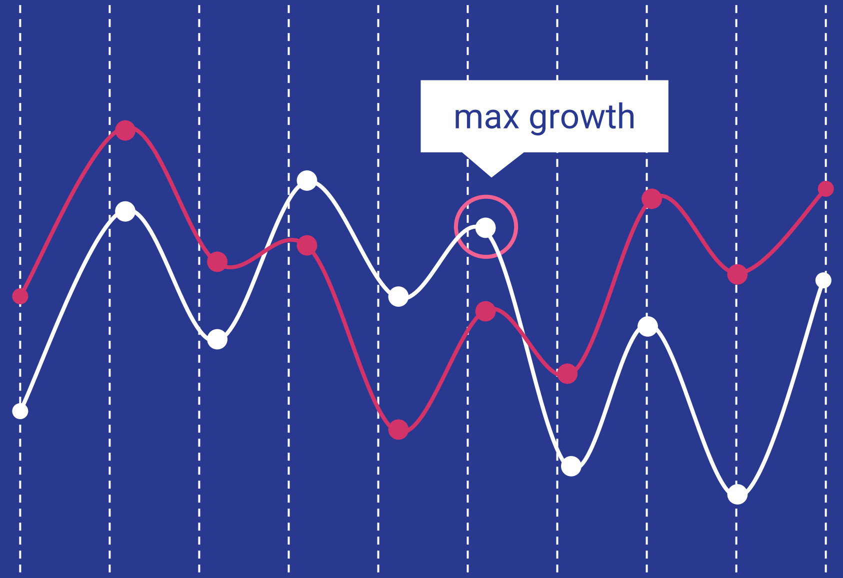
Foundation of Marketing Analytics



By Prof.Vishal Chugh

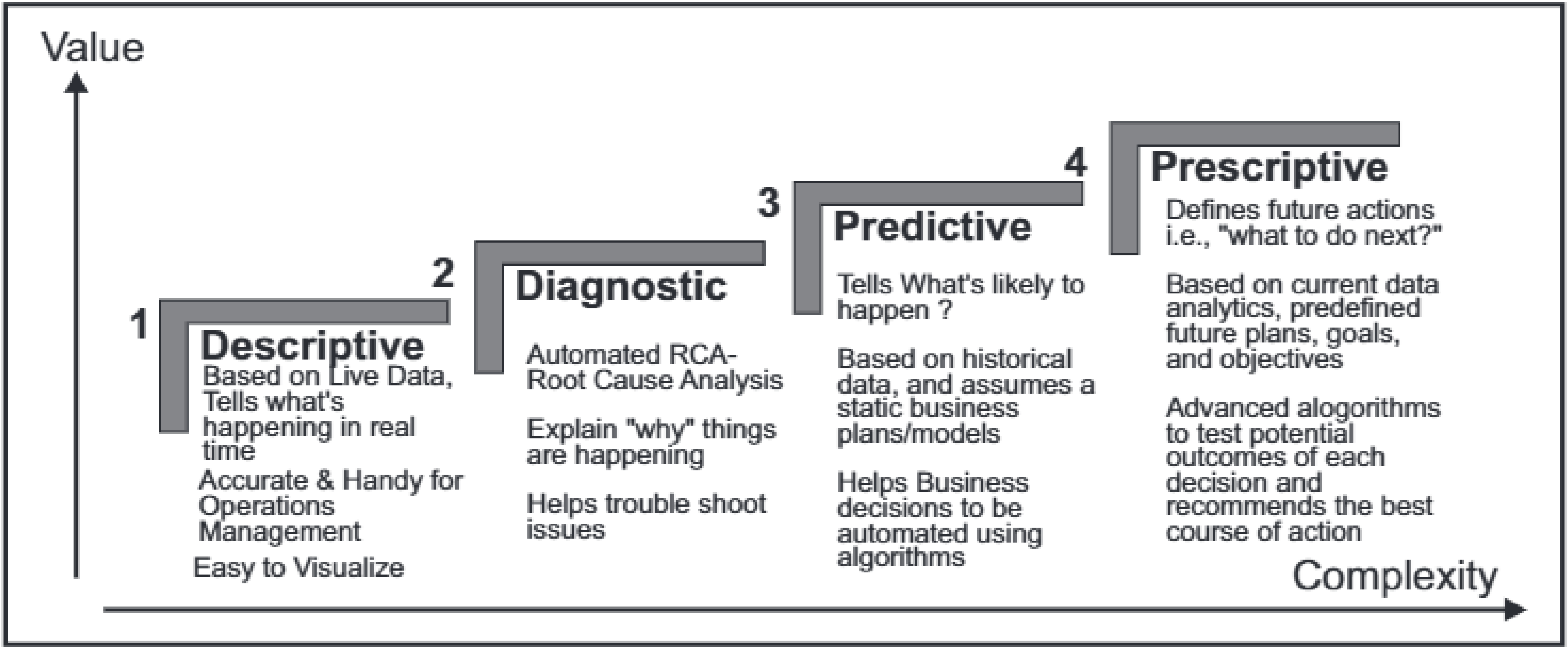
What is Marketing Analytics?

