

Anderson Graduate School of Management at UCLA

Executive MBA Program

**MGMT 478 - Customer Information Strategy**

Fall 2003

**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**

Dominique M. Hanssens, Bud Knapp Professor of Marketing

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## **Course materials**

Lilien, Gary L. & Arvind Rangaswamy (2003). *Marketing Engineering, 2<sup>nd</sup> Edition*. Upper Saddle River, NJ: Prentice-Hall.

Hanssens, Dominique, Leonard J. Parsons & Randall L. Schultz (2001). *Market Response Models, 2<sup>nd</sup> Edition*. Boston: Kluwer.

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**

- Aaker, Kumar & Day (2001). *Marketing Research*, 7th Edition. New York: Wiley.
- Armstrong, J. Scott (2001). *Principles of Forecasting*. Boston: Kluwer Academic Publishers.
- Berry & Linoff (1997). *Data Mining Techniques For Marketing, Sales, and Customer Support*. New York: John Wiley & Sons.
- Blattberg, Thomas & Getz (2001). *Customer Equity*. Boston: Harvard Business School Press.
- Brandenburger & Nalebuff (1996). *Co-opetition*. New York: Doubleday.
- Dolan & Simon (1996). *Power Pricing*. New York: The Free Press.
- Doyle (2000). *Value-Based Marketing*. New York: Wiley.
- Keller (1998). *Strategic Brand Management*. Upper Saddle River, NJ: Prentice-Hall.
- Kotler (2003). *Marketing Management: Analysis, Planning, Implementation & Control*, 11th Edition. Englewood Cliffs: Prentice-Hall.
- Lilien, Moorthy & Kotler (1992). *Marketing Models*. Englewood Cliffs: Prentice-Hall.
- Mahajan, Muller & Wind (Eds.) (2001). *New-Product Diffusion Models*. Boston: Kluwer.
- Rao & Steckel (1998). *Analysis for Strategic Marketing*. Reading, MA: Addison-Wesley.
- Rust, Zeithaml & Lemon (2000). *Driving Customer Equity*. New York: The Free Press.
- Sudharshan (1995). *Marketing Strategy: Relationships, Offerings, Timing & Resource Allocation*. Englewood Cliffs: Prentice Hall.
- Urban & Hauser (1993). *Design and Marketing of New Products*, 2nd Edition. Englewood Cliffs: Prentice-Hall.
- Urban & Star (1991). *Advanced Marketing Strategy*. Englewood Cliffs, NJ: Prentice-Hall.

### **Session topics and advance reading/case study assignments**

H = Hanssens et.al. book chapter  
 L = Lilien-Rangaswamy book chapter

Session	Topic	\$64K Question	Case	Article	Book Chapter
1	information-age customer orientation	what is this course all about?	GE UDF (I)	Hanssens (2002)	L1
2	market-level CIS: forecasting and planning I	where is the market going?	GE UDF (II)	Lilien, Kotler & Moorthy (Ch.10)	L3
3	market-level CIS: forecasting and planning I	and how do you assess that ?	Zenith HDTV (in L)		L5, L7
4	customer-level CIS: customer equity	how much is a customer worth?	Nashua Photo	Gupta, Lehmann (2001)	
5	segment-level CIS:determining segments	are all customers the same ?	ABB Electric (in L)		L3, L4
6	customer-level CIS: modeling preferences	... and what do they really want?	Forte Hotel (in L)	Urban & Hauser (Ch. 10)	L7
7	measuring marketing productivity	are your customer investments paying off?	Syntex (in L)		H1, H2
8	response based resource allocation	... and how do you make them pay off more?	Massmart Inc. (in L)	Carpenter, Hanssens (1994)	L8, L9, H3
9	applications	practice, practice, practice		Ailawadi, Lehmann & Neslin (2001)	L10, H9
10	data warehousing and informed decision making	how do you manage with large databases?	MathSoft		H8, H10
11	CIS in practice	What does a leading practitioner think of all this?			
12	Project delivery or final exam.	How much did you learn ?			