

Real-time Marketing Scorecard as a Benchmarking Tool

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Abstract: The main purpose of the paper is to investigate the applicability of real-time marketing scorecard as a benchmarking tool for measuring and driving dynamic marketing performance in service-dominated sectors. Real-time marketing scorecard is a marketing research platform providing real-time data and cross-sectional information about consumers and dynamic marketing performance by products and by markets visualized as an interactive managerial dashboard. It provides 360° picture of the company performance: inside feedback (employee perceptions and motivation-through active employee feedback), outside feedback (customer perceptions and satisfaction-through m-exit surveys), process performance (through mystery shopping) as well as serves as a benchmarking tool (by providing benchmark results from the outside feedback).

Keywords: marketing metrics, marketing scorecard, KPIs

1 Background

1.1 Marketing in the Age of Information Technology

According to Dholakia et al. [7] two of the most important contemporary transformative processes – the rise in information-producing, information-manipulating, information-distributing, and information-consuming technologies; and the increasing globalization of markets accompanied by the growing prominence of global (incl. ‘glocal’) marketing activities – are in a symbiotic embrace. Information, more than at any time before, has become the essence of the market [10]. Moreover, information turned out to be a corporate asset and its acquisition, management, and distribution are tasks that marketing is best positioned to do [1, 4, 12] especially in a dynamic and knowledge rich environment. Nowadays the information flows and circulates with dramatically growing quantity, intensity, complexity, and opacity of informational processes at every level of economy and business. These changes in information processes

combined with the tremendous impact of high technology and ICTs transform the physical marketspaces into dataspace. As a consequence, a new business model is emerging. Within the framework of this new business model the spheres of production and consumption become increasingly difficult to differentiate. Actually, the productive decision comes after and in reaction to the market decision because of the ‘interwoven informationalized’ [9] production and consumption processes. The result is more or less extremely fast cybernetic marketing system of stimulus, feedback, and reaction with a focus on flexibility and profound understanding of business [7]. This system allows a real-time tracking of the global transactions and transvections within the dataspace which in turn calls for a new approach to marketing information and marketing metrics.

1.2 Marketing Metrics

Marketing metrics is accepted as a necessary part of contemporary marketing management. So far, an overall conception of marketing metrics types that is based in theory and able to assist in their integration into business processes appears not to exist. The most common typologies are based on dichotomies such as “hard/soft” metrics, “lagging/leading” metrics, or “strategic/operational” metrics.

	Marketing planning and customers	The offering	Sales force
Financial	<ul style="list-style-type: none"> ▪ Revenue ▪ Gross profit ▪ Value to volume ratio ▪ Net profit ▪ Earnings-based value ▪ Return on sales ▪ Return on assets ▪ Return on equity ▪ Marketing cost per unit ▪ Net sales contribution 	<ul style="list-style-type: none"> ▪ Profit impact ▪ Target return rate ▪ Advertising to sales ratio ▪ Cost per GRP ▪ Cost per click ▪ Returns to net sales 	<ul style="list-style-type: none"> ▪ Cost per call ▪ Average sales per call
Market-related	<ul style="list-style-type: none"> ▪ Market growth ▪ Market share ▪ Market demand ▪ Market penetration ▪ Segment profitability 	<ul style="list-style-type: none"> ▪ New product purchase rate ▪ Transactions per hour ▪ Average transaction size 	<ul style="list-style-type: none"> ▪ Turnover rate ▪ Sales price variance ▪ Sales volume variance
Customer-related	<ul style="list-style-type: none"> ▪ Customer profitability ▪ Share of customer ▪ Customer acquisition costs ▪ Cost per lead ▪ Retention rate ▪ Churn rate ▪ Return on customer 	<ul style="list-style-type: none"> ▪ Share of voice ▪ Response rate ▪ Conversion rate ▪ Transactions per customer 	

Table 1.

Typology of marketing metrics by nature of the indicators and by target

Source: Adapted by Davis, J.: *Measuring marketing: 103 key metrics every marketer needs*, John Wiley & Sons, 2007.

Despite the extensive number of marketing indicators and parameters cited in the specialised literature [4, 6, 12], they are not binded with the business processes at operational level. Thus the suggestion made by several authors [5, 7, 9] that contemporary marketing must be understood as a dynamic process where existing information systems and customer data continuously inform each other with each new interaction between the system and the customer is difficult to be achieved by present marketing metrics dispersity. The cybernetic system of impact, feedback and reaction of contemporary marketing could be successfully implemented only by developing a corresponding marketing research platform providing real-time data and cross-sectional information about consumers and dynamic marketing performance by products and by markets visualized as a real-time marketing scoreboard.

