your job now" link and a "Candidates: Find your next job on the IAB Job Board!" link.
- EVENTS:** A section for 2007 events, including a "Leadership Forum: Performance Marketing" on Mar 14, 2007 in Chicago, IL, with "Register Now" and "Add to Calendar" links.
- STANDARDS & GUIDELINES:** A section for industry standards, including "NEW: Broadband Video Measurement Guidelines" and "First Ever Global Media Measurement Guidelines", both with "Learn More" links.

# The Landscape: MI4 Consortium

*In the 21st Century, firms need to create profitable growth in order to prosper. This takes imagination, vision, disciplined strategy and respect for customers. In this context, the new role for marketing is to create brand demand, not just brand awareness.*

*We know now that creating brand demand requires more than a smart positioning or attention getting advertising, building awareness and providing trial incentives. More and more, marketing and particularly advertising in all forms, needs to engage prospects (customers and potential customers) to build preference, loyalty and a sense of co-ownership.*

*The Association of National Advertisers (ANA), the American Association of Advertising Agencies (AAAA) and the Advertising Research Foundation (ARF) have come together to define engagement as: "Turning on a prospect to a brand idea enhanced by the surrounding context"*

*Many firms and brands are experimenting with a combination of the traditional paradigm and the new relevance and engagement paradigm. The vast majority, however, are sitting on the sidelines and waiting for further validation, a sense of the proper measurements, and confidence in new ways of working together.*

ARF Website 2/07



# The Landscape: AAAA

## AAAA Hiring PR Firm to Improve Image

**“Despite the fact it got badly burned last time it tried the tactic, the industry’s largest trade group has hired one of the country’s largest PR firms to conduct a public-image campaign on behalf of the business.**

**Just how the industry is perceived in corporate boardrooms, on Wall Street and in major business media has consequences for both how marketing budgets are spent and for the financial fortunes of the publicly traded companies that own most of the major shops.”**

**Matthew Creamer; Ad Age, 9/25/06**

# The Landscape: 2006 Agency Relations Forum

## **ANA Annual Agency Relations Forum, 9/13/06:**

**“I understand how costs have to be driven down but the fee-based that we’re on now, it’s like being an hourly worker...if we spend four hours and the idea is worth \$50 million, it doesn’t seem right to just be paid for four hours. I think it’s the compensation model that really should be looked at.”**

**David Lubars, Chairman and CCO. BBDO**

**“Bitching About Pitching and Agency Compensation”; Ad Age, 9/17/06**

# The Landscape: ANA

**Association of National Advertisers (ANA)**

**Marketing Accountability Task Force (MATF)**

*To review current best practices used by ANA member companies...to provide practical catalogue of accountability metrics used.*

**Status: 2005 Report Published; 2006 Report in the works;  
New Marketing Accountability Committee here today to  
discuss accountability and look for a route forward...**

# ANA MAC

Marketing Accountability Committee will focus on the use of appropriate brand and sales metrics to optimize expenditure choices and increase marketing effectiveness. Approaches marketers can use to provide greater oversight and achieve credibility for the organization' marketing efforts will be covered.

## Discussion Topics :

- Advertiser/agency accountability dashboard
- Marketing metrics and financial outcomes
- Measuring and maximizing ROI
- The link between brand equity, brand loyalty, and ROI
- The use of technology to improve marketing department output
- Sales growth through extending a brand's domain

# The Landscape: Summary

- CMO Council advancing effectiveness, stature and influence of CMO
  - Tenure of CMO still declining
- ARF conducting research reviews to improve practices for vendors
  - Knows standards body is critical
- MRC auditing media currencies
  - Just eyeballs and if providers are measuring how/ what they say they are
- Apollo providing single source data across media
  - For media targeting and effectiveness
- IAB helping Internet companies increase revenues
  - Arguing when a click is really a click
- M14 Engagement Consortium working w/partners to help process/metric choices
  - Goal is improving communications and sales in new media environment
- AAAA hiring PR firm
  - Credibility of Ad industry in trouble
- ANA/MAC cataloguing practices/metrics, discussing various accountability topics
  - Will MAC move beyond discussion?

**None really focused single mindedly on Metrics/Standards  
and/or Across Domains**

# The Big Questions

- **Are we really serious about this?**
- **How serious will it be if we don't set standards now?**
- **How will it fit with other initiatives going on in this area?**
- **What are our next steps?**

# Are we serious?

- **If so then need to commit....**
  - **To the Journey**
    - **Prioritization of metrics, business verticals, etc.**
  - **To the Investment**
    - **From all constituency organizations**
  - **To the Partnership**
    - **Between Finance & Marketing**

# I'm serious

- Too many times I have a multitude of metrics or analyses to choose from and am asked
  - Is this valid
    - IAG program attention/engagement scores
  - Is this reliable
    - Nielsen Ratings
  - Is this important
    - Non response bias in online surveys
  - Is it going to build my business for the future
    - MMM response coefficients for Hispanic geographies



# How serious will it be if we don't?

## ■ Time

- CRO's will have more and more data, metrics, techniques to validate, process, apply and still not be speaking the same language with each other, with marketing execs, or with finance

## ■ \$\$\$

- Investment in Marketing will become increasingly difficult as Wall St continues to live Qtr by Qtr, and as the CFO keeps treating it as discretionary spending

## ■ Status

- Without proof of contribution to the business/financial metrics, CMO's tenure will continue to be short
- More folks will be going to jail

# How will it fit with other initiatives?

- **MASB will involve all constituencies, at many levels**
  - Trustees
  - Board of Directors
  - Advisory Council
  - Sub-Committees
  - Specific and Prioritized Projects
- **Focused on setting & improving measurement standards (tied to financial performance)**
- **Allowing other organizations to achieve their specific objectives and to serve their particular constituencies and/or domains**

# Overall

**Establishing a Standards Body is our opportunity to approach the foundation of metrics and accountability at the highest level: across industries, disciplines, and domains with common language, common purpose, common financial denominator, and coordinated efforts.**

# Next Steps?

- **Provide feedback now**
- **Commit to involvement levels**
- **Encourage participation throughout your organizations and the industry**

**Thank you!**

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