

Marketing Metrics: making the most of them

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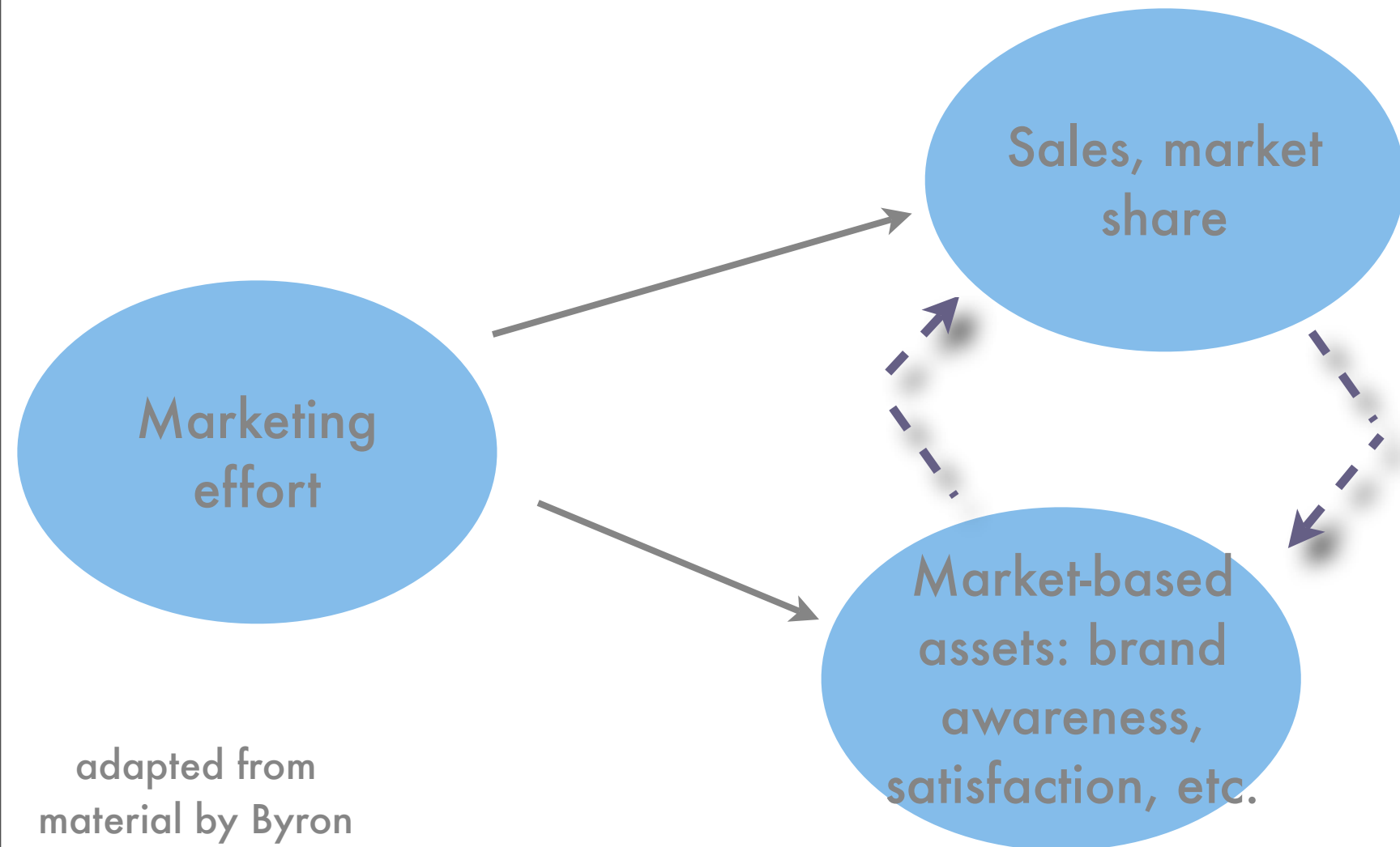
St George Bank