2 Methodology and Findings

2.1 Methodology

2.1.1 Research purpose and objectives

The main purpose of the paper is to investigate the applicability of real-time marketing scorecard as a tool for measuring and driving dynamic marketing performance in service-dominated sectors. The specific research objectives are as follows: 1/ To develop an integrated, interactive and flexible set of information-gathering, information-manipulating and information-distributing tool for measuring marketing performance. 2/ To develop a real-time feedback system for the managers who can react to the inconsistencies and fluctuations of measured performance thus being a driver for continuous performance improvement. 3/ To assess potential implications of proposed real-time marketing scorecard as a benchmarking tool for dynamic marketing decision-making in service-dominated sectors.

2.1.2 Research methods and techniques

Real-time marketing scorecard was developed through a combination of diverse research methods such as: 1/ qualitative research (focus groups and in-depth interviews), 2/ mystery-shopping programs, 3/ m-exit surveys¹ and 4/ short feedback telephone interviews through call-center. The goal of the qualitative research is threefold: 1/ to identify the common (service provider –

¹ exit-surveys conducted by mobile devices.

client/customer) KPIs of the service encounter, 2/ to identify the consequent steps of the service process at operational level and 3/ to support the questionnaire development. Mystery-shopping programs² are used to assess the performance of the service process while m-exit surveys provide information about customer satisfaction and perceived performance of the service providers, incl. the gaps between expected and perceived performance. The m-exit surveys supply timely and reliable information because the technology platform enable to geo-position the respondents, to get their answers immediately and since the survey form is quite attractive and emotionally apealed it decreases substantially non-response error. The short feedback telephone interviews through call-center complemented the 360° picture of service quality.

All research tools except qualitative interviews are based on a software platform which permits immediate data-processing and visualizing as a dashboard to foster rapid managerial reaction to the measured results thus closing the abovementioned cybernetic loop “impact – feedback – reaction”.

2.1.3 Conceptual model

Marketing scorecard is a framework in which to understand the relationship between marketing objectives, marketing activities and results and how they are integrated within the core business processes of the company. It can support the setting up of an marketing information system for performance monitoring and management, incl. a comparative analysis at different levels. Marketing scorecard is based on a cascading set of indicators which enable the units within the organisation to co-ordinate their targets and actions with the overall strategy of the organisation. Thus it enables the transition to cascading planning which requires 1/ change in planning and control methods, 2/ combining both internal and external analitical and prognostic information, 3/ subjects of planning and control, 4/ establishing specific structures in the planning process and process in change programmes, and 5/ including elements of controlling into the strategic management process [3]. Cascading indexation is an interactive measurement system using basins of hard and soft metrics. As Mintzberg³ argues, ‘while hard data may inform the intellect, it is largely soft data that builds wisdom’. Proposed conceptual model includes three levels of cascading in every interaction where innovation, communication and investment values of the company are used as headline KPIs [13].

Headline KPIs provide measure of the overal state of the company’s “health”. These KPIs are disaggregated further on operational KPIs.

² provided by Shoppix Bulgaria™ (www.shoppixbg.com)

³ Mintzberg et al., *Strategy Safari: A Guided Tour Through the Wilds of Strategic Management*, 1998, p. 71.

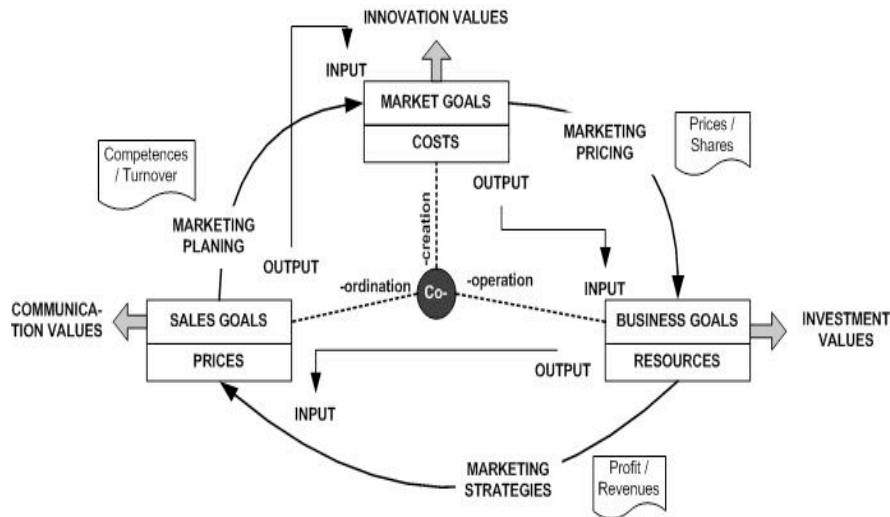


Figure 1

Conceptual model of cascading indexation: headline KPIs level

The proposed conceptual model implies that disaggregation should be process-based and should follow the TQM approach. Operational KPIs bear on specific aspects of firm's activities, enabling management to identify and focus on specific areas of improvement. Since a key part of the marketing scorecard is the use of results to aid the decision-making process thus further subdivision of operational KPIs into diagnostic KPIs is needed. Diagnostic KPIs serve as a base for development of basins of indicative marketing metrics to be used in the marketing scorecard.

