

***Objectives of Marketing Standards***

***[Adapted from Trueblood Committee, Objectives of Financial Statements  
(AICPA, 1973) Recommendations]***

1. Marketing measurement should provide information that is useful to present and potential managerial decision makers and other users in making rational marketing investment decisions and similar decisions and in evaluating the relative success of such decisions.
  - The information should be comprehensible to those who have a reasonable understanding of business and marketing activities and who are willing to study the information with reasonable diligence.
  - Marketing metrics must be explicitly linked to financial and other business performance metrics used by the firm.
  - Marketing metrics are tools and, like most tools, cannot be of much direct help to those who are unable or unwilling to use it or who will misuse it.
  
2. Marketing measurement should provide information that is useful to present and potential managerial decision makers and other users in assessing the amounts, timing, and uncertainty of the outcomes associated with alternative marketing actions and investment.
  - The ultimate test or success (or failure) of investing in marketing activities and similar activities is the extent to which they return more (or less) cash than they cost.
  - It is reasonable to expect that marketing actions will not only produce a return of investment but also a return on investment.
  - Ultimately any specific marketing activity should produce a greater return than alternative uses of the resources of the firm. Marketing metrics should provide a basis for selecting from among alternative uses of the resources of the firm.
  
3. Marketing measurement should provide information about an enterprise's resources, obligations, brand and customer equity and real options.
  - Marketing metrics provide a basis to evaluate information about the enterprise's performance during a period and the relative contribution of its marketing activities to that performance.

- Marketing metrics provide direct indications of the cash flow potentials of resources and of the cash and other resources needed to realize these potentials.
  - Marketing metrics provide a basis for forward forecasting of the outcomes of marketing activities and investments and for informing decisions about the relative future value of alternative marketing activities.
4. Marketing measurement should provide information about the links between marketing activities and financial performance.
- Marketing metrics provide information about the costs and efficiency of marketing activities and provide a basis for comparison of costs across otherwise noncomparable alternatives.
  - Marketing metrics provide information about the revenues generated by marketing activities and provide a basis for comparison of revenue across otherwise noncomparable alternatives.
  - Marketing metrics provide information about the temporal characteristics of marketing activities and the associated outcomes with specific recognition of both short-term costs and revenues and longer-term costs and revenues.
5. Marketing measurement should provide information about performance of marketing activities during a period.
- Information about the past is helpful in assessing the prospects of an enterprise and the relative efficiency and effectiveness of future marketing activities and investments.
  - Expectations about future performance are commonly based at least in part on evaluations of past enterprise performance.
  - Measures of earnings and its components are the primary focus of information about an enterprise's performance. Marketing metrics must be explicitly linked to these measures.
  - Marketing metrics provide a means for the firm to learn and improve over time by becoming more effective and efficient in the development and execution of marketing activities.
6. Marketing measurement should provide information about how marketing managers and other managers of an enterprise have discharged their stewardship responsibility to owners for the use of enterprise resources entrusted to them.
- Management is accountable to the owners not only for the custody and safekeeping of enterprise resources but also for their efficient and profitable use and for protecting them to the extent possible from unfavorable economic impacts of factor in the economy such as inflation or deflation and market, technological and social changes. Marketing management is no less accountable than other managers.

7. **Marketing measurement should provide information that is useful to managers and directors in making decisions in the interests of owners.**
  - **Not all marketing metrics are equally useful or valid. Empirical evidence of the validity of marketing metrics provides a means for users to assess the degree of certainty and confidence with which they can regard any metrics and conclusions and expectations based on these measures.**
  - **The resources required for developing, maintaining and obtaining relevant marketing metrics are a necessary cost of business and are an obligation of management under its stewardship requirements.**
  
8. **Marketing measurement should include explanations and interpretations to help users understand the information provided.**
  - **The link between specific marketing metrics and the performance of the firm should be explicit and transparent.**
  - **Dividing continuous operations into accounting periods is a convention and can have arbitrary effects. Providers and users of marketing metrics have an obligation to identify arbitrary results caused by separating periods.**
  - **Information provided by marketing metrics depends on or is affected by management's estimates and judgment. These judgments and estimates must be explicit.**