



NEW BOOKS IN REVIEW

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HIGH PERFORMANCE MARKETING: BRINGING METHOD TO THE MADNESS OF MARKETING, Naras Eechambadi, New York: Kaplan Education, 2005, 288 pages, \$27.00.

MARKETING AND THE BOTTOM LINE: THE MARKETING METRICS TO PUMP UP CASH FLOW, 2d ed., Tim Ambler, New York: Financial Times/Prentice Hall, 2004, 336 pages, \$29.95.

MARKETING PAYBACK: IS YOUR MARKETING PROFITABLE? Robert Shaw and David Merrick, New York: Financial Times, 2005, 528 pages, \$24.99.

MARKETING PRODUCTIVITY AND MEASUREMENT

Department store mogul John Wanamaker is famously quoted as saying, "I know half my advertising works, I don't know which half."¹ Not knowing which half of advertising works may have been fine in the early part of the twentieth century, but this will not suffice in the early part of the twenty-first century. Several researchers and practitioners have focused on the issue of "accountability" in marketing. Accountability in marketing is related to measuring the productivity of marketing activities. Thus, measurement or metrics and improving marketing productivity have been identified as top-tier priority topics by the Marketing Science Institute in every report since 1998.

Several articles and books have focused on the need for marketing to talk in the language of the boardrooms if it is to be taken seriously. More than a decade ago, Sheth and Sisodia (1995a), with great foresight, discussed the need for marketers to be more accountable or face the possibility of their function being distributed throughout the firm. They further recommended (Sheth and Sisodia 1995b) how marketing could boost its productivity by using information technology and better managing the function for effective efficiency. Lenskold (2003) suggests that managing the marketing budget is an investment rather than an expense. He further argues that the focus should be on the return on investment and that such a focus is imperative if marketing as a function wants to get its credibility back. This resonates with Sheth and Sisodia's (2002) recommendations. In a recent article, Rust and colleagues (2004) focus on marketing's current lack of credibility and suggest methods by which marketing could add to the shareholder value.

The three books reviewed here advance this notion that marketing has remained a "black box" for a very long time, and unless top management executives are able to understand what is happening within the marketing function, they are not likely to support it. Thus, in their own way, these books contribute to bringing marketing to the boardroom by focusing on measurement, profitability, and productivity.

HIGH PERFORMANCE MARKETING: BRINGING METHOD TO THE MADNESS OF MARKETING

Naras Eechambadi has been an academic, a practicing marketer, and a consultant. In his book, he lays out a framework and spends a considerable amount of effort in emphasizing the importance of each part of the framework. He does a good job of merging academic research with case studies in each chapter.

In Chapter 1, after establishing the necessity for measurement and accountability in marketing, Eechambadi provides six key dimensions that drive marketing performance: actionable strategies, measurement methodologies, enabling processes, organizational capability, information assets, and enabling technologies. In Chapter 2, he makes a compelling case for measuring the organization's competencies along these six dimensions relative to the business objectives. Furthermore, through examples and cases, he brings to the fore companies that have been successful as a result of aligning their competencies in these six dimensions with their business objectives. He calls this difference "the strategy-execution gap."

The next six chapters each examine one of the six dimensions in greater detail. However, Eechambadi decides to use different titles rather than the dimension itself for no apparent reason. Chapter 3 focuses on the dimension of actionable strategies. Decisive leadership is a must, and it helps when the marketing organization has the ability to translate high-level corporate strategies and objectives into actionable marketing strategies and specific plans. Using case studies of Samsung Electronics and Gillette, Eechambadi drives home the point that actionable strategies and plans need to have specific, quantifiable goals and objectives. Furthermore, he provides a marketing initiative portfolio that is a useful tool in assessing a marketing organization's health.