2.2 Findings

Research tools mentioned in the methodology section are known and frequently applied by the companies. Our experience shows that managers need timely (if possible real-time) information providing 360° picture of their company performance: inside feedback (employee perceptions and motivation), outside feedback (customer perceptions and satisfaction), process performance (mystery shopping) as well as a benchmarking tool for immediate reaction if needed.

Few studies conducted by the author reveal that the major cause for sub-standard performance results, as measured by the mystery shop evaluations, is not the unmotivated behavior or detrimental attitude of the personnel, but the inadequate knowledge of the company operational procedures and performance objectives. Another problem uncovered by our research is the time-discrepancy between the results provided by mystery shopping programs (24 hours after each evaluation

/inspection) and by traditional exit surveys (one week after completion). Such a delay in managerial reaction is quite costly and sometimes crucial for the company performance and image.

Real-time marketing scorecard uses specific diagnostic KPIs grouped into sets (e.g. satisfaction of service (SoS) KPIs, respect for people (RFP) KPIs) which in turn represent the respective operational KPIs. The overall goal is to assess in real-time the companies performance by key business processes and to provide timely information to aid the decision-making process.

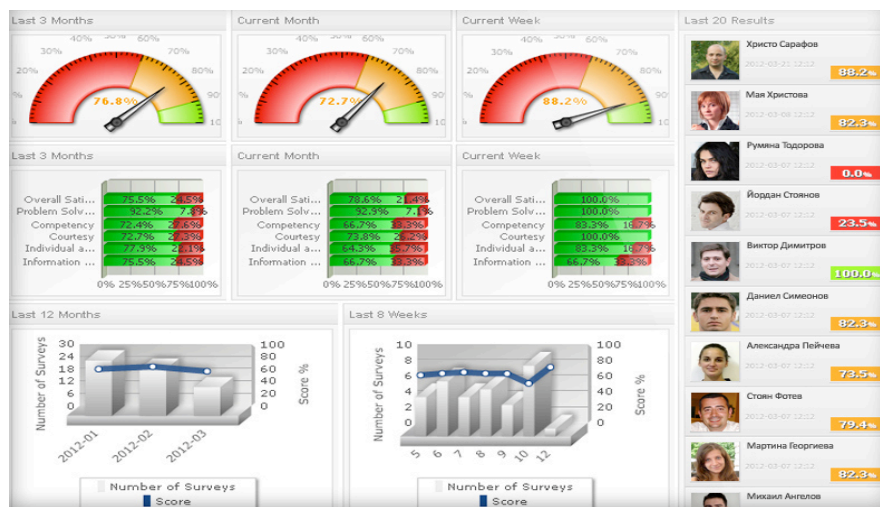


Figure 2
 Real-time marketing scorecard: dashboard view

Through its function called “action alerts”, the real-time marketing scorecard provides an opportunity for immediate reaction since the data are received by the management 10 minutes after the measurement at any location and on any device (notebook, smart phone, etc.). Besides the real-time “signalling” data which can be used as a barometer of the company’s health, the real-time marketing scorecard provides automatically generated analyses by time, by trends (weekly/monthly), by indicators and by employees. These data can be provided for the benchmark companies as well which enables an organisation to identify its performance gaps and opportunities, and develop continuous improvement programmes for all stages of their business processes.