....and more

Purpose of my presentation

- Quick overview of the issues
- Common metrics
- Some measures better than others
- Interpretation

Metrics: what are we trying to do ?



adapted from
material by Byron
Sharp (his was
clearer)

The thinking

- Marketing effort results in some response
- But sales and market share are not enough, so also measure some intermediate variables
- Amalgamate into overall picture of brand equity / brand health
- Which feeds into a \$\$\$\$ brand valuation

Estimating ROMI

The four curses:

random sampling fluctuation

imperfections in the relationships

measurement error

mis-interpretation

We can do better at measurement and interpretation

Most common metrics

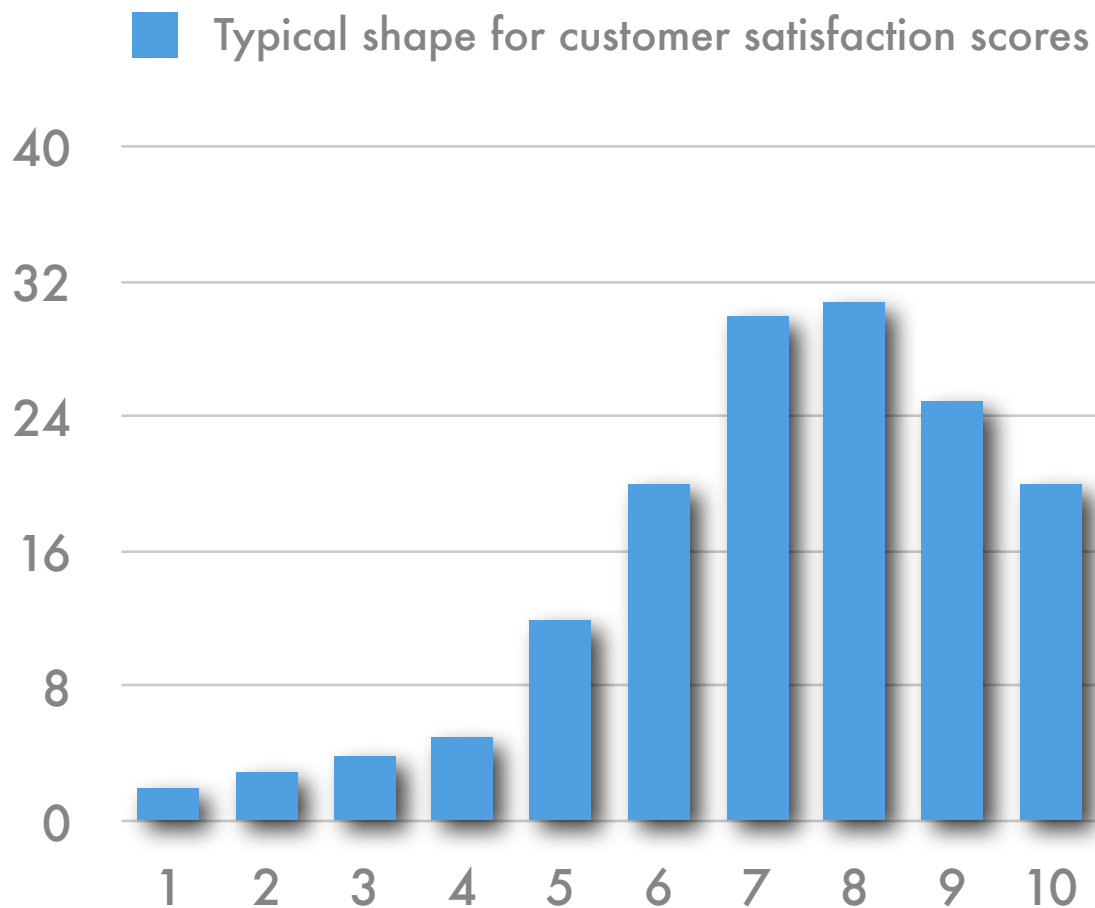
(these are what I'll talk about)