Chapter 4 is about measurement methodologies in marketing. It focuses on characteristics of successful measurements and how to set up a measurement process that is credible not only to marketers but also to business leaders

¹See http://en.wikipedia.org/wiki/John_Wanamaker#Quotes.

and stakeholders outside marketing. This chapter also explains the performance measurement model developed at the author's consulting firm, Quaero. This should have been the most important chapter in the book, given the importance of the topic to the central thesis of the book. However, Eechambadi could have done a much better job of explaining the performance measurement model. In its current form, it is too general, and though it is easy to understand, it does not necessarily impress this reader. The author states that several *Fortune* 500 organizations are clients. The case studies should have been companies that implemented their model and benefited from it. The case studies of Harrah's Entertainment and Royal Bank of Canada are good, but I fail to understand the link between the model and these firms' strategies. This chapter provides a good synopsis of the three schools of thought with respect to marketing measures, namely, the return-on-investment school, the brand equity school, and the customer equity school.

Chapter 5 is about the next dimension of enabling processes. In this chapter, Eechambadi makes a fairly good case that marketing has remained a mystery to those outside marketing and sometimes even to those in marketing. There are rigorous measures for advertising effectiveness, direct marketing, retail channels, and call centers, but these are not integrated through the discipline of marketing. Thus, effectiveness is sacrificed at the altar of efficiency. Eechambadi also includes case studies of firms, such as Bank of America and ServiceMaster, which have integrated the various measures using the six sigma concept.

Chapter 6 discusses the next dimension of organizational capability. Having discussed the role of marketing within the organization, Eechambadi focuses on aligning the marketing function with other functional areas to realize key performance objectives. In this chapter, he does a good job of viewing the organizational goals from different perspectives, such as that of the customer, the chief executive officer (CEO), the chief operating officer, and marketing. He also provides a good checklist to assess how misaligned an organization is. The chapter ends with an interesting nugget from Eechambadi's personal experience at First Union Bank.

Chapter 7 delves into the dimension of information assets. Most people who are familiar with data mining or customer relationship management will not be surprised by what Eechambadi presents. However, he does a good job of emphasizing the necessity to integrate disparate data on customers. He further focuses on how to organize, integrate, analyze, and apply the information to achieve business objectives.

Chapter 8 is about the enabling technologies. Its focus is similar to Chapter 7, but it goes into far greater detail. Eechambadi analyzes the reason for failure of customer relationship management software and then presents a good checklist of automation in the marketing function. Furthermore, he discusses how the information infrastructure of marketing departments needs to be aligned with business objectives and the value delivered by marketing toward such business objectives.

Through the use of case studies, the final three chapters provide practical pointers on how to improve on each marketing dimension. The case studies further reinforce the point the book made previously that these are not "stand-

alone" dimensions but rather are interconnected. Furthermore, Eechambadi maintains that this is an ongoing process, not just something that is done at the beginning of a campaign or at the end of a fiscal year. Thus, the focus needs to be on planning as well as the execution of the marketing program and the measurement of the dimensions of marketing excellence. There are checklists and tools provided to ensure that the plans are being executed. The book is interesting because it attempts to connect academic research with practical relevance.

MARKETING AND THE BOTTOM LINE: THE MARKETING METRICS TO PUMP UP CASH FLOW

Tim Ambler is a senior fellow at the London Business School and former joint managing director at International Distillers and Vintners. The book, a 2005 Berry-American Marketing Association award finalist, is aimed at executives in the upper echelons of management in general and at senior marketing managers specifically. It speaks to the CEOs and board of directors more so than to entry-level or midlevel marketing managers. Overall, this book is well written and presented, but it is not as well organized as *High Performance Marketing*. This is likely due to the absence of an overarching framework.

One of the most significant points Ambler stresses is the importance of cash flows for top management. Currently, the focus is on counting (accounting for) the cash flow. However, Ambler argues that the organization must also focus on the future cash flows. Because cash flow is attributable to customers, the focus should be on understanding and retaining existing customers as well as acquiring new ones, that is, the source of new cash flows. In turn, this means that top management, including the CEO and chief financial officer, must be aware and initiate the drive for better marketing metrics to understand these customers. As does Eechambadi, Ambler notes that marketing should not be allowed to become a black box. The CEO and top management should strive to understand and explain the same to the stakeholders in the organization.

