Marketing Metrics: How Can CLE Professionals Measure the Success of Their Efforts?

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Ronald C. Goodstein is an Associate Professor of Marketing at Georgetown University's McDonough School of Business. Dr. Goodstein is on the executive education staff of both the McDonough School of Business, the Georgetown Center for Professional Development, and is an invited professor to several other prestigious executive programs around the world.

Ron's executive teaching and consulting are in the areas of customer focus, building long-term customer partnerships, strategic marketing management and positioning, building and managing brand equity, integrated marketing communications, and marketing metrics. His work in these areas has been taught to some of the world's leading companies. This list includes Microsoft, Dow, CR Bard, Amoco, Shell Oil, HSBC, Credit Suisse, Lexis/Nexis, M&M Mars, Kimberly-Clark, Siemens AG, Lincoln Financial, The World Bank, DPC (now a division of Siemens medical), and many other Fortune 500 firms. He has also served as an expert in these domains to several prominent law firms, including his most recent work with Williams & Connolly, Gibson, Dunn, & Crutcher, and Crowel & Moring in Washington, DC, and in his advisement work to Prophet and Vivaldi brand Leadership (brand consulting management firms).

Dr. Goodstein's research in these same areas has been published in such prestigious journals as the Journal of Consumer Research, Journal of Marketing Research, Journal of Marketing, Journal of Public Policy & Marketing, and Pricing Strategy and Practice. Dr. Goodstein serves on the editorial boards of the Journal of the Academy of Marketing Science, the Journal of Retailing, and Marketing Letters. He is also on the Board of Advisors for the Institute for Brand Management. In 2004 he was awarded the American Marketing Association of DC's prestigious "Hall of Fame" award for his marketing teaching and practice in the metropolitan area. Dr. Goodstein received his B.S., with honors, in marketing and organizational management from the University of Virginia in 1982. He earned his Ph.D. in Marketing from Duke University in 1990.
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(To fit in…)
Determining ACLEA’s Success

Marketing\textsubscript{success} = f(\text{SW}^2\text{C})

The Value of the Relationship

- Who do we target?
- What segments are most profitable?
- What value propositions can we fulfill?
- What is the best segmentation strategy for our industry?
- What is the best channel for each segment?
- What is the acquisition cost for a channel/segment?
- Do certain channels deliver certain types of customers?
- Cost effective acquisition?
- How can we improve retention?
- What is our average customer relationship length?
- How can we hold customer for as long as possible?
- What is the most cost effective method of retention?
- How many products does our average customer buy?
- How can we partner with our current base to expand mutual value?
- Who are the prime targets for expansion?
- What is the cost of expansion?
Circles for success

ACLEA

Competitors

Customers

Step 1

ACLEA
Step 2

Competitors

Step 3

Customers
Step 4: Competitive Benchmarking

- ACLEA
- Competitors
- Benchmarking
- Customers

Step 5: Customer Benchmarking

- ACLEA
- Competitors
- Customers
- Focus
- Educate
So, how do customers think?

The Kano Model

Typical Measures: NPS

"Would you recommend ___ to a friend?"

Net Promoter Score = %Promoters - %Detractors
NPS & Satisfaction

- Zone of Indifference
- Zone of Affection
- Zone of Defection

Retention Rate (%) vs. Satisfaction Score

- Detractor
- Zone of Indifference
- Advocate

Promoters versus Detractors

- Additional Lifetime NPV relative to a Passive ($)
- $118
- Negative WoM
- Positive WoM
- Spend
- Cost to serve
- Tenure

Note: Lifetime value of a Passive is ~$210. 10% cost of capital used for NPV calculation. Consumers segment only (excludes business and government customers).

Sources: Satmetrix & Bain - xxx consumers survey Nov 2004 (n=226), See assumptions and methodology
Do you bring value?

What's in it for me? Why is yours better? What are my costs of making it useful? What does it cost? What might go wrong? What are my costs of making it useful? Why should I believe you? Who else (ecosystem) believes you?

Then bring it on!
Measuring your effectiveness

- **Awareness**
  - B&D: 98%
  - Makita: 90%
  - Milwaukee: 95%

- **Preference**
  - B&D: 44%
  - Makita: 67%
  - Milwaukee: 80%

- **Market Share**
  - B&D: 9%
  - Makita: 50%
  - Milwaukee: 10%

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B&D Example

**Before:**

<table>
<thead>
<tr>
<th></th>
<th>B&amp;D</th>
<th>Makita</th>
<th>Milwaukee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awareness</td>
<td>98%</td>
<td>90%</td>
<td>95%</td>
</tr>
<tr>
<td>Preference</td>
<td>44%</td>
<td>67%</td>
<td>80%</td>
</tr>
<tr>
<td>Market Share</td>
<td>9%</td>
<td>50%</td>
<td>10%</td>
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</tbody>
</table>

**After:**

<table>
<thead>
<tr>
<th></th>
<th>DeWalt</th>
<th>Makita</th>
<th>Milwaukee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awareness</td>
<td>70%</td>
<td>90%</td>
<td>95%</td>
</tr>
<tr>
<td>Preference</td>
<td>63%</td>
<td>67%</td>
<td>80%</td>
</tr>
<tr>
<td>Market Share</td>
<td>40%</td>
<td>28%</td>
<td>10%</td>
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</table>
### Generalized Funnel Analysis

<table>
<thead>
<tr>
<th>Metric</th>
<th>Objective</th>
<th>Cause</th>
<th>Marketing Mix</th>
<th>Action example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awareness</td>
<td>Reach Customer</td>
<td>Targeting, Media &amp; Frequency</td>
<td>Advertising &amp; Communication</td>
<td>New and targeted media</td>
</tr>
<tr>
<td>Preference</td>
<td>Manage Perception</td>
<td>Poor positioning, poor communication</td>
<td>Positioning: Consideration &amp; KBFs</td>
<td>Demon, evidence-based advertising</td>
</tr>
<tr>
<td>Trial</td>
<td>Increase trial and penetration</td>
<td>Not available; Sticker shock</td>
<td>Distribution, Pricing, Communication</td>
<td>Trial Kits or Samples</td>
</tr>
<tr>
<td>Adoption</td>
<td>Increase repeat purchase, NPS</td>
<td>Poor consumption experience</td>
<td>Product Quality, Product &amp; Retail experience</td>
<td>Merchandising, POS materials</td>
</tr>
</tbody>
</table>

### Taking it home… An offer.

- Your job…
- Target
- Key drivers
- Objective(s)
- Measurement

*An offer you can’t refuse.*