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and Society

Series Editor
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This book series will focus on the broader contributions of marketing to the firm and to society at large. It takes a focus more consistent with the original reasons the marketing discipline was founded, the creation of efficient systems through which societies provision themselves and match supply with the needs of a diverse market. First, it looks at the contribution of marketing to the firm, or more broadly, to the organization (recognizing that marketing plays a role in not-for-profit organizations, governments, and other organization, in addition to for-profit commercial businesses). Marketing plays a pivotal and unique role in the creation and management of intangible assets such as brands, customer lists and customer loyalty, trademarks, copyrights, patents, and specialized knowledge. Second, the series explores the broader contributions of marketing to the larger society of which it is a part. The societal effect of the modern firm, largely through the development of markets, can be seen in the per capita growth of GDP in Western Europe between 1350 and 1950. During this period, per capita GDP increased by almost 600%, while remaining virtually unchanged in China and India during the same period. Marketing has played an important role in the improvement of the quality of life through increasing the number, nature and variety products and services, the improvement of the quality and convenience of these product and services, and by making these products and services more readily accessible to larger numbers of persons. The series will examine ways in which marketing has been employed in the service of social welfare—to promote healthy behaviors, family planning, environmentally friendly behavior, responsible behavior, and economic development.

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David W. Stewart

Financial Dimensions of Marketing Decisions

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This book, like all books, is the result of an accumulation of experiences. While I take responsibility for the content of the book, I had considerable help in its completion. Of special note is my long association with the Marketing Accountability Standards Board (MASB), which for 15 years has championed the important and necessary links among marketing, analytics, and finance. Much of the content of this book had its genesis in my interactions with MASB project teams and attendees at MASB summits. But for my involvement with MASB, this book would not have been written.

I owe a special debt of gratitude to Margaret (Meg) Henderson Blair, with whom I cofounded MASB. Meg was passionate about the need for managerially relevant, reliable, valid, and precise measurement of marketing outcomes. Meg passed away unexpectedly in early 2018, but her legacy and devotion to marketing accountability live on. I knew Meg for over 40 years during which time she was my friend, coauthor, and mentor. Meg's thinking permeates the content of this book.

Allen Kuse, Frank Findley, and Tony Pace, all members of the MASB staff in addition to being quite accomplished marketers and marketing researchers, also played an important role in influencing the concepts offered in this book. Neal Bendle, at the Ivy School at Western University, and Jim Meier, recently retired from his role as Vice President of Marketing Finance at Miller/Coors, read and provided comments on an early draft of the book. Hugh Taylor read and provided feedback on early drafts of all the chapters and contributed examples, developed spreadsheet illustrations

of key concepts, and generally helped me polish the content of the book. Patty Biner at Loyola Marymount University tracked down the copyright permissions required. I thank her for taking on such a thankless task. The publisher of the book, Palgrave, was very helpful in making my words become a book.

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I would be remiss if I did not observe that this book was completed during a sabbatical from Loyola Marymount University and during a visit at the Leeds University Business School. I am indebted to both institutions for their support.

Finally, I thank my wife of more than 40 years, Lenora, who has supported my devotion to the hobby for which I am paid.

Leeds, UK

David W. Stewart

Praise for *Financial Dimensions of Marketing Decisions*

“The next evolution of marketing involves greater linkage of marketing activities to value creation. Dave does a great job of laying that out for marketers who are savvy enough to be early adopters.”

—Tony Pace, *President and CEO of the Marketing
Accountability Standards Board*

“Dave Stewart’s brilliant rendition of this book serves as a marketers’ guide for making the case for resources to financial decision makers. The powerful content of measuring brand value and customer value as well as managing risk, real options, and portfolio of products provides the necessary guidance for the financial decision makers. A resourceful book at a compelling time!”

—V Kumar, *Regents Professor, Richard and Susan Lenny
Distinguished Chair, and Professor of Marketing,
Georgia State University, USA*

“Successful marketers must be prepared to justify their expenditures, activities, and outcomes in terms of their contribution to the financial performance of the firm. Stewart’s book is an excellent guide for practicing marketing managers and marketing students who wish to increase their value and credibility by translating marketing actions into financial results.”

—Robert W. Palmatier, *John C. Narver Chair in Business
Administration and Professor of Marketing,
University of Washington, USA*

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Dr. Stewart has authored or coauthored more than 250 publications and 12 books. His research has examined a wide range of issues including marketing strategy, the analysis of markets, consumer information search and decision-making, effectiveness of marketing communications, public policy issues related to marketing, and methodological approaches to the analysis of marketing data. His research and commentary are frequently featured in the business and popular press. A native of Baton Rouge,

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Professor Stewart's experience includes work as a manager of research for Needham, Harper, and Steers Advertising, Chicago (now DDB), and consulting projects for a wide range of organizations. Among the organizations for which he has consulted are Hewlett Packard, Agilent Technologies, the Coca-Cola Company, Hughes, NCR, Texas Instruments, IBM, Intel, Cadence Design Systems, Century 21 Real Estate, Samsung, American Home Products, Visa Services, Xerox, the US Census Bureau, and the United States Federal Trade Commission, among others. He has served as an expert witness before the Federal Trade Commission, in United States Federal Court, and in State Courts in cases involving deceptive advertising claims and unfair business practices, in matters related to trademarks and intellectual property, and in antitrust actions. Professor Stewart has delivered executive education programs throughout the United States and in more than 20 other nations on five continents. In 1988, he was Marketing Science Institute Visiting Scholar at the General Motors Corporation.

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