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MARK310

What is a marketing metric and how can they be constructed from marketing information?

A. Bendle *et al.* (2016, p1) defines a metric as "a measuring system that quantifies a trend, dynamic, or characteristics." A Marketing Metric is a quantifiable measure that's used to evaluate and assess marketing performance and effectiveness. Marketing metrics can be created from marketing information by identifying key data points related to the specific marketing task being analysed and creating them into measurable indicators. For example, metrics like customer satisfaction scores, sales revenue, and ROI (return on investment) can all be created through data collection from financial reports, sales records, and customer surveys.

What marketing information is required to construct marketing metrics?

B. Marketing metrics can be constructed with the use of different marketing information that is usually collected in datasets. Some examples of the types of marketing information used are – Market info, Financial info, Sales info, Customer info, Product info, and various Promotional info. Some examples of Market info are market segmentation, industry trends, and competitor performance. Financial info can be an organizations ROI along with their profits & costs. Sales info consists of revenue data, market share, and share volume data. Customer information regards demographics, customer purchase history, and customer feedback. A company's promotional data includes advertising costs, analytics of their campaign reach, and response rate records. Lastly is product analysis. This is regarding product quality metrics, product performance, and what stage a product is in its Lifecyle.

How do marketing metrics assist an organisation make decisions?

C. Marketing metrics assist organizational decision making in many ways. Using data analysis, organizations can Identify different opportunities, emerging market trends and customer trends. The continuous tracking of metrics enables for the measurement of ROI in marketing strategies and gives direction to where future investments should be made. Another key use of metrics is for monitoring organizational performance. By tracking metrics over a timeseries, marketing strategies can be assessed for efficiency and adjustments can be made accordingly. In addition to marketing strategies, overall

performance can also be assessed allowing for the comparison of industry competitors and the facilitation of continuous improvements on performance baselines.

Tom & Jerrianne operate two small coffee shops. One shop is located in Wollongong and the second shop is located in Kiama.

They have asked you to determine what KPIs they should be measuring to inform their ongoing business strategy decisions.

Indicate what KPIs you suggest Tom & Jerrianne should be measuring – justify your answer.

A. To address Tom & Jerrianne's ongoing business strategy decisions, they should be measuring various KPI's such as Sales Revenue, Foot Traffic, Customer Retention Rate, and the customers average transactions values.

Sales revenue will be the most important KPI to track due to being able to visualize the total revenue generated by each coffee shop and understand profits and growth over a time series.

Foot traffic will be useful in understanding how many customers visit each coffee shop and inferences can be made upon which locations and marketing strategies are performing best.

Customer loyalty and relationships are vital to the longevity of each coffee shop and should be continuously measured to ensure that customers return to their shops for their choice of coffee. This is achieved through measuring the KPI: Customer Retention Rate.

In addition to customer loyalty, the customer lifetime value (CLV) is just as important. CLV is a "forward-looking estimate of direct customer value" (Kumar, 2018, p1). This can be monitored by figuring out what the 'annual margin' is and multiplying it by ('the customers retention rate' divided by (1 plus the 'per period discount factor' minus the 'retention rate') . Once we obtain this CLV we can now look at "the present value of the future cash flows attributed to the customer relationship" (Bendle *et al*., 2016, p159).

If Tom and Jerrianne can upkeep the monitoring of the above listed KPI's they will be able to visualize shop performances and customer satisfaction. Customer satisfaction is an additional KPI and can be measured by obtaining feedback from patrons and based on their satisfaction levels improvements of service quality can be identified & implemented to better reinforce their customer loyalty at both coffee shops in Wollongong & Kiama.

Wesfarmers is a large Australian company.
Bunnings Warehouse is one of their brands.
You have just been recruited to join Bunnings Warehouse as their Marketing Effectiveness Manager – congratulations!
You have been asked by your CEO to design a process to identify the 'brand equity' of Bunnings Warehouse.

What is brand equity?