- Customer satisfaction
- Loyalty
 - Share of wallet, repeat-purchase rate, defection rate, % solely loyal, etc.
- Purchase intentions
- Brand awareness; or Brand Salience (mind share)
- Willingness to pay / recommend; perceived value

Informed Interpretation of metrics

- First, lets talk customer satisfaction
- Chances are you get about 7.5 out of ten for customer satisfaction

Customer satisfaction



Generally,
customers are
pretty satisfied.

Mostly, your
customers will be
more satisfied
with you than the
competition - the
"customer list"
problem

Customer satisfaction - comparisons

- Too much worry over minor differences to competitors !
- Scores are mostly stable over time
- Little correlation with later performance. For example banks v credit unions - banks score lower but stay bigger
- The best 'return on investment' would involve (a) *thinking about how much 'headroom' there is* (b) *monitor exceptions* and (c) *use as a communication forum to staff*

Loyalty

- Talk about hype !
- First - lets' talk behavioural loyalty: purchase rate, etc.
- *The big difference between brands is size not loyalty*
- *Differences in loyalty are in-line with brand share*

Example (I have dozens showing the same pattern):
Deodorants, UK: courtesy TNS

Brand	Mkt share	No. times bought
Sure	16	2.8
Lynx	14	2.7
Impulse	8	2.7
Rightguard	7	2.5
Dove	6	2.4
Adidas	3	2.3

market share varies a lot, loyalty doesn't vary much

Take-out

- take market share into account when monitoring loyalty levels
- refrain from setting ambitious loyalty goals !!

Purchase intentions

- Intentions shown to be poor predictor of later behaviour
- Do you *intend* to get sunburned this summer ?
- What is the *probability* you will get sunburned this summer ?
- The “Juster probability scale” found to be a better predictor of later behaviour

To better measure future behaviour

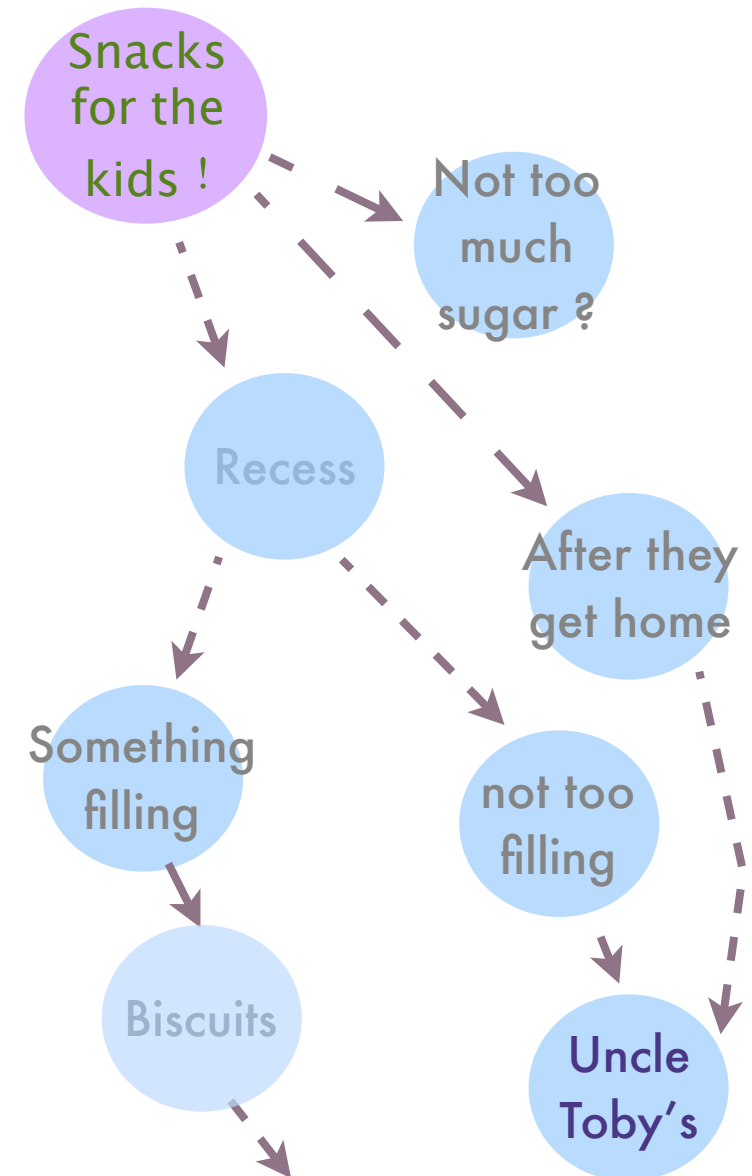
(% buying, % leaving, etc)

