

marketing **METRICS**

The Definitive Guide
to Measuring Marketing
Performance

Second Edition

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FOREWORD

Despite its importance, marketing is one of the least understood, least measurable functions at many companies. With sales force costs, it accounts for 10 percent or more of operating budgets at a wide range of public firms. Its effectiveness is fundamental to stock market valuations, which often rest upon aggressive assumptions for customer acquisition and organic growth. Nevertheless, many corporate boards lack the understanding to evaluate marketing strategies and expenditures. Most directors—and a rising percentage of Fortune 500 CEOs—lack deep experience in this field.

Marketing executives, for their part, often fail to develop the quantitative, analytical skills needed to manage productivity. Right-brain thinkers may devise creative campaigns to drive sales but show little interest in the wider financial impact of their work. Frequently, they resist being held accountable even for top-line performance, asserting that factors beyond their control—including competition—make it difficult to monitor the results of their programs.

In this context, marketing decisions are often made without the information, expertise, and measurable feedback needed. As Procter & Gamble's Chief Marketing Officer has said, "Marketing is a \$450 billion industry, and we are making decisions with less data and discipline than we apply to \$100,000 decisions in other aspects of our business." This is a troubling state of affairs. But it can change.

In a recent article in *The Wall Street Journal*, I called on marketing managers to take concrete steps to correct it. I urged them to gather and analyze basic market data, measure the core factors that drive their business models, analyze the profitability of individual customer accounts, and optimize resource allocation among increasingly fragmented media. These are analytical, data-intensive, left-brain practices. Going forward, I believe they'll be crucial to the success of marketing executives and their employers. As I concluded in the *Journal*:

"Today's boards want chief marketing officers who can speak the language of productivity and return on investment and are willing to be held accountable. In recent years, manufacturing, procurement and logistics have all tightened their belts in the cause of improved productivity. As a result, marketing expenditures account for a larger percentage of many corporate cost structures than ever before. Today's boards don't need chief marketing officers who have creative flair but no financial discipline. They need ambidextrous marketers who offer both."

In *Marketing Metrics*, Farris, Bendle, Pfeifer, and Reibstein have given us a valuable means toward this end. In a single volume, and with impressive clarity, they have outlined the sources, strengths, and weaknesses of a broad array of marketing metrics. They have explained how to harness those data for insight. Most importantly, they have explained how to act on this insight—how to apply it not only in planning campaigns, but also in measuring their impact, correcting their courses, and optimizing their results. In essence, *Marketing Metrics* is a key reference for managers who aim to become skilled in both right- and left-brain marketing. I highly recommend it for all ambidextrous marketers.

John A. Quelch, Lincoln Filene Professor of Business Administration and Senior Associate Dean for International Development, Harvard Business School

FOREWORD TO THE SECOND EDITION

At Google, we have a saying we use quite frequently: “Data beats opinion.” In practice, this means that for any endeavor, we first determine our key success metrics and then measure how we are doing against them on a regular basis. This allows us to optimize and expand those programs that are working, while sunsetting those that are not.

In today’s hyper-competitive business landscape, most marketers are compelled to take this approach versus relying on conventional wisdom, rules of thumb, or intuition that may have been sufficient in the past.

The challenge, of course, is knowing *what* to measure and exactly *how* to measure it. That’s where *Marketing Metrics* comes in. It is the most comprehensive and authoritative guide to defining, constructing, and using the metrics every marketer needs today. This second edition adds advice on how to measure emerging topics such as social marketing and brand equity, in addition to explaining indispensable marketing metrics ranging from Return on Sales to Cannibalization Rate.

Perhaps the most pressing question in marketing today is not simply how to measure any single outcome, but understanding how all the various metrics interconnect—and the resulting financial consequences of your marketing decisions. *Marketing Metrics* moves this discussion a major step forward by reviewing alternative integrated marketing measurement systems and how companies are assembling such systems for better diagnostics and more transparent marketing models. I predict that those enterprises who develop a deep understanding of this marketing interconnectivity will gain a significant competitive advantage over time.

What does your boss or client think about all this? *Marketing Metrics* surveyed senior marketing managers on the metrics they use to monitor and manage their business. The results tellingly reveal that your boss and client think you should already know what to measure and how to measure it, so there’s a sense of urgency for all of us to become masters of marketing metrics.

In our experience at Google, marketers who move with speed, center their messages around relevance, and use data (it beats opinion!) are best-positioned for success with today’s buyers and modern media vehicles. I therefore heartily recommend *Marketing Metrics* as the foundation of the data portion of this three-pronged marketing strategy!

Jim Lecinski
Managing Director, U.S. Sales & Service, Google

INTRODUCTION

In recent years, data-based marketing has swept through the business world. In its wake, measurable performance and accountability have become the keys to marketing success. However, few managers appreciate the range of metrics by which they can evaluate marketing strategies and dynamics. Fewer still understand the pros, cons, and nuances of each.

In this environment, we have come to recognize that marketers, general managers, and business students need a comprehensive, practical reference on the metrics used to judge marketing programs and quantify their results. In this book, we seek to provide that reference. We wish our readers great success with it.

1.1 What Is a Metric?

A metric is a measuring system that quantifies a trend, dynamic, or characteristic.¹ In virtually all disciplines, practitioners use metrics to explain phenomena, diagnose causes, share findings, and project the results of future events. Throughout the worlds of science, business, and government, metrics encourage rigor and objectivity. They make it possible to compare observations across regions and time periods. They facilitate understanding and collaboration.

1.2 Why Do You Need Metrics?

“When you can measure what you are speaking about, and express it in numbers, you know something about it; but when you cannot measure it, when you cannot express it in numbers, your knowledge is of a meager and unsatisfactory kind: it may be the beginning of knowledge, but you have scarcely, in your thoughts, advanced to the stage of science.”—William Thomson, Lord Kelvin, Popular Lectures and Addresses (1891–94)²

Lord Kelvin, a British physicist and the manager of the laying of the first successful transatlantic cable, was one of history's great advocates for quantitative investigation. In his day, however, mathematical rigor had not yet spread widely beyond the worlds of science, engineering, and finance. Much has changed since then.