A. Brand equity is the brands' perceived value of their reputation and customer loyalty. Brand equity can represent a brands power and influence in their marketplace and has an impact on the consumers behaviour and purchasing decisions. It is important to understand how much control a brand has over its market. "This is the organisation's market share divided by the largest competitor's market share. This can be calculated based on revenue or units sold and provides an assessment of comparative market strength" (Bendle *et al.*, 2016). This is a organizations relative market share.

What is your response to the Manager?

B. In response to designing a process to identify the 'brand equity' of Bunnings Warehouse I would suggest the following to the CEO:

I would first suggest that we look and analyse the market. We can do so by monitoring the market share of bunnings warehouse and its competitive positioning against other competitors to get a better idea of our strengths and weaknesses that are present in the market. The Market Share % can be found by multiplying the "Penetration Share %" by the "Share of requirements %" times the "Usage Index %" (*Bendle et al., 2016*). Further market research will provide us with market trends, competitive benchmarking, and identification of opportunities for growth.

After the market is analysed, we must calculate Bunnings Warehouse brand valuation metrics. This can be done through measuring our brand value and brand equity-to-revenue ratio so that we can quantify the financial impact of the bunnings brand on the organization's overall customer perceived value. By figuring out what the relationship between brand equity and revenue is, we will be able to perceive Bunning Warehouses' contribution to Wesfarmers marketing strategic objectives.

Additionally, consumer insights must be made. We should be conducting brand awareness surveys among our consumers to better understand the recognition and familiarity of Bunnings Warehouse. This can be created through assessing recall rates, brand association metrics, and aided vs unaided brand awareness measurement.

Bendle *et al.* (2016) identifies four specific metrics that they relate to 'awareness'. These are awareness, top-of-mind, ad awareness and knowledge. All of these metrics are constructed from surveys that collect quantitative data. We can also better understand the consumer by analysing customer loyalty and satisfaction metrics though "Net Promoter Score's", customer retention rates, and frequency of repeat purchases so that there is a better understanding of the relationship they hold with the Bunnings.

Critique the ChatGPT commentary of the 'If you can't measure it, you can't manage it' statement.

A. The ChatGPT commentary of the statement 'If you can't measure it, you can't manage it' puts emphasis on the importance of being able to measure different aspects of an organization so that it can managed effectively. It is highlighted that measurement provides clarity regarding strengths and weaknesses, setting goals, monitoring progress, promoting accountability, and facilitates data-driven decision making. At the end of ChatGPT's commentary it also highlights that there are limitations to measurement, particularly in capturing the qualitative aspects of management that may be more subjective in nature.

Discuss the statement 'If you can't measure it, you can't manage it' in relation to marketing effectiveness for Coles, Australia.

B. The statement 'If you can't measure it, you can't manage it' in relation to marketing effectiveness for Coles highlights the importance of quantifying measurements to assess marketing performance to drive strategic decision-making strategies. Key marketing metrics will be vital for Coles to implement so that they can gain insight into the effectiveness of the marketing strategies and furthermore make data-driven decision making to escalate customer engagement, brand performance, and achieve business objectives.

To drive marketing effectiveness, Coles should participate in the recording of many metrics such as Market Share, Sales Revenue, Customer Retention Rate, Customer Acquisition Costs, and their Brand Perception. Constant monitoring of the Market Share will keep Coles up to date with their competitor's performance and will assist in

strategizing how they can outperform and penetrate the market. Sales Revenue will also be vital to keep up to date with as the constant monitoring of sales revenue and growth will be key in evaluating their current and future marketing strategy effectiveness. Customer metrics such as Retention Rate and Acquisition Costs will assist in maintaining customer relationships and optimization of Marketing efforts. Effective strategies to retain customers can be determined by assessing the percentage of customers that make repeat purchases from Coles. When acquiring new customers Coles must evaluate the marketing costs associated with different marketing initiatives and determine what strategies are best to maximise ROI and future marketing spends. A final metric, Brand Perception, should be measured through surveys distributed to customers at checkout. These surveys will aim to gather feedback regarding the customers perception of Coles as a brand.

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