Ambler makes another interesting observation that the financial reports of the organization do not report on the health of the marketing organization. This is due to the lag between marketing execution and its effect on performance. Furthermore, whereas Eechambadi focuses on the differences between the different schools of thought with respect to marketing measures, Ambler focuses on their commonality, as in their dependence on discounted cash flows. Thus, Ambler concludes that the disagreements among these methods are merely semantic rather than substantial.

Because there are several different stakeholders in building up the marketing asset of the organization, Ambler defines the marketing asset rather broadly to include trade customers, customers, employees, and suppliers. Each party must be measured differently and in multiple ways. Thus, total marketing equity is the sum of the equities in each of these stakeholder segments. To drive home this point, Ambler spends considerable space on brand equity (Chapter 2), employee-based brand equity (Chapter 7), and innovation performance (Chapter 6).

Ambler proposes having the culture and metrics of the organization evolve together rather than a new metric being introduced to measure a culture/process that has not

evolved. He also points out the short-term and long-term effects of marketing activities need to be measured. He suggests using a blend of financial and nonfinancial and intermediate and final measures. This could be compared with the organization's goals.

Ambler emphasizes that the measures used will be different for firms with just one product line in a market compared with a multinational, such as Unilever, which has many product lines in different markets. Although he makes a good case for why the measure may vary from market to market or product line to product line within a firm, some readers may argue with such an assertion. Choosing the right measures is critical for the organization because measurement drives the organization's strategy and implementation. Benchmarking of competitive measurement systems guarantees measurement uniformity in an industry and, thus, strategic uniformity. Ambler also suggests that tying executive remuneration to measurement will lead to counterproductivity.

This book also sources substantial knowledge from academic research and projects in which Ambler has been involved. It will be extremely useful for senior managers in organizations because it provides a "how-to" guide in many cases and checklists in others. Furthermore, it is well written and easy to read. However, I have problems with some definitions that are different from what existing research suggests. For example, the concept of marketing itself is too broadly defined. Similarly, although the concept of brand equity is defined well, it is very broad in its scope compared with what is the accepted view of brand equity.

Some of the metaphors used in the book are interesting as well; for example, comparing blind men describing an elephant with measuring brand equity in organizations is appropriate and well presented. Because the book targets senior executives in organizations, the use of metaphors is an interesting way to present the information. Overall, I would recommend this book mainly for practitioners. Students of marketing interested in the U.K. market are likely to benefit from the great number of examples provided. However, examples from other parts of the world would have helped target a global market. There is nothing in the book (in the form of exercises) that suggests that it is targeting the academic market.

MARKETING PAYBACK: IS YOUR MARKETING PROFITABLE?

The authors Robert Shaw and David Merrick have substantial consulting and academic experience between them. This book is targeted at marketing professionals at all levels, unlike Ambler's book which is positioned primarily for senior management. Furthermore, this book can easily be adopted for an upper-level master's course in marketing because of the boxes containing case studies as well as definitions and key points at the end of the chapters. The book's reliance on academic research articles also facilitates adoption in marketing programs.

The objective of this book is to provide marketers with an ability to talk in the language of numbers and to provide financial accountability for the impact of marketing expenses. This is in keeping with the theme of the other two books reviewed herein. Although all the books focus on the same issue, the way they present their arguments are differ-

ent from one another. In *Marketing Payback*, Shaw and Merrick opine that quantifying the impacts of marketing expenditure in terms that can be endorsed by the nonmarketing community is not a passing fad, nor is it an optional extra.

Shaw and Merrick begin their book with the premise that marketing is going through a midlife crisis because it is viewed as an expense that has no financial accountability. They capture the differences in perception among marketers and the rest of management regarding the concept of marketing productivity. They also note that marketing metrics need to be aligned with business objectives and should include some form of financial payback. The different marketing metrics that will help achieve a marketing payback are the increase of sales volumes, the increase of prices, and the reduction of unit costs, thus contributing to the bottom line after the marketing costs are taken into account. Although this suggestion is fairly obvious, it is difficult to achieve in dynamically competitive markets.