Today, numerical fluency is a crucial skill for every business leader. Managers must quantify market opportunities and competitive threats. They must justify the financial risks and benefits of their decisions. They must evaluate plans, explain variances, judge performance, and identify leverage points for improvement—all in numeric terms. These responsibilities require a strong command of measurements and of the systems and formulas that generate them. In short, they require metrics.

Managers must select, calculate, and explain key business metrics. They must understand how each is constructed and how to use it in decision-making. Witness the following, more recent quotes from management experts:

“. . . every metric, whether it is used explicitly to influence behavior, to evaluate future strategies, or simply to take stock, will affect actions and decisions.”³

“If you can't measure it, you can't manage it.”⁴

1.3 Marketing Metrics: Opportunities, Performance, and Accountability

Marketers are by no means immune to the drive toward quantitative planning and evaluation. Marketing may once have been regarded as more an art than a science. Executives may once have cheerfully admitted that they knew they wasted half the money they spent on advertising, but they didn't know which half. Those days, however, are gone.

Today, marketers must understand their addressable markets quantitatively. They must measure new opportunities and the investment needed to realize them. Marketers must quantify the value of products, customers, and distribution channels—all under various pricing and promotional scenarios. Increasingly, marketers are held accountable for the financial ramifications of their decisions. Observers have noted this trend in graphic terms:

“For years, corporate marketers have walked into budget meetings like neighborhood junkies. They couldn't always justify how well they spent past handouts or what difference it all made. They just wanted more money—for flashy TV ads, for big-ticket events, for, you know, getting out the message and building up the brand. But those heady days of blind budget increases are fast being replaced with a new mantra: measurement and accountability.”⁵

1.4 Choosing the Right Numbers

The numeric imperative represents a challenge, however. In business and economics, many metrics are complex and difficult to master. Some are highly specialized and best suited to specific analyses. Many require data that may be approximate, incomplete, or unavailable.

Under these circumstances, no single metric is likely to be perfect. For this reason, we recommend that marketers use a portfolio or “dashboard” of metrics. By doing so, they can view market dynamics from various perspectives and arrive at “triangulated” strategies and solutions. Additionally, with multiple metrics, marketers can use each as a check on the others. In this way, they can maximize the accuracy of their knowledge.⁶ They can also estimate or project one data point on the basis of others. Of course, to use multiple metrics effectively, marketers must appreciate the relations between them and the limitations inherent in each.

When this understanding is achieved, however, metrics can help a firm maintain a productive focus on customers and markets. They can help managers identify the strengths and weaknesses in both strategies and execution. Mathematically defined and widely disseminated, metrics can become part of a precise, operational language within a firm.

Data Availability and Globalization of Metrics

A further challenge in metrics stems from wide variations in the availability of data between industries and geographies. Recognizing these variations, we have tried to suggest alternative sources and procedures for estimating some of the metrics in this book.

Fortunately, although both the range and type of marketing metrics may vary between countries,⁷ these differences are shrinking rapidly. Ambler,⁸ for example, reports that performance metrics have become a common language among marketers, and that they are now used to rally teams and benchmark efforts internationally.

1.5 Mastering Metrics

Being able to “crunch the numbers” is vital to success in marketing. Knowing which numbers to crunch, however, is a skill that develops over time. Toward that end, managers must practice the use of metrics and learn from their mistakes. By working through the examples in this book, we hope our readers will gain both confidence and a firm understanding of the fundamentals of data-based marketing. With time and

experience, we trust that you will also develop an intuition about metrics, and learn to dig deeper when calculations appear suspect or puzzling.

Ultimately, with regard to metrics, we believe many of our readers will require not only familiarity but also fluency. That is, managers should be able to perform relevant calculations on the fly—under pressure, in board meetings, and during strategic deliberations and negotiations. Although not all readers will require that level of fluency, we believe it will be increasingly expected of candidates for senior management positions, especially those with significant financial responsibility. We anticipate that a mastery of data-based marketing will become a means for many of our readers to differentiate and position themselves for career advancement in an ever more challenging environment.

Organization of the Text

This book is organized into chapters that correspond to the various roles played by marketing metrics in enterprise management. Individual chapters are dedicated to metrics used in promotional strategy, advertising, and distribution, for example. Each chapter is composed of sections devoted to specific concepts and calculations.

We must present these metrics in a sequence that will appear somewhat arbitrary. In organizing this text, we have sought to strike a balance between two goals: (1) to establish core concepts first and build gradually toward increasing sophistication, and (2) to group related metrics in clusters, helping our readers recognize patterns of mutual reinforcement and interdependence. In Figure 1.1, we offer a graphical presentation of this structure, demonstrating the interlocking nature of all marketing metrics—indeed of all marketing programs—as well as the central role of the customer.

The central issues addressed by the metrics in this book are as follows:

- *Chapter 2—Share of Hearts, Minds, and Markets:* Customer perceptions, market share, and competitive analysis.
- *Chapter 3—Margins and Profits:* Revenues, cost structures, and profitability.
- *Chapter 4—Product and Portfolio Management:* The metrics behind product strategy, including measures of trial, growth, cannibalization, and brand equity.
- *Chapter 5—Customer Profitability:* The value of individual customers and relationships.
- *Chapter 6—Sales Force and Channel Management:* Sales force organization, performance, and compensation. Distribution coverage and logistics.
- *Chapter 7—Pricing Strategy:* Price sensitivity and optimization, with an eye toward setting prices to maximize profits.

