

# **MARKETING METRICS**

**FOURTH EDITION**

## **THE MANAGER'S GUIDE TO MEASURING MARKETING PERFORMANCE**

Neil T. Bendle

Paul W. Farris

Phillip E. Pfeifer

David J. Reibstein

Pearson

# CONTENTS

<b>Acknowledgments .....</b>	<b>xiii</b>
<b>About the Authors .....</b>	<b>xv</b>
<b>Foreword.....</b>	<b>xvii</b>
<b>Foreword to the Fourth Edition.....</b>	<b>xix</b>
<b>Chapter 1: Introduction.....</b>	<b>1</b>
1.1    What Is a Metric?.....	1
1.2    Why Do You Need Metrics?.....	1
1.3    Marketing Metrics: Opportunities, Performance, and Accountability.....	2
1.4    Choosing the Right Numbers.....	3
1.5    What Are We Measuring?.....	3
1.6    Value of Information.....	5
1.7    Mastering Metrics.....	7
1.8    Where Are the “Top Ten” Metrics?.....	7
1.9    What Is New in the Fourth Edition?.....	9
1.10    New Developments in the World of Marketing Metrics.....	10
<b>Chapter 2: Share of Hearts, Minds, and Markets.....</b>	<b>19</b>
Introduction.....	19
2.1    Market Share.....	24
2.2    Relative Market Share and      Market Concentration.....	27
2.3    Brand Development Indexand Category Development Index.....	31
2.4    Penetration.....	33
2.5    Share of Requirements.....	36
2.6    Usage Index.....	40
2.7    Awareness, Attitudes, and Usage (AAU): Metrics of the Hierarchy of Effects.....	44
2.8    Customer Satisfaction and      Willingness to Recommend.....	49
2.9    Net Promoter.....	53
2.10    Willingness to Search.....	55
2.11    Neuroscience Measures.....	57

<b>Chapter 3: Margins and Profits.....</b>	<b>67</b>
Introduction.....	67
3.1 Margins.....	71
3.2 Prices and Channel Margins.....	77
3.3 Average Price per Unit and Price per Statistical Unit.....	87
3.4 Variable Costs and Fixed Costs.....	93
3.5 Marketing Spending—Total, Fixed, and Variable.....	99
3.6 Break-Even Analysis and Contribution Analysis.....	104
3.7 Profit-Based Sales Targets.....	108
<b>Chapter 4: Product and Portfolio Management.....</b>	<b>113</b>
Introduction.....	113
4.1 Trial, Repeat, Penetration, and Volume Projections.....	116
4.2 Growth: Percentage and CAGR.....	129
4.3 Cannibalization Rates and Fair Share Draw.....	134
4.4 Brand Equity Metrics.....	140
4.5 Conjoint Utilities and Consumer Preference.....	149
4.6 Segmentation Using Conjoint Utilities.....	154
4.7 Conjoint Utilities and Volume Projection.....	157
<b>Chapter 5: Customer Profitability.....</b>	<b>159</b>
Introduction.....	159
5.1 Customers, Recency, and Retention.....	162
5.2 Customer Profit.....	167
5.3 Customer Lifetime Value.....	172
5.4 Prospect Lifetime Value Versus Customer Value.....	178
5.5 Acquisition Versus Retention Cost.....	182
<b>Chapter 6: Sales Force Management.....</b>	<b>185</b>
Introduction.....	185
6.1 Sales Force Coverage: Territories.....	187
6.2 Sales Force Objectives: Setting Goals.....	190
6.3 Sales Force Effectiveness: Measuring Effort, Potential, and Results.....	194
6.4 Sales Force Compensation: Salary/Reward Mix.....	198
6.5 Sales Force Tracking: Pipeline Analysis.....	201
<b>Chapter 7: Channel Management.....</b>	<b>207</b>
Introduction.....	207
7.1 Numeric, ACV and PCV Distribution, Facings/Share of Shelf.....	210
7.2 Supply Chain Metrics.....	217
7.3 SKU Profitability: Markdowns, GMROI <sub>II</sub> , and DPP.....	223

