



LETTER FROM THE EDITORIAL DIRECTOR

Words or Numbers? Have it Both Ways

EARLY ON IN life, I was drawn to numbers and math. My mother worked for a Wall Street mutual fund before I was born and an uncle spent some time as a CPA, so numbers just seemed to run in our family. I have a second cousin or two doing numbers-related work these days, so the family penchant for figures continues.

But when I started high school, I fell in love with journalism. Some might call that a fatal attraction given what's happening to newspapers, and so many of my colleagues, these days.

I took advanced math classes all through high school, but by senior year my mind was made up to study journalism. When I told my college counselor, he begged me to pick numbers over words by pursuing a math-related career. But the idea of being a word guy had me, and off I went to journalism school. I didn't think I had to pick words or numbers, and I turned

out to be right. I've spent most of my career writing about business and markets, both places where knowing how to read the numbers is as important as being able to put words into coherent sentences.

That's a long way of asking you to read, and take to heart, our cover story this issue on ROMI, return on marketing investment (page 8). I know many marketers who hate talking about numbers and equally hate having to quantify the financial impact of their efforts on their employers' bottom lines. I also know a lot of people who say you can only be good at one or the other, words and creativity, or numbers. I'm here to tell you that all of that has to be rethought.

This economy has every organization looking at its bottom line daily, if not hourly. That will hopefully lessen a bit as the economy improves, but it's not going away. It's time to embrace numbers, not fear them. Start by reading our story.

On a side note, I recently took part in the **American Marketing Association's** Leadership Summit, which brings together chapter presidents. I thoroughly enjoyed meeting attendees. One message about *Marketing News* came through to me, namely that you want to read more about digital marketing. We're already discussing how to give you the news, information and analysis you need in that area. Our recent digital handbook will become an annual event, and there'll be more digital stories throughout the year, so keep reading, learning and enjoying.

Sincerely,

John N. Frank

CUTTING EDGE

EXAMINE MARKETING'S IMPACT ON STOCK VALUE

In this recession, return on marketing investment matters more than ever. So does shareholder value. Appearing in the **American Marketing Association's** *Journal of Marketing Research* next month is an article that examines these timely topics, which can prompt valuable discussion between marketers and their managers.

In light of the C-suite's increasing desire to find reasons to justify marketing spending, "Marketing and Firm Value: Metrics, Methods, Findings and Future Directions" shows how marketing creates shareholder value.

Authors Shuba Srinivasan and Dominique M. Hanssens explore marketing concepts such as brand equity, customer equity, customer satisfaction, product quality,

marketing-mix actions, and research and development, and how they impact the overall financial outlook. These marketing methods are usually slow and steady. Their immediate results may only be measured by performance metrics. But the authors defend the strategic implementation of these practices and cite study after study that show how they provide long-term financial benefit. They also define measurement methods, such as the Carhart four-factor financial model, which measures momentum, market, size and value risk factors, to prove marketing's effect on shareholder value. The article also suggests future research, including further exploration into the stock market's impact and the influence of public relations efforts on the investor community.

The authors conclude that long-term financial benefit is exactly what investors

want. They respond favorably to marketing measures that benefit their wallets tomorrow, not just today. As a result, marketers may want to incorporate consideration of investor behavior into their actions. The C-suite, in turn, should try to better understand their company's long-term marketing goals and the financial benefits they provide. A clear expression of how marketing can explicitly help achieve those dreams can enhance a company's financial viability and increase interest from investors.

Synopsis taken from research published in June in the *Journal of Marketing Research*, Vol. 46, No. 4. The original abstract is available for free online at MarketingPower.com; the full article is available at no cost to *JMR* subscribers. Non-subscribers may buy the full article online for \$24.





BOLTON ADDS THE MSI TO HER LENGTHY RESUMÉ

WHO: Ruth N. Bolton

NEW ROLE: Executive Director of the Marketing Science Institute, a Cambridge, Mass.-based nonprofit education organization that connects corporate marketing executives and academics

START DATE: July 2009

FORMERLY: Bolton was the W.P. Carey chair in marketing at Arizona State University's W.P. Carey School of Business, in Tempe, Ariz., until 2008. During her tenure there, she was an honorary professor of marketing at the University of Groningen in the Netherlands. She has been an active member of the **AMA** since 1979, serving on the board of trustees from 2005 to 2008 and as editor of the **AMA's Journal of Marketing** from 2002 to 2005.

RUTH N. BOLTON IS stepping into the leadership position of the Marketing Science Institute (MSI) at an important time in the educational organization's history.

"It turns out the MSI's 50th anniversary will be during the time I am executive director," Bolton says. "So no pressure there," she adds with a laugh.

The job is definitely a prestigious one; the MSI bridges educational opportunities and dialogue between executives of approximately 70 sponsoring corporations and researchers from more than 100 universities around the world.

But Bolton's impressive and extensive resum —all 19 pages of it, including many significant achievements—proves her appointment is more than justified.

Bolton has been a professor at nine universities, including Harvard and Vanderbilt, and has eight years of marketing leadership experience with New York-based Verizon Communications Inc. She has made copious contributions to marketing schools, organizations, journals, books and panels. For the **American Marketing Association** alone, she has served on the board of trustees and as editor of the *Journal of Marketing*, and was co-chair of the **AMA Sheth Foundation Doctoral Consortium** in 2007, among other accomplishments. Her involvement with the MSI began when she received multiple grants from the organization during the 1990s. From 2004 until 2007, she served on its board of trustees.

Bolton hopes to better position the MSI as a marketing facilitator for its academic and executive members. She anticipates a few key initiatives will be

introduced before her term ends in 2011 and is already considering 12 possibilities for further exploration. One important initiative might focus on preparing for the economic upturn, she says.

"Smart companies come out ahead and weaker companies fail and disappear, so the question is, What are the smart strategies already underway?" she says. "Our job is to identify those folks who are doing well on the member company side and identify the researchers' [interest] areas." From there, the MSI can filter both groups' findings and share the most essential lessons with members, Bolton says.

Other areas she may encourage the MSI to explore include how consumer behaviors and tastes are evolving, how to create long-standing customer relationship management in b-to-b and how marketing interfaces with operations. **m**

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