



Overview of MASB Standards Projects (Project Stage & Leadership)

Marketing Productivity, Effectiveness and Accountability

There is increasing scrutiny of marketing activities and a growing demand for greater accountability of the marketing function. The paper asserts that such accountability cannot be achieved until generally accepted standards for the measurement of marketing outcomes are adopted, identifies three broad types of marketing outcomes, and suggests that two of these types of outcomes are candidates for the development of standardized measures. The role of standards, essential characteristics of standards, and how they may be developed are addressed.

(Completed; Stewart, Blair, Barns, Duffy, Holmes, Sirkin, Risky - The Boardroom Project)

Objectives of Marketing Standards

Eight overall objectives, or guidelines, for marketing measurement standards are recommended in this document, an adaptation from the Trueblood Committee's "Objectives of Financial Statements (AICPA, 1973)" Recommendations.

(Completed; The Boardroom Project)

The Role of Standards: Academic Review

A review of the role of standards, current practices, needs, qualifications, and value proposition for the launch of MASB: ROMI is no longer an option, there is much unnecessary confusion about ROMI, and ROMI is ultimately about economic outcomes and financial results; There is a need for standard measures related to short-term incremental results and longer-term effects linked to cash flow...in order to forecast future outcomes, evaluate past actions, allocate resources across comparable and non-comparable activities, evaluate alternative action plans and Improve return over time; the solution will arise in a competitive market if firms invest in standardized metrics and a formal audit process; but, who or what will drive this process? MASB.

(Completed; Stewart & The Boardroom Project)

C-Level Views on Marketing Accountability

In-depth interviews with C-Level managers (CFO, CEO, CSO) to gain insight into views regarding the role of marketing in the business process and the value of marketing metrics in the accounting and financial processes. Summary: There is universal need for true marketing ROI metrics - valid/predictive performance (return) metrics which can be integrated w/performance metrics from other parts of value chain; especially true for advertising, new product introductions and in-store/similar "channel" activities as well as competitive moves; metrics related to both short term & long term impact are needed, with focus on customer outcomes; increased speed of business makes accurate forecasting critical; will take a combined effort of marketing, finance & sales to find/agree on the "best metrics"; a self-governing standards body could add real value to meeting these needs.

(Completed; Plummer & Blair)

Fundamentals: about MASB

Documentation of the fundamental structure, business model, concepts, processes & precepts by which the MASB will/is operating in setting marketing measurement & accountability standards.
(Completed; Blair & Sirkin)

Marketing Metric Audit Protocol – MMAP

MMAP is a formal process for connecting marketing activities to the financial performance of the firm. The process includes the conceptual linking of marketing activities to intermediate marketing outcome metrics to cash flow drivers of the business, as well as the validation and causality characteristics of an ideal metric.
(Posted for Industry Feedback; MASB)

Measuring and Improving the Return from TV Advertising - An Example

The purpose of the TV Project is to serve as an example of how to evaluate marketing metrics according to the Marketing Metrics Audit Protocol (MMAP), the learning that can come from using an “ideal” metric over time & conditions, and how to improve return by applying the metric & learning to better marketing practice - process management.
(Posted for Industry Feedback; MASB)

Practices Underlying the Development & Management of an “Ideal” Metric

While the Example Project identifies a specific measurement of consumer brand preference (choice) and profiles the metric according to the validation and causality characteristics of an “ideal” metric...perhaps equally important is an understanding of the corporate practices and processes employed by the provider of the metric to achieve, maintain and improve its validation and causality characteristics over time. This project reveals the corporate structure and research processes employed for reliability, validity, causality and insight into better practices for improving return from the activity.
(Posted for Industry Feedback; MASB)

Measuring and Improving the Long-Term Impact of Advertising

The majority of marketing analyses address only short-term effects, with short term defined as the current budget or planning period (usually a quarter or a year). Results of the analyses have caused marketers to shift spending to programs closer and closer to the point of purchase. This shift in marketing strategy can be seen in the growth of “trade promotion” budgets over time, often at the expense of programs with impact that may accrue over time (like advertising). This project summarizes what is known about the short and long-term impact of advertising with practitioner examples.
(Completed; Hanssens)

Methods of Brand Valuation

This is an academic review of various methods of Brand Valuation as they relate to FASB qualities and to MASB (MMAP) characteristics. In summary, the various methods yield different financial values for the same brands, including changes in values over time. Recommendations from the review include standardization of marketing metrics, minimum standards for validation, more transparency in approaches to measure brand strength. This project will serve as the “what is known step” in the Brand Investment Model Project.
(Completed; Fischer & Mizik)



