

MARK7377 CRM & DATABASE MARKETING
SPRING 2017

Time: TUESDAY 18:00 – 20:50
Room: ML 110
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COURSE OBJECTIVSE

This course illustrates how managers can use data from various sources (sales data, historic consumption data, transactions data, and marketing effectiveness data) in making more effective business decisions. We will understand the basic principles of data driven marketing in verticals as diverse as financial services and banking, direct marketing, leisure and entertainment, wholesale management, packaged goods and retailing. Applications will range from targeting decisions, segmentation decisions, customer relationship management (CRM), vendor and supplier management, loyalty programs, revenue management, marketing mix decisions, price and service differentiation, and service quality management.

Major sections of the course deal with value decomposition, life time value calculation, data analysis, and utilizing the generated data knowledge to make decisions. Attempts are made at each stage to illustrate practical and managerial applications. In addition, where appropriate, you will be given hands on experience with various marketing research techniques.

One important objective of this course (and all my marketing courses) is to (hopefully) get you excited about marketing, about statistics, about working with data, and be able to draw the linkage between marketing (and other relevant) concepts and real life business problems, even when they do not seem be directly related. Remember, no two problems are ever the same! There is no course, or books, that can serve as a dictionary and solve all the business problems. What you can learn, is the ability to think, and tackle problems, using the tools you have, when appropriate.

COURSE FORMAT

The course is composed of a mixture of lectures, case discussions, data analysis tutorial(s), and in class exercises. The purpose of the lectures is to present and discuss theories, concepts, analytical techniques and empirical findings. We will discuss a number of comprehensive business cases. The goal of the case discussion is to apply the concepts to the context provided by the case and to make decisions based on both qualitative and quantitative analysis. The tutorials are designed to help you master relevant statistical techniques.

READINGS AND COURSE MATERIALS

The reading tasks will be assigned the materials be distributed (when necessary) as the course progresses.

HSB Cases:

Purchase courepack from:

<http://cb.hbsp.harvard.edu/cbmp/access/60266758>

Pilgrim Bank (A), (B), and (C)
The King-Size Co.
Harrah's Entertainment Inc.
Bancaja: Developing Customer Intelligence
Grupo IUSACELL

Reference Texts (Optional material)

- Martin Goldfarb & Howard Aster, "*Affinity: Beyond Branding*", McArthur & Company.
- Charles Wheelan, "*Naked Statistics: Stripping the Dread from the Data*", W.W. Norton & Company (NS)
- Dilip Soman & Sara N-Marandi, *Managing Customer Value: One Stage at a Time (MCV)*

GRADING PLAN

Assignments and activities will contribute to the final grade according to the distribution shown in the table below. **All assignments are due at the beginning of class.**

Final grades will be assigned based on five components:

| | |
|------------------------------------|-----|
| a) Class Participation | 10% |
| b) Group Project | 20% |
| c) Group Project Presentation | 20% |
| d) Case write-up (Best of 2 cases) | 25% |
| e) Final Exam | 25% |

Class Participation (10%)

Attendance is mandatory at all class sessions. If you have an emergency and thus cannot attend, let me know by **emailing** me in advance; **1% will be deducted from the final grade for each unexcused absence.**

You are more likely to learn when you are an active participant in class discussions, which means you will need to attend regularly. Do not fall into the trap of thinking you can miss a few lectures and easily catch up.

Quality contributions that are relevant to the discussion will improve your participation grade. **I will cold call on students at random to open case and assignment discussions.** Your class participation grade will be significantly hurt if you are called upon to offer your analysis on a case or assignment question and you are not prepared.

Group Project (20%)

You will need to complete a group project that can demonstrate their knowledge of database marketing concepts and applications in the business world. The project report should reflect students' skills in research and writing. Peer evaluation will be conducted.

Every group member is expected to participate actively in all aspects of the group exercises. Group participation grade will be determined by the average of peer evaluations. Specifically, each group member will evaluate, at the end of the course, the contribution made by the other group members on a 100-point scale.

Group Project Presentation (20%)

You will need to present to the class a summary of the group project within a time limit. The presentation is designed to gauge students' communication and presentation ability as well as working effectively as a team.