Shaw and Merrick note that, in general, rules of thumb or intuition are not successful, and they suggest following empirical generalizations in marketing. These empirical generalizations are good starting points from which changes can be made to the marketing strategy on the basis of the markets being served and the product/service being offered. Furthermore, each marketing activity must be measured and analyzed to determine how marketing works. Among the measures of marketing activity, Shaw and Merrick suggest that trade customers' thoughts and feelings are rarely, if ever, captured in brand-tracking studies. This, they suggest, must change. Most market research data are aggregated and do not provide in-depth and accurate information on customers. Shaw and Merrick suggest that this too must change; marketers should demand more in-depth information at the customer level. This kind of rich information will enable marketers to better understand their customers and the changes in their customers' minds about the organization's brands.

Shaw and Merrick suggest that forecasting sales and becoming a better judge of data and analysis are important enablers for marketing measurement. Branding and brand identity play an important role in marketing. As such, the metrics to measure changes in brand identity are important. This measurement should not be on an ad hoc basis but should be continuous (as in brand-tracking surveys). When brand identity changes are attempted, brand-tracking surveys should assess whether the identity as planned is reflected in the perceptions of customers or potential customers. Conversely, brand portfolio decisions are made outside marketing, with frequently disastrous results. Shaw and Merrick further discuss instances in which brand proliferation may work and those in which brand consolidation works. Effective testing methods should be used before brand extension decisions are made to verify the appropriateness and competitiveness of these extensions. Shaw and Merrick also suggest that though there are many ways to measure the value of a brand, an approach based on statistical forecasting and market research should be preferred.

Similarly, Shaw and Merrick suggest appropriate measurement methods for integrated marketing communications (Chapter 12), pricing (Chapter 13), and promotions (Chapter 14). They also provide a method for customer equity

optimization by taking into consideration the cost of customer acquisition and customer retention. Financial planning should account for future sales and should factor them in breakeven calculations for customer acquisition budgeting. This will help organizations determine whether they need to scale back operations and maintain optimal market share instead of trying to achieve maximal market share at the cost of financial health.

Recent advances have provided added value to the marketing information gathered by marketing organizations. Shaw and Merrick provide a better framework for collecting this information. They provide several checklists that should be considered in diagnosing the organizational marketing information needs.

The final section of the book provides several "to-do" lists to model applications for marketing, marketing planning, budgeting, book keeping, and accounting. Furthermore, Shaw and Merrick provide some answers to what happens when things go wrong. They suggest that marketers and management need to focus on the big picture rather than worry about every variance, and they should avoid knee-jerk reactions to each variance.

One of the strengths of this book is the different examples and cases provided. The examples include global businesses such as BT, Diageo, Disney, IBM, Kraft, Nokia, Procter & Gamble, Samsung, and Unilever. Compared with the other two books reviewed herein, *Marketing Payback* best represents the global marketplace. Furthermore, the key points at the end of the chapters are another addition that makes this book attractive to the academic market in addition to the practitioner market.

CONCLUSION

Overall, all three books are fairly well written and focus on the need for marketing to understand marketing produc-

tivity. They also encourage marketing to have a dialogue with nonmarketing management and stand accountable for marketing expenditures. This can be done only through metrics that are in line with the organization's strategy and that provide a financial outcome that top management can understand. Toward this end, each of these books has made a contribution in furthering marketing's role (1) within the organization and (2) at the decision-making table.

High Performance Marketing would be appropriate for marketers and students, but currently, it is not very user friendly for the student audience. *Marketing and the Bottom Line* is targeted at top management and boards of directors and, as such, distinguishes itself from the other books. People aspiring to be in top management could also benefit from reading the book. *Marketing Payback* is possibly for middle-level marketing practitioners trying to understand financial metrics and marketing students.

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