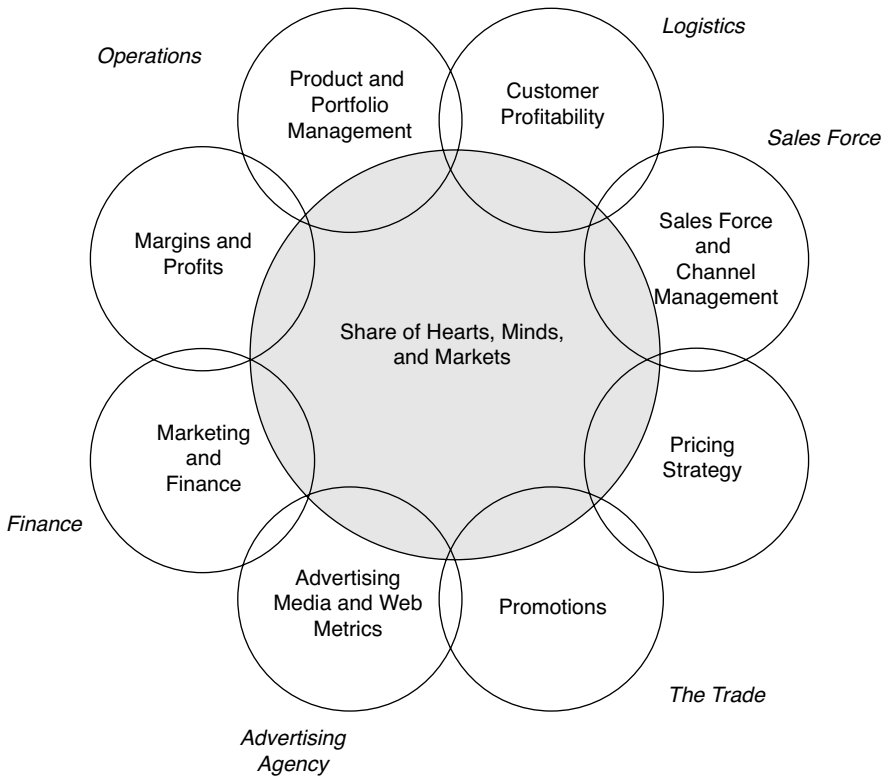


Figure 1.1 Marketing Metrics: Marketing at the Core of the Organization

- *Chapter 8—Promotion:* Temporary price promotions, coupons, rebates, and trade allowances.
- *Chapter 9—Advertising Media and Web Metrics:* The central measures of advertising coverage and effectiveness, including reach, frequency, rating points, and impressions. Models for consumer response to advertising. Specialized metrics for Web-based campaigns.
- *Chapter 10—Marketing and Finance:* Financial evaluation of marketing programs.
- *Chapter 11—The Marketing Metrics X-Ray:* The use of metrics as leading indicators of opportunities, challenges, and financial performance.
- *Chapter 12—System of Metrics:* Decomposing marketing metrics into component parts can improve measurement accuracy, add managerial insight into problems, and assist marketing model building.

Components of Each Chapter

As shown in Table 1.1, the chapters are composed of multiple sections, each dedicated to specific marketing concepts or metrics. Within each section, we open with definitions, formulas, and a brief description of the metrics covered. Next, in a passage titled **Construction**, we explore the issues surrounding these metrics, including their formulation, application, interpretation, and strategic ramifications. We provide examples to illustrate calculations, reinforce concepts, and help readers verify their understanding of key formulas. That done, in a passage titled **Data Sources, Complications, and Cautions**, we probe the limitations of the metrics under consideration and potential pitfalls in their use. Toward that end, we also examine the assumptions underlying these metrics. Finally, we close each section with a brief survey of **Related Metrics and Concepts**.

In organizing the text in this way, our goal is straightforward: Most of the metrics in this book have broad implications and multiple layers of interpretation. Doctoral theses could be devoted to many of them, and have been written about some. In this book, however, we want to offer an accessible, practical reference. If the devil is in the details, we want to identify, locate, and warn readers against him, but not to elaborate his entire demonology. Consequently, we discuss each metric in stages, working progressively toward increasing levels of sophistication. We invite our readers to sample this information as they see fit, exploring each metric to the depth that they find most useful and rewarding.

With an eye toward accessibility, we have also avoided advanced mathematical notation. Most of the calculations in this book can be performed by hand, on the back of the proverbial envelope. More complex or intensive computations may require a spreadsheet. Nothing further should be needed.

Reference Materials

Throughout this text, we have highlighted formulas and definitions for easy reference. We have also included outlines of key terms at the beginning of each chapter and section. Within each formula, we have followed this notation to define all inputs and outputs.

\$—(Dollar Terms): *A monetary value. We have used the dollar sign and “dollar terms” for brevity, but any other currency, including the euro, yen, dinar, or yuan, would be equally appropriate.*

%—(Percentage): *Used as the equivalent of fractions or decimals. For readability, we have intentionally omitted the step of multiplying decimals by 100 to obtain percentages.*

#—(Count): Used for such measures as unit sales or number of competitors.

R—(Rating): Expressed on a scale that translates qualitative judgments or preferences into numeric ratings. Example: A survey in which customers are asked to assign a rating of “1” to items that they find least satisfactory and “5” to those that are most satisfactory. Ratings have no intrinsic meaning without reference to their scale and context.

I—(Index): A comparative figure, often linked to or expressive of a market average. Example: the consumer price index. Indexes are often interpreted as a percentage.

\$—Dollar. %—Percentage. #—Count. R—Rating. I—Index.