1A	Online Distribution Metrics.....	228
7.5	Combining Search and Distribution.....	230
7.6	Understanding Channel Dependencies.....	231
<b>Chapter 8: Pricing Strategy.....</b>		<b>235</b>
	Introduction.....	235
8.1	Price Premium.....	238
8.2	Reservation Price and Percent Good Value.....	242
8.3	Price Elasticity of Demand.....	248
8.4	Optimal Prices and Linear and Constant Demand Functions.....	255
8.5	Own, Cross, and Residual Price Elasticity.....	268
<b>Chapter 9: Promotion.....</b>		<b>279</b>
	Introduction.....	279
9.1	Baseline Sales, Incremental Sales, and Promotional Lift.....	282
9.2	Redemption Rates, Costs for Coupons and Rebates, and Percentage Sales with Coupon.....	290
9.3	Promotions and Pass-Through.....	293
9.4	Price Waterfall.....	296
<b>Chapter 10: Advertising and Sponsorship Metrics.....</b>		<b>303</b>
	Introduction.....	303
10.1	Advertising: Impressions, Exposures, Opportunities-to-See (OTS), Gross Rating Points (GRPs), and Target Rating Points (TRPs) .....	307
10.2	Cost per Thousand Impressions (CPM) Rates.....	312
10.3	Reach, Net Reach, and Frequency.....	314
10.4	Frequency Response Functions .....	318
10.5	Effective Reach and Effective Frequency .....	323
10.6	Share of Voice.....	325
10.7	Advertising Elasticity of Demand .....	327
10.8	Return on Advertising Spend (ROAS).....	332
10.9	Equivalent Media Value from Sponsorship .....	334
10.10	Sponsorship ROI .....	336
<b>Chapter 11: Online, Email, and Mobile Metrics.....</b>		<b>341</b>
	Introduction.....	341
11.1	Impressions and Pageviews.....	345
11.2	Media Display Time and interaction Rate.....	348
11.3	Clickthrough Rates.....	351
11.4	Cost per Impression, Cost per Click, and Cost per Order.....	355
11.5	Visits, Visitors, and Abandonment.....	360

11.6	Bounce Rate (website).....	364
11.7	Social Media Metrics: Friends/Followers/Supporters/Likes.....	367
11.8	Downloads.....	370
11.9	Mobile Metrics.....	372
11.10	Email Metrics.....	374
<b>Chapter 12: Marketing and Finance.....</b>		<b>377</b>
Introduction.....		377
12.1	Net Profit and Return on Sales.....	380
12.2	Return on Investment.....	382
12.3	Economic Profit—EVA.....	383
12.4	Evaluating Multi-period Investments.....	386
12.5	Marketing Return on Investment.....	390
12.6	Financial Market Measures.....	397
12.7	Combined Market and Accounting Measures.....	399
<b>Chapter 13: The Marketing Metrics X-Ray and Testing.....</b>		<b>403</b>
13.1	The Marketing Metrics X-Ray.....	403
13.2	The Value of Information.....	412
13.3	Testing.....	414
<b>Chapter 14: System of Metrics.....</b>		<b>421</b>
14.1	Modeling Firm Performance.....	421
14.2	Three Reasons for Using Systems of Identities in Marketing.....	424
14.3	Marketing Mix Models: Monitoring Relationships Between Marketing Decisions and Objectives.....	429
14.4	Related Metrics and Concepts.....	433
<b>Bibliography.....</b>		<b>435</b>
<b>Endnotes.....</b>		<b>439</b>
<b>Index.....</b>		<b>447</b>

## Register Your Book

Register your copy of *Marketing Metrics* at [informit.com](http://informit.com) for convenient access to downloads, updates, and corrections as they become available. To start the registration process, go to [informit.com/register](http://informit.com/register) and log in or create an account. Enter the product ISBN **9780136717133** and click Submit. Once the process is complete, you will find any available bonus content under “Registered Products.”