

UCLA Anderson School of Management

Executive MBA Program

MGMT 472B - Customer Information Strategy

Professor Dominique M. Hanssens

Fall 2012

Objectives

A customer or market orientation has become a necessity for the success of the firm in the highly competitive global market place. Being customer oriented implies, above all, that you understand the customers, i.e. who they are, what motivates them to do business with your organization, and how they can be influenced to become better customers. Thus, developing customer intelligence and acting on it wisely becomes an important strategic activity for the organization.

The course is dedicated to this concept, which we call 'customer information strategy.' We will use modern information technology - i.e. marketing databases and marketing models - to help design strategy and allocate company resources that maximize customer response to these efforts. The emergence of the internet as a platform for interacting with customers and prospects creates a unique opportunity for implementing a customer information strategy.

The course builds on the principles taught in the marketing strategy course, and integrates many elements from economics, statistics, accounting, finance and technology management systems you have learned in the first year of the program. The components of the course are:

- . market forecasting, innovative and imitative customers
- . customer equity: definition and measurement
- . transactions based segmentation and targeting
- . measuring the effects of marketing investments
- . market response based resource allocation

Course materials

Hanssens, Dominique M., Ed. *Empirical Generalizations about Marketing Impact*. Marketing Science Institute, Relevant Knowledge Series, 2009.

Lilien, Gary L., Arvind Rangaswamy & Arnaud De Bruyn (2007). *Principles of Marketing Engineering*. Trafford Publishing.

Software, cases and exercises to accompany the Lilien et.al book. The cases and exercises are available from your “My Documents” folder, under “My Marketing Engineering.”

Additional articles from leading journals.

Class sessions

- 1 Fri September 21
- 2 Sat September 22
- 3 Fri October 5
- 4 Sat October 6
- 5 Fri October 19
- 6 Sat October 20
- 7 Fri November 2
- 8 Sat November 3
- 9 Fri November 16
- 10 Sat November 17
- 11 Sat December 1 (final exam)

Student evaluation

1. Individual participation in case studies and discussion assignments (20%). In order to receive participation credit for a missed case discussion, email your two-page case analysis to me before the start of the class.

2. Two reports on case studies of your choice, to be handed in before the case discussion (15% each). Maximum three authors per report, maximum eight double-spaced pages plus exhibits.

3a. EITHER: Individual final exam (50%) - open book, essay style - on principles of customer information strategy (December 3).

3b. OR : Report on customer information strategy (50%). Using data from your or a team member's company, conduct a pilot project focusing on one of the following:

market forecasting and/or product life cycle analysis of a product or service
measurement of customer equity
customer preference assessment
measurement of the effectiveness of marketing programs
evaluation of resource allocation practice

The report should state the problem, present the analysis and findings, and offer strategic recommendations. ***Submit a one-page project proposal for my comments and approval by October 6. You may undertake this project solo, or in teams of up to 3 people.*** The report will be printed double-spaced and should not exceed twelve pages, plus exhibits. All reports will be read in confidentiality and will be returned to the participant.

Note on team reports: in principle, each member will receive equal credit. A team signals equal contribution by listing its members on the report alphabetically. If a different name ordering is used, I may inquire about individual contribution levels.

Session topics and advance reading/case study assignments

H = Hanssens book section

L = Lilien et al. book chapter

Session	Topic	Case	Exercise	Article	Book Chapters
1	Market-level forecasting and planning: durables	Ford Hybrid			L1, L5, H1-2
2	Market-level forecasting and planning: consumables		OfficeStar		H7-8
3	Customer loyalty management	Northern Aero			L2, H3
4	Customer valuation		SyPhone	Hanssens, Thorpe & Finkbeiner	
5	Customer preference models		ABB Electric		L3-L4, H4-5
6	Segmentation and product design	Kirin			L6, H10
7	Assessing marketing impact	C-Tek		McKinsey	L7, H12-H14
8	Response based resource allocation		BrainCell Internet Advertising		H9, H11
9	Customer information and corporate strategy	Convergys			L8, H6
10	Course review / industry speaker			Corstjens & Merrihue Kumar, Venkatesan & Reinartz	H15-16
11	Final exam				