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Table 1.1 Major Metrics List

Section	Metric	Section	Metric
<i>Share of Hearts, Minds, and Markets</i>		3.2	Channel Margins
2.1	Revenue Market Share	3.3	Average Price per Unit
2.1	Unit Market Share	3.3	Price Per Statistical Unit
2.2	Relative Market Share	3.4	Variable and Fixed Costs
2.3	Brand Development Index	3.5	Marketing Spending
2.3	Category Development Index	3.6	Contribution per Unit
2.4–2.6	Decomposition of Market Share	3.6	Contribution Margin (%)
2.4	Market Penetration	3.6	Break-Even Sales
2.4	Brand Penetration	3.7	Target Volume
2.4	Penetration Share	3.7	Target Revenues
2.5	Share of Requirements	<i>Product and Portfolio Management</i>	
2.6	Heavy Usage Index	4.1	Trial
2.7	Hierarchy of Effects	4.1	Repeat Volume
2.7	Awareness	4.1	Penetration
2.7	Top of Mind	4.1	Volume Projections
2.7	Ad Awareness	4.2	Year-on-Year Growth
2.7	Knowledge	4.2	Compound Annual Growth Rate (CAGR)
2.7	Consumer Beliefs	4.3	Cannibalization Rate
2.7	Purchase Intentions	4.3	Fair Share Draw Rate
2.7	Purchase Habits	4.4	Brand Equity Metrics
2.7	Loyalty	4.5	Conjoint Utilities
2.7	Likeability	4.6	Segment Utilities
2.8	Willingness to Recommend	4.7	Conjoint Utilities and Volume Projections
2.8	Customer Satisfaction	<i>Customer Profitability</i>	
2.9	Net Promoter	5.1	Customers
2.10	Willingness to Search	5.1	Recency
<i>Margins and Profits</i>		5.1	Retention Rate
3.1	Unit Margin	5.2	Customer Profit
3.1	Margin (%)	5.3	Customer Lifetime Value

Table 1.1 *Continued*

Section	Metric	Section	Metric
5.4	Prospect Lifetime Value	7.3	Price Elasticity of Demand
5.5	Average Acquisition Cost	7.4	Optimal Price
5.5	Average Retention Cost	7.5	Residual Elasticity
<i>Sales Force and Channel Management</i>		<i>Promotion</i>	
6.1	Workload	8.1	Baseline Sales
6.1	Sales Potential Forecast	8.1	Incremental Sales/Promotion Lift
6.2	Sales Goal	8.2	Redemption Rates
6.3	Sales Force Effectiveness	8.2	Costs for Coupons and Rebates
6.4	Compensation	8.2	Percentage Sales with Coupon
6.4	Break-Even Number of Employees	8.3	Percent Sales on Deal
6.5	Sales Funnel, Sales Pipeline	8.3	Pass-Through
6.6	Numeric Distribution	8.4	Price Waterfall
6.6	All Commodity Volume (ACV)	<i>Advertising Media and Web Metrics</i>	
6.6	Product Category Volume (PCV)	9.1	Impressions
6.6	Total Distribution	9.1	Gross Rating Points (GRPs)
6.6	Category Performance Ratio	9.2	Cost per Thousand Impressions (CPM)
6.7	Out of Stock	9.3	Net Reach
6.7	Inventories	9.3	Average Frequency
6.8	Markdowns	9.4	Frequency Response Functions
6.8	Direct Product Profitability (DPP)	9.5	Effective Reach
6.8	Gross Margin Return on Inventory Investment (GMROI)	9.5	Effective Frequency
<i>Pricing Strategy</i>		9.6	Share of Voice
7.1	Price Premium	9.7	Pageviews
7.2	Reservation Price	9.8	Rich Media Display Time
7.2	Percent Good Value		

Continues

Table 1.1 *Continued*

Section	Metric	Section	Metric
9.9	Rich Media Interaction Rate	<i>Marketing and Finance</i>	
9.10	Clickthrough Rate	10.1	Net Profit
9.11	Cost per Click	10.1	Return on Sales (ROS)
9.11	Cost per Order	10.1	Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)
9.11	Cost per Customer Acquired		
9.12	Visits	10.2	Return on Investment (ROI)
9.12	Visitors	10.3	Economic Profit (aka EVA [®])
9.12	Abandonment Rate	10.4	Payback
9.13	Bounce Rate	10.4	Net Present Value (NPV)
9.14	Friends/Followers/Supporters	10.4	Internal Rate of Return (IRR)
9.15	Downloads	10.5	Return on Marketing Investment (ROMI); Revenue

1.6 Marketing Metrics Survey

Why Do a Survey of Which Metrics Are Most Useful?

From the beginning of our work on this book, we have fielded requests from colleagues, editors, and others to provide a short list of the “key” or “top ten” marketing metrics. The intuition behind this request is that readers (managers and students) ought to be able to focus their attention on the “most important” metrics. Until now we have resisted that request.

Our reasons for not providing the smaller, more concentrated list of “really important” metrics are as follows. First, we believe that any ranking of marketing metrics from most to least useful will depend on the type of business under consideration. For example, marketers of business-to-business products and services that go to market through a direct sales force don’t need metrics that measure retail availability or dealer productivity.

The second reason we believe that different businesses will have different rankings is that metrics tend to come in matched sets. For example, if customer lifetime value is important to your business (let’s say, financial services), then you are likely to value

measures of retention and acquisition costs as well. The same notion applies to retail, media, sales force, and Web traffic metrics. If some of these are important to you, others in the same general categories are likely to be rated as useful, too.

Third, businesses don't always have access (at a reasonable cost) to the metrics they would like to have. Inevitably, some of the rankings presented will reflect the cost of obtaining the data that underlie the particular metrics.

Fourth, some metrics might be ranked lower, but ultimately prove to be useful, after managers fully understand the pros and cons of a particular metric. For example, many believe that Economic Value Added (EVA) is the "gold standard" of profitability metrics, but it ranks far below other financial performance measures such as ROI. We believe one reason for the low ranking of EVA is that this metric is less applicable at the "operating level" than for overall corporate performance. The other reason is that the measure is relatively new, and many managers don't understand it as well. Customer Lifetime Value is another metric that is gaining acceptance, but is still unfamiliar to many managers. If all these metrics were well understood, there would be no need for a book of this type.

