BMA5529 Course Outline
Marketing Metrics – Measuring Marketing Performance

Instructor: Professor RAJIV Surendra
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Session: Term II, 2010/2011

Venue: BIZ1/3-2 - Seminar Room 3-2, Mochtar Riady Building Storey 3
Time: Sat 1:00 – 4:00 pm

Secy.: Ms. Jothi S. (Email: mktsec@nus.edu.sg)

Office Hour: By appointment

Course Overview

Quantifying the efficacy of marketing is an age-old challenge. As John Wanamaker1 said a century ago, “Half the money I spend on advertising is wasted; the trouble is I don't know which half.” However, marketing budgets are increasingly being challenged by the CEOs and the CFOs as the value of these expenditures to the organization is less than clear. As such, there is an increasing realization that the CMOs and senior marketing executives need to adopt a more quantitative methodology to the development and implementation of marketing plans and activities. They need to not only be able to explain their plans but also justify the strategy, tactics and outcomes with hard numbers. They must realize that numbers and analytics increasingly represent the language of business that they need to get attuned to.

This course provides rigorous tools and approaches to measure the effectiveness of marketing expenditures that can help marketing managers make better investments to get more "bang" for the buck. The course provides a sophisticated framework to quantify the impact of various marketing efforts, with special attention to assessing both their short-term and long-term implications. We will also explore how traditional marketing measures — such as awareness,

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1 John Wanamaker (1838-1922) was a United States merchant and political figure, generally considered to be the father of modern advertising. Wanamaker's department store was the first department store in Philadelphia, Pennsylvania, and one of the first department stores in the United States. In 1995, the Wanamaker's chain was absorbed into Hecht's (now Macy's). Wanamaker pioneered several retail practices that are now ubiquitous. Wanamaker's guaranteed the quality of its merchandise in print, allowed its customers to return purchases for a cash refund and offered the first restaurant to be located inside a department store. Wanamaker also invented the price tag.
preference, loyalty, customer satisfaction, distribution levels, and market share — are linked to financial outcomes.

The central theme of this course is what to measure and how to measure, when assessing the effectiveness of marketing strategy and tactics. Evaluation and control are essential strategic marketing processes and the basis of evaluation and control is measurement. We will examine such questions as:

- How will a price cut affect sales? Where is the incremental sales coming from?
- What are the long term effects of sales promotions?
- What is the lifetime value of a customer?
- What will be the effect on total firm profit from eliminating the poorest performing customers?
- How to measure customer satisfaction and brand attitudes?
- How much will sales have to increase to justify expanding the sales force?
- What are the effects of advertising?

The course will also focus on performance “dashboards”, which allow executives to monitor, analyze and manage the business. Dashboards can be both tactical and strategic in their orientation, but always involve collecting and summarizing data, preparing key performance indicators (KPI’s), and bringing this information together in a form relevant to marketing decisions on an ongoing basis.

The set of topics covered in the course include:

- Understanding primary and advanced marketing metrics
- Developing tools to assess the effectiveness of marketing programs, including ROMI (Return on Marketing Investment)
- Determining the drivers of customer acquisition and customer retention
- Understanding the role of intangible assets, such as Brand Equity and Customer Equity
- Web Analytics and Metrics for Social Media Marketing
- Developing a marketing dashboard, or set of metrics specific to an organization or industry
- Defining data input sources for computing various metrics

### Course Pedagogy & Reading Material

Class sessions will consist of case discussions, in-class exercises, lectures and group presentations. There will also be some guest speakers who will share industry best practices and other practical considerations that you should appreciate while putting the framework developed in this course.


Additional reading materials and cases will be distributed in class (copyrighted material) and/or will be available on IVLE.
Course Objectives, Expectations & Assessment

Learning Objectives

- Develop a toolkit of marketing metrics that will enable managers to apply the right metrics at the right time. Also, to be able to apply and understand the relevance of these metrics in the context of current / recent real world cases.
- Learn how to develop and interpret company / marketing performance dashboards, which require that managers keep the big picture in focus, while simultaneously being able to go deep into any particular (quantitatively-based) performance metric.