Useful references

- Aaker, Kumar & Day (2004). *Marketing Research, 8th Edition*. Wiley.
- Ambler (2003). *Marketing and the Bottom Line, 2nd Edition*. FT Prentice Hall.
- Berry & Linoff (2004). *Data Mining Techniques For Marketing, Sales, and Customer Support, 2nd Edition*. Wiley.
- Best (2009). *Market-Based Management, 5th Edition*. Pearson Prentice Hall.
- Blattberg, Kim & Neslin (2008). *Database Marketing*. Springer.
- Chernev (2007). *Strategic Marketing Analysis, 2nd Edition*. Brighstar Media.
- Cook (2006). *Competing for Customers and Capital*. Thomson.
- Gupta & Lehmann (2005). *Managing Customers as Investments*. Pearson Education.
- Hanssens, Parsons & Schultz (2001). *Market Response Models, 2nd Edition*. Kluwer.
- Hartley (2006). *Marketing Mistakes and Successes, 10th Edition*. Wiley.
- Jagpal (2008). *Fusion For Profit*. Oxford University Press.
- Keller (2007). *Strategic Brand Management, 3rd Edition*. Prentice-Hall.
- Kotler and Keller (2009). *Marketing Management: Analysis, Planning, Implementation & Control, 13th Edition*. Pearson Prentice Hall.
- Lehmann & Reibstein (2006). *Marketing Metrics and Financial Performance*. Cambridge, MA: Marketing Science Institute.
- Moorman & Lehmann (Eds) (2004). *Assessing Marketing Strategy Performance*. Cambridge, MA: Marketing Science Institute.
- Mahajan, Muller & Wind (Eds.) (2001). *New-Product Diffusion Models*. Kluwer.
- Nagle & Hogan (2005). *The Strategy and Tactics of Pricing, 4th Edition*. Prentice-Hall.
- Palmatier (2008). *Relationship Marketing*. Cambridge, MA: Marketing Science Institute.
- Rust, Zeithaml & Lemon (2000). *Driving Customer Equity*. The Free Press.

Surowiecki (2004). *The Wisdom of Crowds*. Doubleday.

Tellis (2004). *Effective Advertising: Understanding When, How, and Why Advertising Works*. Sage Publications.

Tellis & Ambler (2007). *The SAGE Handbook of Advertising*. Sage Publications.

Urban (2004). *Digital Marketing Strategy*. Prentice-Hall.

Van den Bulte & Wuyts (2007). *Social Networks and Marketing*. Cambridge, MA: Marketing Science Institute.

Villanueva & Hanssens (2007). *Customer Equity: Measurement, Management and Research Opportunities*. *Foundations and Trends in Marketing*, 1.

Wierenga, Ed. (2008). *Handbook of Marketing Decision Models*. Springer.

Wood (2008). *The Marketing Plan Handbook, 3rd Edition*. Pearson Education.

About the instructor

Dominique Hanssens is the Bud Knapp Distinguished Professor of Marketing at the UCLA Anderson Graduate School of Management, where he has been on the faculty since 1977. He has served as the school's faculty chair, associate dean, and marketing area chair. From 2005 to 2007 he served as Executive Director of the *Marketing Science Institute* in Cambridge, Massachusetts.

Dr. Hanssens studied econometrics at the University of Antwerp (B.S., 1974) in his native Belgium. He then obtained an M.S. (1976) and Ph.D. (1977) in marketing from Purdue University. His research focuses on strategic marketing problems, in particular marketing productivity, to which he applies his expertise in data-analytic methods such as econometrics and time-series analysis. Professor Hanssens serves or has served as an area editor for *Marketing Science* and an associate editor for *Management Science* and the *Journal of Marketing Research*. His papers have appeared in the leading academic and professional journals in marketing, economics and statistics. Five of these articles have won Best Paper awards, in *Marketing Science* (1995, 2001, 2002), *Journal of Marketing Research* (1999, 2007) and *Journal of Marketing* (2010), and eight were award finalists. The second edition of his book with Leonard Parsons and Randall Schultz, entitled *Market Response Models* was published by Kluwer in 2001 and translated in Chinese by Shanghai People's Publishing House in 2003. Professor Hanssens won distinguished teaching awards in the UCLA MBA and Executive MBA programs. In 2003 he was awarded the UCLA Anderson School's Neidorf 'decade' teaching award, in 2007 he was the recipient of the Churchill Lifetime Achievement Award of the American Marketing Association, and in 2010 he was elected a Fellow of the INFORMS Society for Marketing Science.

Professor Hanssens' consulting experience covers strategic marketing problems such as allocating marketing resources, assessing long-term marketing effectiveness and growing customer equity. His approach emphasizes market-response modeling on sophisticated customer and marketing databases. He has conducted assignments for Agilent Technologies, British Telecom, Disney, Google, Hewlett Packard, Hughes, Johnson & Johnson, Mattel Toys, Mercedes, Microsoft, Schwab and Wells Fargo, among others. He is a founding partner of MarketShare, a global marketing analytics firm headquartered in Los Angeles.

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