In summary, while we believe the rankings resulting from our survey can be useful, we ask readers to keep the above points in mind. We report in Tables 1.2 (page 13) and 1.3 (page 21) the overall ranking of the usefulness of various metrics as well as the different rankings for different types of businesses and different categories of metrics. Although no business is likely to be exactly like yours, we thought readers might find it useful to see what other marketers thought which metrics were most useful in monitoring and managing their businesses. For a look at the complete survey, see Appendix A.

Survey Sample

Our survey was completed by 194 senior marketing managers and executives. More than 100 held the title of Vice President/Director/Manager or "Head" of Marketing, some with global responsibility. Most held titles such as VP of Marketing, Marketing Director, and Director Sales and Marketing. There were 10 presidents and C-level managers with heavy marketing responsibilities, and the remaining respondents included product/project/category managers, trade marketing managers, pricing managers, key account managers, development managers, and assistant/associate vice presidents.

Industries represented in our survey are too diverse to easily summarize. No more than 10 responses from a single industry were recorded, and the respondents listed their markets as aerospace, automobiles, banking, chemicals, consumer goods, construction, computers, consulting, education, industrial distribution, investments, government, health care, housing, insurance, information technology, manufacturing, materials, medical devices, paints, pharmaceuticals, retailing, software, telecommunications, and transportation. Roughly 20% of respondents did not provide a specific industry.

Survey questions asked respondents to rate the usefulness of particular metrics in monitoring and managing their businesses. Note that this survey asks managers to give ratings with respect to how these metrics are actually used but does not inquire about the reason. Nor did the survey offer guidance concerning the meaning of “useful”—that was left as a matter of interpretation for survey participants.

Financial metrics are generally rated very high in usefulness compared to any true marketing metrics. This is not surprising given that financial metrics are common to almost every business.

Table 1.2 Survey of Senior Marketing Managers on the Perceived Usefulness of Various Marketing Metrics (n = 194)

Group			All Who Responded to Question		Customer Relationship			What Does Your Business Sell?			Who Are Your Customers?		
					Contract	Frequent Purchase	Infrequent Purchase	Products	Services	Mixed	End Consumers	Business	Mixed
# of People in Group			194		65	69	41	105	36	31	44	85	48
Metric	Question Number	Chapter in Book	% Saying Very Useful	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank
Net Profit	Q8.10#1	10	91%	1	1	1	1	1	1	1	1	1	1
Margin %	Q8.3#2	3	78%	2	10	2	3	2	6	2	2	3	6
Return on Investment	Q8.10#3	10	77%	3	4	5	2	3	5	3	3	2	8
Customer Satisfaction	Q8.2#12	2	71%	4	2	17	11	13	3	5	19	6	4
Target Revenues	Q8.4#2	3	71%	5	8	12	5	12	8	3	13	7	6
Sales Total	Q8.6#3	6	70%	6	7	10	8	10	8	8	16	3	12
Target Volumes	Q8.4#1	3	70%	7	5	6	11	8	13	10	8	7	10
Return on Sales	Q8.10#2	10	69%	8	12	12	3	9	17	8	4	17	2
Loyalty	Q8.2#8	2	69%	9	70	71	98	4	11	17	13	5	16
Annual Growth %	Q8.4#7	4	69%	10	13	3	11	7	11	15	8	10	10
Dollar Market Share	Q8.1#1	2	67%	11	13	7	7	5	13	21	8	11	13

Continues

Table 1.2 Continued

Group			All Who Responded to Question		Customer Relationship			What Does Your Business Sell?			Who Are Your Customers?		
					Contract	Frequent Purchase	Infrequent Purchase	Products	Services	Mixed	End Consumers	Business	Mixed
# of People in Group			194		65	69	41	105	36	31	44	85	48
Metric	Question Number	Chapter in Book	% Saying Very Useful	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank
Customers	Q8.5#1	5	67%	12	5	16	11	19	4	5	26	13	3
Unit Margin	Q8.3#1	3	65%	13	17	9	5	11	21	10	13	12	13
Retention Rate	Q8.5#3	5	63%	14	3	26	26	28	2	5	76	9	5
Sales Potential Forecast	Q8.6#2	6	62%	15	11	18	11	17	18	10	23	14	18
Unit Market Share	Q8.1#2	2	61%	16	23	4	16	5	54	30	8	18	17
Brand Awareness	Q8.2#1	2	61%	17	23	7	16	14	33	10	4	25	9
Variable and Fixed Costs	Q8.3#6	3	60%	18	15	11	32	15	8	30	19	21	13
Willingness to Recommend	Q8.2#10	2	57%	19	9	32	26	30	6	19	36	16	29
Volume Projections	Q8.4#6	4	56%	20	23	14	21	16	31	24	45	15	27
Sales Force Effective	Q8.6#4	6	54%	21	21	22	21	25	31	15	42	23	18
Price Premium	Q8.8#1	7	54%	22	28	27	8	23	33	17	56	19	25

