

Quantitative Consulting for Business

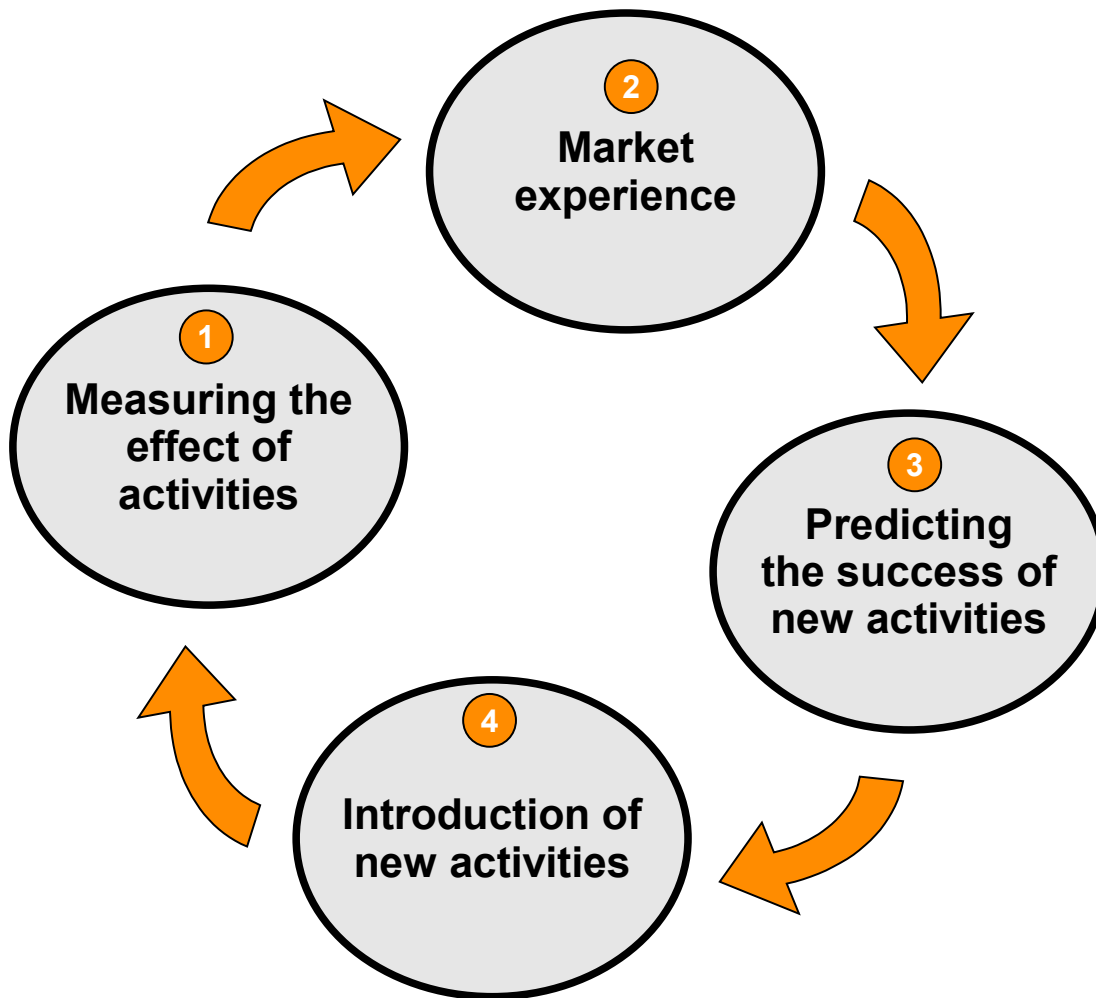
Planning and measuring marketing activities



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The essence of quantitative marketing is to optimize the way we learn about past actions in order to support future decisions.