Common Language for Marketing Activities & Metrics on Wikipedia

One of the hurdles to realizing marketing accountability is lack of agreed upon language and definitions in the marketing industry. Ambiguity and lack of referential integrity in marketing terminology hinders the integration, effectiveness and efficiency of processes and data between functions within an organization and across organizational partners. There are no commonly accepted definitions for marketing activities and associated measures for evaluating outcomes. Wikipedia generates convergence to a common set of definitions by design and will be used as the platform for the MASB common language encyclopedia. Metric definitions, purpose and construction from the Farris et al book *marketing METRICS* will be used as a starting point for this project. A link to the MASB website (MMA Metric Profiles) will be provided to MASB members as the various metrics undergo the MMA protocol audit. Establishing common language and definitions will eliminate ambiguity in marketing terminology and encourage trust and collaboration within and across the marketing industry & business communities.
(Underway & On-Going; Spaulding & Farris)

Marketing Metrics Profiled to MMA Standards

Some of the most costly activities (eg advertising & store/channel) have no proven outcome metrics that tie to the “return” line of financial performance. There are numerous metrics in the marketing literature and in use by practitioners. Often measures of the same or similar name are quite different from one another as to their operationalization and resulting characteristics. Many are poorly documented with respect to reliability, validity, range of use, and sensitivity. Few have been specifically linked to financial metrics associated with revenues, profitability, cash flow or other measures of financial performance. Nor is there a resource where users of marketing metrics can learn about them as they relate to financial performance. MMA Metric Profiles will provide a systematic way of thinking about marketing metrics, the criteria for assessing their validity, and their relationships to one another and to measures of financial performance.
(Posted on MASB Website & On-Going; MMA Center)

Training & Advisory Services

MMA is the first “standard” approved by MASB as the process for tying marketing activities to interim outcome metrics to financial performance metrics (including 10 validation and causality characteristics of an “ideal” metric). While the Example Project profiles one “ideal” metric, members of MASB and results from an academic search could not come up with other specific metrics that might serve as another good example. During the past several decades, the marketing community has paid little attention to measurement development, specifically the validation and causality characteristics that are necessary to reliably measure, forecast and improve performance. There is a large gap between measurement requirements and skill-sets in the field. Thus there will be growing demand for Training and Advising on how to meet the MMA standards. The MMA Center Advisory Group will conduct Training & Advisory services to help measurement providers (and users) understand, evaluate and meet more of the MMA characteristics.
(Underway and On-Going; MMA Center)

Measuring & Improving Return from CPG Target Segments using CLV

Improvement in target marketing strategies for CPG has been hampered by the inability to measure the return from those targets. This issue will become even more important as TV (cable) will soon be household addressable. We market to consumers but have been measuring at the store, market and product levels...not at the consumer level. Many direct marketers and contractual relationship businesses have measured customer acquisition, retention and “purchase size” to construct Customer Lifetime Value (CLV) and to estimate the future return from their marketing activities. Extending this method to CPG marketing is important and feasible. A pilot will demonstrate that the CLV construct can be applied to CPG marketing. This process to measure and forecast the effectiveness of marketing among the targeted consumers will help CPG marketers better manage and improve return from their target marketing practices.

(Underway; Abens & Sirkin)

Measuring and Improving Return from Interactive Advertising

Several metrics took center stage for measuring Internet marketing impact starting with hits, impressions, page views, and click-throughs. None of these metrics have been generally accepted as the standard nor have they been linked to financial performance (particularly offline sales). The expectation is that all will show a relationship to a return metric (revenue or market share), but one will satisfy more of the MMAP Characteristics. (What is known Stage; Stacey & Bucklin)

Brand Investment Model /Brand Valuation

Marketing academics and C-Level marketing & finance practitioners agree that it is marketing’s job to create, sustain and build brands that produce current and future economic benefits for the firm, recognizing that the brand is one of the most important intangible assets owned by the enterprise. Their activities are designed to enhance the strength of the brand among customers in a manner that positively impacts market and financial returns short term and over time. Current methods of brand valuation are divergent, inconsistent, and generally not useful for financial forecasting, planning, justifying investment or improving return. The objective of this Game Changing project is to establish “generally accepted brand investment and valuation standards” that will become the critical link between the marketing and financial communities by providing consistency, comparability, credibility and actionability. The project involves the creation of general principles, standards and methodology for Valuing Brands, as well as trials among 3-5 brands that will serve as examples of applying the principles, standards & methodology.

(Underway; Stewart, Lehmann, Batra, TBD)

Partnerships for Aligning Marketing & Finance

Without changes in current financial reporting rules, marketing activities will continue to be considered and managed as “discretionary” expense, not as strategic investment that adds value to the firm. This Game Changing project is designed to address the hypothesis that corporations will use and apply marketing measurement and accountability standards consistently and comprehensively when there are reasons to do so tied tightly to financial reporting. The objective is to influence the financial reporting rules related to marketing expenditures such that financial returns from corporations will be driven and measured by buyer behavior in markets over time.

(Underway; Winer, Allen, Reibstein, TBD)