Marketing Spending	Q8.3#7	3	52%	23	51	15	16	18	67	21	6	46	21
Average Price per Unit	Q8.3#4	3	51%	24	23	23	32	21	33	38	27	26	25
Penetration	Q8.4#5	4	50%	25	39	19	21	22	54	24	39	24	32
Top of Mind	Q8.2#2	2	50%	26	33	25	26	30	33	30	39	27	21
Compensation	Q8.6#5	6	49%	27	17	30	52	32	18	46	42	20	58
Return on Marketing Investment (ROMI)	Q8.10#8	10	49%	27	47	32	8	26	45	24	19	39	24
Consumer Beliefs	Q8.2#5	2	48%	29	33	35	21	47	21	10	30	29	36
Contribution Margin %	Q8.3#9	3	47%	30	56	21	21	29	46	24	45	32	21
Net Present Value	Q8.10#6	10	46%	31	31	37	26	39	27	20	39	41	20
Market Penetration	Q8.1#6	2	45%	32	17	41	58	38	41	38	45	35	33
Sales Funnel, Sales Pipeline	Q8.6#7	6	44%	33	17	60	32	54	21	21	74	21	58
Relative Market Share	Q8.1#3	2	44%	34	36	38	40	32	33	65	58	41	27
Purchase Habits	Q8.2#7	2	43%	35	39	35	43	27	41	80	30	29	69
Inventories	Q8.7#7	6	43%	36	62	20	48	20	109	59	24	45	46
Likeability	Q8.2#9	2	43%	37	28	54	38	47	21	46	45	37	39
Effective Reach	Q8.9#6	9	42%	38	48	40	32	37	46	44	7	61	46
Economic Profit (EVA)	Q8.10#4	10	41%	39	31	63	26	50	27	30	71	36	38
Impressions	Q8.9#1	9	41%	40	36	61	26	50	41	24	19	64	29
Customer Profit	Q8.5#4	5	41%	41	16	69	52	59	18	54	73	28	46
Optimal Price	Q8.8#5	7	41%	42	39	47	36	36	46	46	45	49	36

Continues

Table 1.2 *Continued*

Group			All Who Responded to Question		Customer Relationship			What Does Your Business Sell?			Who Are Your Customers?		
			% Saying Very Useful	Rank	Contract	Frequent Purchase	Infrequent Purchase	Products	Services	Mixed	End Consumers	Business	Mixed
# of People in Group			194		65	69	41	105	36	31	44	85	48
Metric	Question Number	Chapter in Book	% Saying Very Useful	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank
Payback	Q8.10#5	10	41%	42	51	51	20	54	27	43	67	34	44
Incremental Sales or Promotional Lift	Q8.8#8	8	41%	44	66	24	52	24	96	65	24	50	51
Consumer Knowledge	Q8.2#4	2	40%	45	36	57	43	64	21	30	58	37	51
Contribution per Unit	Q8.3#8	3	40%	46	71	29	48	39	62	46	63	54	29
Break-Even Sales	Q8.3#10	3	40%	46	51	39	43	43	40	59	58	41	46
Customer Lifetime Value	Q8.5#5	5	39%	48	23	77	40	69	21	30	76	46	33
Price Elasticity	Q8.8#4	7	39%	48	71	31	38	35	72	54	34	56	39
Purchase Intentions	Q8.2#6	2	39%	50	54	67	19	62	41	30	45	32	79
Growth CAGR	Q8.4#8	4	38%	51	45	32	74	41	54	72	83	31	45
Internal Rate of Return	Q8.10#7	10	38%	52	44	63	36	66	27	29	71	53	35
Effective Frequency	Q8.9#7	9	37%	53	56	52	43	45	67	44	12	74	46

Visitors	Q8.9#15	9	37%	54	39	58	58	60	46	38	53	51	62
Average Acquisition Cost	Q8.5#7	5	36%	55	21	95	43	77	13	38	83	41	43
Share of Voice	Q8.9#8	9	36%	55	66	43	52	45	62	64	33	72	39
Visits	Q8.9#14	9	36%	57	39	58	66	61	46	38	53	55	51
Workload	Q8.6#1	6	36%	58	50	48	66	53	54	59	79	40	58
Repeat Volume	Q8.4#4	4	36%	59	56	46	58	50	54	65	64	52	58
Clickthrough Rate	Q8.9#10	9	35%	60	33	61	77	63	33	54	29	67	51
Baseline Sales	Q8.8#7	8	34%	61	71	42	56	42	72	80	45	56	69
Total Distribution	Q8.7#4	6	34%	62	84	43	48	44	96	59	28	66	69
Net Reach	Q8.9#4	9	34%	62	62	48	66	58	72	51	37	62	62
Brand Penetration	Q8.1#7	2	34%	64	62	54	62	47	62	75	30	69	62
Out of Stock %	Q8.7#6	6	33%	65	86	27	88	34	109	86	18	64	85
Average Retention Cost	Q8.5#8	5	33%	66	30	98	40	82	13	51	91	48	51
Product Category Volume	Q8.7#3	6	33%	67	84	45	57	57	92	58	62	62	51
Cost per Customer Acquired	Q8.9#13	9	32%	68	48	72	66	70	54	51	74	60	51
Average Frequency	Q8.9#5	9	31%	69	76	48	71	54	83	75	16	77	86
Channel Margin	Q8.3#3	3	30%	70	66	80	48	70	83	37	67	82	39
Direct Product Profitability	Q8.7#9	6	30%	71	76	56	62	67	72	54	66	69	62
Recency	Q8.5#2	5	29%	72	56	74	71	75	33	80	94	59	62
Cost per Thousand Impression	Q8.9#3	9	28%	73	62	81	62	70	62	75	38	83	75

Continues

Table 1.2 *Continued*

Group			All Who Responded to Question		Customer Relationship			What Does Your Business Sell?			Who Are Your Customers?		
					Contract	Frequent Purchase	Infrequent Purchase	Products	Services	Mixed	End Consumers	Business	Mixed
# of People in Group			194		65	69	41	105	36	31	44	85	48
Metric	Question Number	Chapter in Book	% Saying Very Useful	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank
Pageview	Q8.9#9	9	28%	74	45	84	88	87	54	46	56	83	69
Cost per Click	Q8.9#11	9	27%	75	56	86	77	79	46	65	53	88	75
Brand Equity Metrics	Q8.4#10	4	26%	76	76	76	77	68	72	89	58	90	74
Markdowns	Q8.7#8	6	26%	77	96	52	84	65	106	80	34	90	86
Cannibalization Rate	Q8.4#9	4	24%	78	88	65	95	74	83	97	78	76	91
Abandonment Rate	Q8.9#16	9	24%	79	56	90	95	90	62	71	81	87	68
Ad Awareness	Q8.2#3	2	23%	80	76	88	77	78	72	80	64	104	75
Cost per Order	Q8.9#12	9	23%	81	71	91	74	90	67	65	95	73	75
Gross Rating Points	Q8.9#2	9	23%	82	88	91	58	84	67	80	42	99	92
Break-Even Number of Employees	Q8.6#6	6	23%	83	66	96	71	100	46	59	85	69	96
Hierarchy of Effects	Q8.1#11	2	23%	84	81	83	84	80	72	86	92	83	69