Expectations from Participants

- Come to each class well prepared to be able to discuss the required readings and assigned cases in detail.
- Actively participate in lectures as much of the learning will come from discussions during class. Display a name sign in all lectures!
- Internalise the concepts covered in the course, and be able to creatively use them in an applied context. This course is all about understanding and application to the real world.
- ‘House Rules’ for everyone to follow:
  - Do not come late for class
  - Switch off your pager and/or hand phone during class
  - Do not pack up your notes until class is dismissed
  - Do not talk while fellow students are presenting or asking questions
  - Respect everyone’s opinion

Method of Assessment

During the course, the students will be evaluated based on their performance in each of the following activities:

- **Individual Component:** 55%
  - Class Participation\(^2\) 10%
  - Mid-term Exam 15%
  - End-term Exam 30%

- **Group Component:** 45%
  - Home Works (7.5%×2) 15%
  - Case Analysis Report (10%×3)\(^3\) 30%

\(^2\) It is the quality of your thoughts/ideas rather than the quantity of airtime that matters!
\(^3\) There are 4 cases due for “Case Analysis Reports” that need be submitted. Your 3 best marks on these reports will count towards the final grades. However, you must submit all 4 case reports.
Brief Outline of Lectures

MODULE I: Fundamentals of Marketing Effectiveness Measurement
- Session 1A: Review of Marketing Management 101 & Course Overview
- Session 1B: Marketing Metrics – The “Big Picture”

MODULE II: Financial Perspective Metrics
- Session 2A: Metrics that interests CEOs and CFOs
  - ROI, ROMI, and NPV (Ch 10)
- Session 2B: Metrics that interests Accounts/Finance Departments
  - Margins and Profits, Break-Even Analysis (Ch 3)

MODULE III: Customer Perspective Metrics
- Session 3: Traditional Metrics that interests CMOs
  - Share of Hearts, Minds and Markets (Ch 2)
- Session 4: Customer Profitability Metrics I (Ch 5)
  - Customer Lifetime Value
- Session 5: Customer Profitability/Value Metrics II
  - Customer Equity and Firm’s Valuation

MODULE IV: Brief Overview of Marketing Analytics
- Session 6A: Basics of Market Response Modeling
- Session 6B: Marketing-Mix and Resource Allocation Decisions (includes Guest Lecture)

MID-TERM
- Session 7A: Mid-Term Quiz (1½ hour; closed book, closed notes)

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4 Detailed Lecture Outline (with cases and additional readings for each session) will be provided separately.
5 Chapters refer to chapter numbers of the required textbook “Marketing Metrics: The Definitive Guide to Measuring Marketing Performance”. You must read the assigned chapters before coming to class as we will discuss in-class problems and cases using concepts covered therein.
MODULE IV: Marketing Activities Perspective Metrics

- Session 7B: Metrics for Product/Brand Management (Ch 4)
- Session 8: Business Stability/Growth Perspective Metrics (Ch 4)
- Session 9: Metrics for Sales Force and Channel Management (Ch 6)
- Session 10: Metrics for Pricing Strategy (Ch 7)
- Session 11: Metrics for Marketing Campaign Profitability Management (Ch 8)
- Session 12: Web Metrics and Social Media Marketing (Ch 9) (includes Guest Lecture)

MODULE V: System of Metrics & Marketing Dashboards (Ch 11 & 12)

- Session 13A: Linking Marketing Metrics to Financial Performance
- Session 13B: Creating and Using Marketing Dashboards
- Session 14A: Case Study using IBM’s Cognos Dashboard (Guest Lecture)

END-TERM

- Session 14B: End-Term Review and Q&A
- Exam Week: In-Class End-Term Exam (2½ hour; closed book, closed notes)