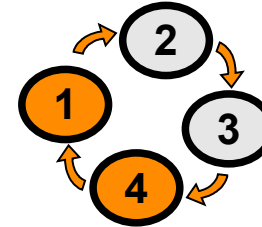


Gathering experience quantitatively

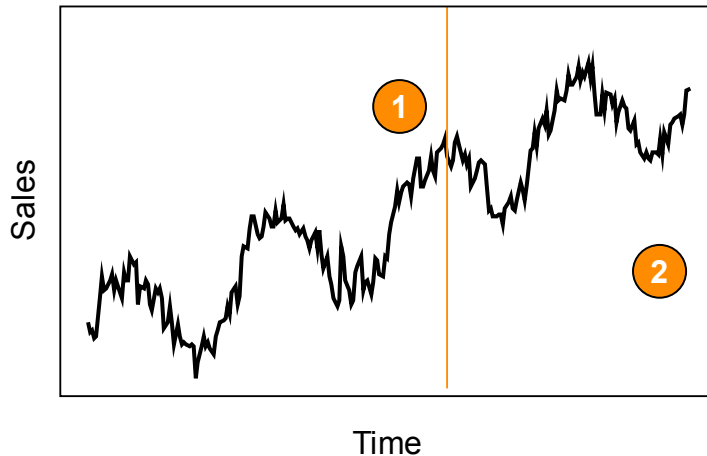
- 1 **Measure** the effect of **activities**
 - Quantify customer response to your activity
 - Calculate key parameters
- 2 **Condense** accumulated **knowledge**
 - Workshops
 - Complement with market research where necessary
- 3 **Plan** new **activities**
 - Calculate response scenarios based on quantified experience
- 4 **Select** activities with the **best prognosis**



More often than not, the effect of a marketing activity is blurred by the complexity of the sales pattern or by concurring effects.



Analyzing sales data ...

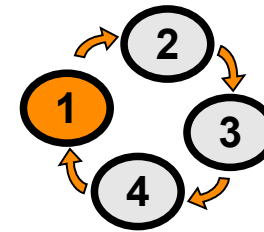
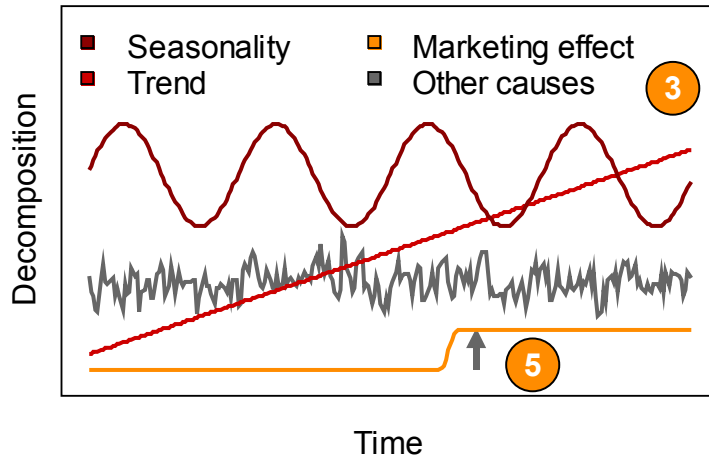


- 1 Examples of past activities
 - **Temporary** activities
 - Advertising (TV Spots), sales actions
 - **Permanent** activities
 - Product modification or – introduction
 - Price change
- 2 The **sales pattern** is often too **complex** to immediately distinguish the effect of the activity, e.g.:
 - Superimposed trend and seasonality
 - Uncertainty about what customers would have done without the new offer



Time series methods can help to separate and quantify the different influences.

... decomposing the effects ...



Measuring the effect

- 3 Separation of all effects visible in the sales pattern and **isolation of the true effect**
- 4 Comparison „Baseline“ vs. true development
- 5 As a result, we obtain a **quantitative measure for the effect**, e.g.
 - Advertising elasticity
 - Price elasticity

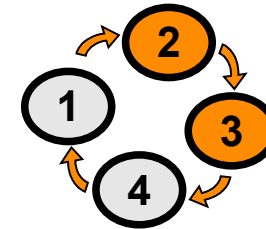
... shows intervention effect





The quantitative approach can then be used to decide which among a list of planned activities can be expected to have the best success.

Typical project structure



Target definition

- Establish context for planned activities (strategy, available resources)
- Target function (profit, revenue, new customer acquisition)

Data overview

- Overview over past activities
- Old and new product descriptions (ours and those of the competition)
- Available material from market research

Longlist of measures

- Interviews and Workshops
- Preliminary analyses
- Establish structured list

Decision criteria and shortlist

- Duration, costs, requirements for implementation
- Expected outcome
- pre-selection and shortlist

Quantitative estimation of outcome

- Detailed measurement of comparable past activities (cf. above)
- Complemented by market research if necessary
- Simulation of the effects of main options discussed