Numeric Distribution %	Q8.7#1	6	22%	85	108	75	62	73	106	103	69	89	97
All Commodity Volume	Q8.7#2	6	22%	85	96	67	93	75	83	89	69	78	104
Penetration Share	Q8.1#8	2	22%	87	76	93	74	84	72	75	95	75	79
Brand Development Index	Q8.1#4	2	21%	88	91	79	94	89	83	75	80	94	79
Prospect Lifetime Value	Q8.5#6	5	21%	89	81	106	66	95	46	104	98	67	97
Percentage Sales on Deal	Q8.8#12	8	21%	89	91	82	87	92	83	72	87	79	92
Willingness to Search	Q8.2#13	2	20%	91	71	102	77	86	72	107	85	79	100
Trial Volume	Q8.4#3	4	19%	92	90	72	108	82	96	97	90	79	103
Net Promoter Score	Q8.2#11	2	19%	93	55	101	103	94	61	107	106	58	109
Facings	Q8.7#5	6	19%	94	99	66	105	81	72	107	45	99	110
Redemption Rates	Q8.8#9	8	19%	95	102	69	100	92	96	104	82	94	92
Cost of Coupons/ Rebates	Q8.8#10	8	19%	95	102	77	90	87	96	97	87	102	79
Category Development Index	Q8.1#5	2	18%	97	95	87	103	97	83	86	99	92	79
Reservation Price	Q8.8#2	7	17%	98	99	93	84	96	72	89	100	86	99
GMROI	Q8.7#10	6	16%	99	102	84	99	98	96	89	87	94	100
Percent Good Value	Q8.8#3	7	16%	99	91	108	77	107	67	72	100	109	62
Percentage Sales with Coupon	Q8.8#11	8	16%	99	109	88	90	98	96	89	93	105	86
Price per Statistical Unit	Q8.3#5	3	16%	102	91	102	90	104	83	65	104	94	79
Conjoint Utilities	Q8.4#11	4	14%	103	81	99	108	101	92	89	107	94	89
Residual Elasticity	Q8.8#6	7	14%	104	98	109	77	102	92	97	109	92	92

Continues

Table 1.2 *Continued*

Group			All Who Responded to Question		Customer Relationship			What Does Your Business Sell?			Who Are Your Customers?		
					Contract	Frequent Purchase	Infrequent Purchase	Products	Services	Mixed	End Consumers	Business	Mixed
# of People in Group			194		65	69	41	105	36	31	44	85	48
Metric	Question Number	Chapter in Book	% Saying Very Useful	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank
Percent Time on Deal	Q8.8#13	8	14%	105	102	96	95	105	96	89	97	102	104
Conjoint Utilities & Volume Projection	Q8.4#12	4	13%	106	87	99	108	103	92	89	103	105	89
Pass-Through	Q8.8#15	8	11%	107	102	107	100	108	83	97	102	108	100
Share of Requirements	Q8.1#9	2	10%	108	102	102	105	106	106	106	108	99	108
Average Deal Depth	Q8.8#14	8	10%	109	110	105	100	109	96	97	105	107	104
Heavy Usage Index	Q8.1#10	2	6%	110	101	110	107	110	96	110	110	110	104

Table 1.3 Ranking of Metrics by Category/Chapter (See Appendix A for complete survey)

Metric	Section in Survey	Question Number	Chapter in Book	% Saying Very Useful	Ranking in Survey Section
Dollar Market Share	1	Q8.1#1	2	67%	1
Unit Market Share	1	Q8.1#2	2	61%	2
Market Penetration	1	Q8.1#6	2	45%	3
Relative Market Share	1	Q8.1#3	2	44%	4
Brand Penetration	1	Q8.1#7	2	34%	5
Hierarchy of Effects	1	Q8.1#11	2	23%	6
Penetration Share	1	Q8.1#8	2	22%	7
Brand Development Index	1	Q8.1#4	2	21%	8
Category Development Index	1	Q8.1#5	2	18%	9
Share of Requirements	1	Q8.1#9	2	10%	10
Heavy Usage Index	1	Q8.1#10	2	6%	11
Customer Satisfaction	2	Q8.2#12	2	71%	1
Loyalty	2	Q8.2#8	2	69%	2
Brand Awareness	2	Q8.2#1	2	61%	3
Willingness to Recommend	2	Q8.2#10	2	57%	4
Top of Mind	2	Q8.2#2	2	50%	5
Consumer Beliefs	2	Q8.2#5	2	48%	6
Purchase Habits	2	Q8.2#7	2	43%	7
Likeability	2	Q8.2#9	2	43%	8
Consumer Knowledge	2	Q8.2#4	2	40%	9
Purchase Intentions	2	Q8.2#6	2	39%	10
Ad Awareness	2	Q8.2#3	2	23%	11
Willingness to Search	2	Q8.2#13	2	20%	12
Net Promoter Score	2	Q8.2#11	2	19%	13
Margin %	3	Q8.3#2	3	78%	1
Unit Margin	3	Q8.3#1	3	65%	2
Variable and Fixed Costs	3	Q8.3#6	3	60%	3