Case Write-up (25%)

You will have two individual case write-ups. The better of the two will be counted towards the 25% of final course grades. You must submit both case write-ups in order to obtain the full 25%. If only one complete, you will have a maximum of 12.5% counted towards your final grades.

Final Exam (25%)

A written examination is developed to assess your level of understanding of the topics covered in this course.

OTHER

Academic Integrity, Honor Code and Classroom Etiquette:

All academic work must meet the standards contained in "A Culture of Honesty." All students are responsible to inform themselves about those standards before performing any academic work. You are expected to comply with UH Student Honor Code.

Our classroom should have a professional environment. In keeping with such an environment I ask the following of you:

- Please do not enter or leave the room while class is in session
- Please limit your sidebar conversation
- Please turn off your mobile phone before the start of class

I expect you to help me enforce these norms, so we can have a good environment free of distractions. If we all cooperate, this will be no big deal and we will be more productive.

About Cases:

The case situations that will be discussed have been developed after careful research on actual situations in real companies. The case writer(s) has (have) attempted to describe enough of the background and details of the situation in order to provide an adequate basis for class discussion.

Thorough preparation on the part of all class participants is essential to having a good and fruitful class discussion. Merely reading the case is not to be enough. After an initial reading to get a broad overview, go back and study the case thoroughly. Make any notes you find helpful and mark up the case to facilitate structuring your understanding of the situation. Identify the major problems and key relationships. Conceive alternative solutions to the problem and identify the advantages and disadvantages of each. Be prepared to defend your stand and recommendation in the class.

Each case is bound to lack some information that you would like to have in order to make a decision. As in real life, management decisions frequently must be made in the absence of information. A key executive skill is the ability to make effective decisions under uncertainty. A case discussion is preparation for just such situations.

Rarely, if ever, does a case contain an ideal solution to the problem highlighted in it. So do not expect a perfect all-encompassing solution at the end of the case discussion. In most cases, no such answer will emerge because each management problem often has multiple alternative solutions, each involving different degrees of risk, cost and complexity of execution. The major benefit of case discussion is that it provides the participants with a perspective and a repertoire of ideas which non-participants will lack. Another benefit of the case discussion is that concepts which may appear theoretical in a textbook come to life when seen from the perspective of a case.

TENTITATIVE SCHEDULE (Subject to course progress)

| Week | Date | Topic | Activity |
|---|-------------|---|--|
| 1 | 1/17 | Introduction to Database Marketing & Customer Value Approach | Admin, MCV Ch. 1 |
| 2 | 1/24 | Customer Value Management: Decomposing Metrics Marketing Mix and Customer Lifecycle | MCV Ch. 2, 3 |
| <i>Last day to drop class without penalty/grade: Feb 1st 2017</i> | | | |
| 3 | 1/31 | Customer Lifetime Value I | MCV Ch. 4, 5 |
| 4 | 2/7 | Customer Lifetime Value II Acquisition Decisions | MCV Ch. 5 |
| 5 | 2/14 | Customer Equity HBS Case - The King-Size Co. | HBS Case: The King-Size Co. Discussion |
| 6 | 2/21 | Guest Speaker | Guest speaker starts at 7:15 Individual Write-up HBS Case - Grupo IUSACELL |
| 7 | 2/28 | Descriptive Analysis: Summary Statistics and Correlations Data Analysis: Regression Analysis I | NS Ch 2, 3, 4 NS Ch. 5, 6 |
| 8 | 3/7 | Regression Analysis II | NS Ch. 6, 7 |
| <i>3/13 – 3/18 Spring Break</i> | | | |
| 9 | 3/21 | Guest Speaker | Guest speaker starts at 7:15 Individual Write-up HBS Case - Harrah's Entertainment Inc. |
| 10 | 3/28 | Dummy Variables HBS Case -Pilgrim Bank (A): Customer Profitability -Pilgrim Bank (B): Customer Retention | HBS Case: Pilgrim Bank |
| 11 | 4/6 | HBS Case - Bancaja: Developing Customer Intelligence (A & B) (Experimental Design) | HBS Case: Bancaja: Developing Customer Intelligence (A & B) |
| 12 | 4/13 | Project Presentation (set 1) | Project write-up Due |
| 13 | 4/20 | Project Presentation (set 2) | |
| 14 | 4/27 | Final Exam | Closed-book |