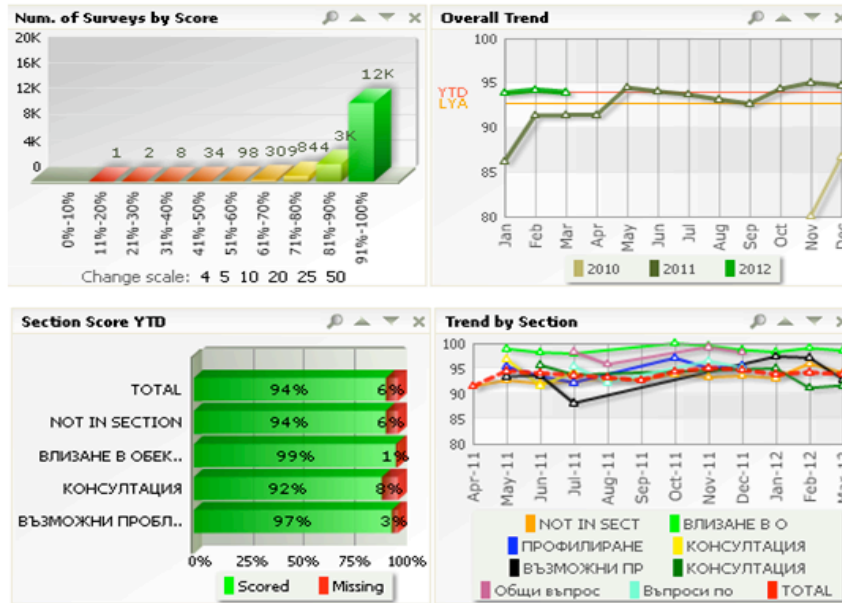
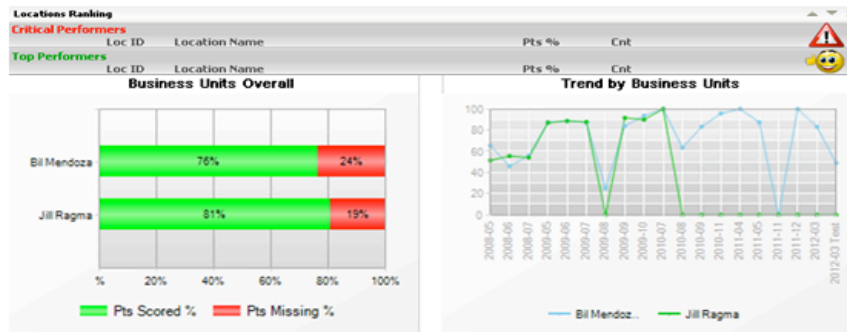


Figure 3

Real-time marketing scorecard: trend and section analysis

The most significant problem with the current marketing metrics tools was that they do not offer the opportunity to change. They are designed to be used as post result “lagging” KPIs. Lagging measures are used to assess completed performance or business results. They don’t offer the opportunity to change performance or alter the result of associated performance. They are used only as a historic review. Leading measures offer the opportunity to change since they are defined either to predict future performance of the activity/process being measured, or to enable future decisions to be made based on the outcome of previous activities/processes. Real-time marketing scorecard provides an opportunity to convert the lagging indicators into leading indicators because the information reaches the manager almost immediately after the measurement and he/she can react accordingly in order to change the situation. A typical example are SoS KPIs which are considered “lagging” metrics. But if they are applied through real-time marketing scorecard, they can be used as leading indicators. In a situation when a customer is not satisfied with a particular service and if the unsatisfaction is “captured” by the real-time marketing scorecard (through m-exit survey or telephone interview), the responsible manager will receive the information immediately on his/her smart phone and can call back the customer. Such an immediate reaction can convert the unsatisfied customer into satisfied one.



Rank by Locations with Time

Rank	Loc ID	Location Name	City	Total	Cnt	2008-05	2008-06	2008-07	2008-05	2008-06	2008-07
1	110	University	Ann Arbor MI	97.2%	3	97.2%			100.0	93.5	100.0
8	102	Summit South	Bloomington BG	82.1%	12	82.1%			73.3	73.9	87.5
9	107	Chill Street	Columbus OH	81.2%	11	81.2%			78.5	80.0	80.0
10	101	Monroe TEST 4	Varna BG	68.2%	34	68.2%			83.3	93.3	84.4
11	x104	Sylvania	Findlay OH	61.9%	21	61.9%	57.1	57.1	71.4		

Figure 4

Real-time marketing scorecard: analysis by business units and by locations with time

Data provided by the real-time marketing scorecard are compared to benchmarked data and decisions are taken based on this comparison.

Besides the comparative real-time analysis, proposed marketing scorecard serves both as a platform for modulated marketing interventions and tactics; and for creating an increasingly fluid and constant interactions between the front, mid, and back processes of marketing.

Conclusions

Proposed real-time marketing scorecard is an effective tool which can be used by managers to measure and to affect marketing performance in a timely (almost in real-time) manner both from the outside-in and inside-out business perspective. As such the real-time marketing scorecard could be used even as a tool for implementing the participatory approach to the brand building process at a low cost.

We found out that real-time marketing scorecard is quite effective and profitable to be used for entry-level personnel and customer service representatives. These are the employees who need monitoring and training the most, because they are the primary and most frequent point of contact with the customers thus affecting directly company image.

Finally, we found out that real-time marketing scorecard can be used as a tool which can facilitate both the process of QMS implementation and continuous improvement of business processes.

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