Continues

Table 1.3 *Continued*

Metric	Section in Survey	Question Number	Chapter in Book	% Saying Very Useful	Ranking in Survey Section
Marketing Spending	3	Q8.3#7	3	52%	4
Average Price per Unit	3	Q8.3#4	3	51%	5
Contribution Margin %	3	Q8.3#9	3	47%	6
Contribution per Unit	3	Q8.3#8	3	40%	7
Break-Even Sales	3	Q8.3#10	3	40%	8
Channel Margin	3	Q8.3#3	3	30%	9
Price per Statistical Unit	3	Q8.3#5	3	16%	10
Target Revenues	4	Q8.4#2	3	71%	1
Target Volumes	4	Q8.4#1	3	70%	2
Annual Growth %	4	Q8.4#7	4	69%	3
Volume Projections	4	Q8.4#6	4	56%	4
Penetration	4	Q8.4#5	4	50%	5
Growth CAGR	4	Q8.4#8	4	38%	6
Repeat Volume	4	Q8.4#4	4	36%	7
Brand Equity Metrics	4	Q8.4#10	4	26%	8
Cannibalization Rate	4	Q8.4#9	4	24%	9
Trial Volume	4	Q8.4#3	4	19%	10
Conjoint Utilities	4	Q8.4#11	4	14%	11
Conjoint Utilities & Volume Projection	4	Q8.4#12	4	13%	12
Customers	5	Q8.5#1	5	67%	1
Retention Rate	5	Q8.5#3	5	63%	2
Customer Profit	5	Q8.5#4	5	41%	3
Customer Lifetime Value	5	Q8.5#5	5	39%	4
Average Acquisition Cost	5	Q8.5#7	5	36%	5
Average Retention Cost	5	Q8.5#8	5	33%	6
Recency	5	Q8.5#2	5	29%	7
Prospect Lifetime Value	5	Q8.5#6	5	21%	8
Sales Total	6	Q8.6#3	6	70%	1

Metric	Section in Survey	Question Number	Chapter in Book	% Saying Very Useful	Ranking in Survey Section
Sales Potential Forecast	6	Q8.6#2	6	62%	2
Sales Force Effective	6	Q8.6#4	6	54%	3
Compensation	6	Q8.6#5	6	49%	4
Sales Funnel, Sales Pipeline	6	Q8.6#7	6	44%	5
Workload	6	Q8.6#1	6	36%	6
Break-Even Number of Employees	6	Q8.6#6	6	23%	7
Inventories	7	Q8.7#7	6	43%	1
Total Distribution	7	Q8.7#4	6	34%	2
Out of Stock % (OOS)	7	Q8.7#6	6	33%	3
Product Category Volume (PCV)	7	Q8.7#3	6	33%	4
Direct Product Profitability (DPP)	7	Q8.7#9	6	30%	5
Markdowns	7	Q8.7#8	6	26%	6
Numeric Distribution %	7	Q8.7#1	6	22%	7
All Commodity Volume (ACV)	7	Q8.7#2	6	22%	8
Facings	7	Q8.7#5	6	19%	9
Gross Margin Return on Inventory Investment (GMROI)	7	Q8.7#10	6	16%	10
Price Premium	8	Q8.8#1	7	54%	1
Optimal Price	8	Q8.8#5	7	41%	2
Incremental Sales or Promotional Lift	8	Q8.8#8	8	41%	3
Price Elasticity	8	Q8.8#4	7	39%	4
Baseline Sales	8	Q8.8#7	8	34%	5
Percentage Sales on Deal	8	Q8.8#12	8	21%	6
Redemption Rates	8	Q8.8#9	8	19%	7

Continues

Table 1.3 *Continued*

Metric	Section in Survey	Question Number	Chapter in Book	% Saying Very Useful	Ranking in Survey Section
Cost of Coupons/ Rebates	8	Q8.8#10	8	19%	8
Reservation Price	8	Q8.8#2	7	17%	9
Percent Good Value	8	Q8.8#3	7	16%	10
Percentage Sales with Coupon	8	Q8.8#11	8	16%	11
Residual Elasticity	8	Q8.8#6	7	14%	12
Percent Time on Deal	8	Q8.8#13	8	14%	13
Pass-Through	8	Q8.8#15	8	11%	14
Average Deal Depth	8	Q8.8#14	8	10%	15
Effective Reach	9	Q8.9#6	9	42%	1
Impressions	9	Q8.9#1	9	41%	2
Effective Frequency	9	Q8.9#7	9	37%	3
Visitors	9	Q8.9#15	9	37%	4
Share of Voice	9	Q8.9#8	9	36%	5
Visits	9	Q8.9#14	9	36%	6
Clickthrough Rate	9	Q8.9#10	9	35%	7
Net Reach	9	Q8.9#4	9	34%	8
Cost per Customer Acquired	9	Q8.9#13	9	32%	9
Average Frequency	9	Q8.9#5	9	31%	10
Cost per Thousand Impression (CPM)	9	Q8.9#3	9	28%	11
Pageview	9	Q8.9#9	9	28%	12
Cost per Click (CPC)	9	Q8.9#11	9	27%	13
Abandonment Rate	9	Q8.9#16	9	24%	14
Cost per Order	9	Q8.9#12	9	23%	15
Gross Rating Points	9	Q8.9#2	9	23%	16
Net Profit	10	Q8.10#1	10	91%	1
Return on Investment (ROI)	10	Q8.10#3	10	77%	2

Metric	Section in Survey	Question Number	Chapter in Book	% Saying Very Useful	Ranking in Survey Section
Return on Sales (ROS)	10	Q8.10#2	10	69%	3
Return on Marketing Investment (ROMI)	10	Q8.10#8	10	49%	4
Net Present Value (NPV)	10	Q8.10#6	10	46%	5
Economic Profit (EVA)	10	Q8.10#4	10	41%	6
Payback	10	Q8.10#5	10	41%	7
Internal Rate of Return (IRR)	10	Q8.10#7	10	38%	8

SYMBOLS

- # (count), 7
- \$ (Dollar Terms), 6
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A

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