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 of marketing taught in MGMT 472, and integrates many elements from economics, statistics, accounting and information systems you have learned in the first year of the program. The components of the course are:

- information as a strategic asset: information-intensive marketing strategy
- 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
- customer response based strategy
Instructors

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Course materials


Various articles, cases, software and datasets, available on i:\dhanssen\M478

Class sessions

1 Fri August 29
2 Fri September 12
3 Sat September 13
4 Sat September 27
5 Fri October 10
6 Sat October 11
7 Fri October 24
8 Fri November 7
9 Sat November 8
10 Fri November 21
11 Fri December 5
12 Sat December 6

Student evaluation
1. Individual participation in case studies and discussion assignments (20%). In order to receive participation credit for a missed class, hand in a two-page case analysis at the beginning of the following class.

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

3. 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 September 27. You may undertake this project solo, or in teams of up to 4 people. Team work is recommended, as it generally enhances quality and spreads the workload. 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.

3. OR: Individual final exam - open book, essay style - on principles of customer information strategy (December 6).

Useful references


**Session topics and advance reading/case study assignments**
<table>
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<tr>
<th>Session</th>
<th>Topic</th>
<th>$64K Question</th>
<th>Case</th>
<th>Article</th>
<th>Book Chapter</th>
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<td>1</td>
<td>information-age customer orientation</td>
<td>what is this course all about?</td>
<td>GE UDF (I)</td>
<td>Hanssens (2002)</td>
<td>L1</td>
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<td>2</td>
<td>market-level CIS: forecasting and planning I</td>
<td>where is the market going?</td>
<td>GE UDF (II)</td>
<td>Lilien, Kotler &amp; Moorthy (Ch.10)</td>
<td>L3</td>
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<td>3</td>
<td>market-level CIS: forecasting and planning I</td>
<td>and how do you assess that?</td>
<td>Zenith HDTV (in L)</td>
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<td>L5, L7</td>
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<td>4</td>
<td>customer-level CIS: customer equity</td>
<td>how much is a customer worth?</td>
<td>Nashua Photo</td>
<td>Gupta, Lehmann (2001)</td>
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<td>5</td>
<td>segment-level CIS:determining segments</td>
<td>are all customers the same?</td>
<td>ABB Electric (in L)</td>
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<td>L3, L4</td>
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<td>6</td>
<td>customer-level CIS: modeling preferences</td>
<td>... and what do they really want?</td>
<td>Forte Hotel (in L)</td>
<td>Urban &amp; Hauser (Ch. 10)</td>
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<td>7</td>
<td>measuring marketing productivity</td>
<td>are your customer investments paying off?</td>
<td>Syntex (in L)</td>
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<td>H1, H2</td>
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<td>8</td>
<td>response based resource allocation</td>
<td>... and how do you make them pay off more?</td>
<td>Massmart Inc. (in L)</td>
<td>Carpenter, Hanssens (1994)</td>
<td>L8, L9, H3</td>
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<td>10</td>
<td>data warehousing and informed decision making</td>
<td>how do you manage with large databases?</td>
<td>MathSoft</td>
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<td>H8, H10</td>
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<td>11</td>
<td>CIS in practice</td>
<td>What does a leading practitioner think of all this?</td>
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<td>12</td>
<td>Project delivery or final exam.</td>
<td>How much did you learn?</td>
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