- You should use this
- It's more accurate
- Mean score is interpretable

	Scale value
No chance, almost no chance (1 in 100)	0
Very slight possibility (1 in 10)	1
Slight Possibility (2 in 10)	2
Some Possibility (3 in 10)	3
Fair Possibility (4 in 10)	4
Fairly good possibility (5 in 10)	5
Good possibility (6 in 10)	6
Probable (7 in 10)	7
Very probable (8 in 10)	8
Almost sure (9 in 10)	9
Certain, practically certain (99 in 100)	10

Brand awareness v Salience

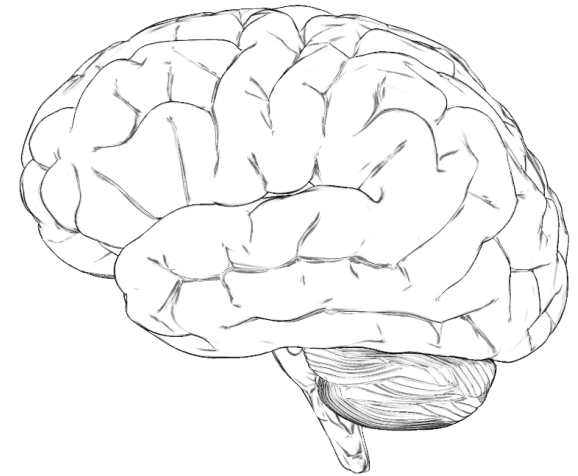
- Awareness is a long-used measure
- But - retrieval of information from memory comes from a range of cues. Cues influence the flow.
- Think *buying cues* and how your brand is linked to them. This is 'share of mind' or what we call **brand salience**.



How many memory routes lead to your brand ?

Brand Salience

- Measure how often the brand is retrieved from memory given a range of cues ... compared to other brands
- its “share of mind”
- Over many studies, we have found brand salience to predict future behaviour



think of your advertising as building routes to your brand from as many start points as possible

Willingness to recommend

- This is often a feature of brand tracking / customer satisfaction studies
- “how willing would you be to recommend brand X to friend”
- answer: most people say yes.
- This is WRONG and gives a false picture
- it disregards the fact that sitting around recommending brands to each other is rare ...

The more appropriate measure

- Have you mentioned brand X to any colleagues or friends recently ?
- Positive or Negative ?
- This actually gets to the issue which is the actual *incidence* of recommendation / word of mouth

New evidence on word of mouth

- Satisfaction is said to lead to customer longevity and positive word of mouth
- But
- *extremely* weak correlations between satisfaction, retention and recommendation
- To get positive word of mouth, do things that are a bit newsworthy

Summary

- Many metrics are important. This presentation points out that some ways of measuring are better.
- Many marketing metrics are prone to misinterpretation. Cannot necessarily interpret using the intuitive meaning.
- Allow for usage / share effects, to properly interpret and calibrate marketing objectives.

further information ?

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