It refers to the process of measuring, managing and analyzing marketing performance to maximize its effectiveness and optimize return on investment (ROI)

Resources/Tools Used

Power BI Desktop

Types of Data Analysis



Scope of Marketing Analytics

Scope of Marketing Analytics

Customer Analytics

Understanding customer demographics, customer preferences, behaviour and Life-Time Value

Campaign Analytics

Measuring the effectiveness of advertising campaigns (Online and Offline) and optimizing marketing strategies

Sales Analytics

Tracking customer journey, conversion rates and sales trends

Scope of Marketing Analytics

Digital Analytics

Analyzing website traffic, social media engagement, email performance, SEO/SEM effectiveness and online advertising

Market Segmentation

Dividing the target market into distinct groups to customize marketing strategies

Brand Analytics

Monitoring Brand Awareness, reputation and customer sentiment

Scope of Marketing Analytics

Predictive Analytics

Using historical data to predict future customer behaviours, market trends and sales forecasts

Pricing & ROI

Analyzing price sensitivity and optimizing pricing strategies to get expected ROI

Competitor Analysis

Tracking competitor activities and optimizing pricing strategies

Types of Marketing Data

Internal and External Data

Internal Data

Data collected from within the organization through its own operations and customer interactions

External Data

Data obtained from outside the organization, gathered from third party sources, public databases or purchased research

Structured and Unstructured Data

Structured Data

Data that is organized and stored in a predefined format (like tables or databases) that is easy to search, analyze and process

Unstructured Data

Data that doesn’t have a predefined format, making it complex to collect, store and analyze without specialized tools

Types of Data Examples

Types of Data

Basis	Type	Examples
Source	Internal	CRM data, Sales reports, Website analytics
	External	Market research, Social media trends, Competitor data
Structure	Structured	Databases, Survey results, Transaction records
	Unstructured	Social media posts, Videos, Emails, Customer reviews

Key Performance Metrics

Customer Lifetime Value (CLV)

CLV estimates the total revenue a business can reasonably expect from a single customer account throughout the business relationship

$$\boxed{\text{CLV} = \text{Average Purchase Value} \times \text{Purchase Frequency} \times \text{Customer Lifespan}}$$

Interpretations

1. A Higher CLV means customers are more valuable to the business overtime
2. It helps businesses decide how much to invest in acquiring and retaining customers
3. Companies with higher CLV focus more on customer loyalty and satisfaction programs

Return on Marketing Investment (ROMI)

ROMI measures the efficiency of a marketing campaign in generating revenue compared to the cost invested in marketing

$$\text{ROMI} = \frac{\text{Revenue Attributed to Marketing} - \text{Marketing Cost}}{\text{Marketing Cost}} \times 100$$

Interpretations

1. **A Positive ROMI (>0%) indicates that the marketing efforts are profitable**
2. **A higher ROMI means marketing strategies are cost-effective**

Net Promoter Score (NPS)

NPS measures customer loyalty by asking customers how likely they are to recommend a company's product or service to others

$$NPS = \left(\frac{\text{Promoters} - \text{Detractors}}{\text{Total Respondents}}\right) \times 100$$

(Customers respond on a scale of 0–10; 9–10 = Promoters, 0–6 = Detractors, 7–8 = Passives.)

Interpretations

1. **A Positive NPS (>0) suggests that a company has more promoters than detractors**
2. **A high NPS (typically above 50) is considered excellent and signals strong customer satisfaction and brand loyalty**
3. **Helps identify areas for customer experience improvement**

Customer Churn Rate (CCR)

Churn rate is the percentage of customers who stop using a company's product or service during a given time frame

$$\text{Churn Rate} = \frac{\text{Customers Lost During Period}}{\text{Total Customers at Start of Period}} \times 100$$

Interpretations

1. **A high churn rate indicates dissatisfaction, strong competition or market fit issues**
2. **Lower churn rates reflect better customer retention and stronger loyalty**
3. **Monitoring churn helps businesses proactively address retention challenges**

Let’s Solve an Example

Calculate the metrics for FireGrill QSR

Marketing Analytics Process

Steps in Marketing Analytics Process

Data Collection	Data Cleaning	Data Analysis
Customer Interactions	Identifying Outliers	Descriptive Analysis (Understand Past Data)
Sales Transactions	Removing Duplicates	Diagnostic Analysis(Explaining why things are happening)
Website Traffic	Correcting Errors	Predictive Analysis (forecast future trends)
CRM	Standardize Format	Prescriptive Analysis (Recommend actions for improvement)
Email Marketing Campaigns		
Advertising Platforms		

Steps in Marketing Analytics Process

Interpretation of Results

- Identifying key trends
- Correlations in Data
- Understanding consumer behaviour
- Opportunities for optimization

Data Visualization

- Key Metrics
- Interactive Dashboards
- Real-time updates from databases

Decision-Making

- Taking Data Driven Decisions
- Fast and Accurate Results
- Continuous Improvement and Monitoring

Always have user consent before collecting data