Praise for *marketing analytics*

‘For those MBAs who barely passed their quantitative marketing and statistics classes without truly understanding the content, *Marketing Analytics* provides everything managers and executives need to know presented as a conversation with examples to boot! You’ll definitely sound smarter in the boardroom after reading this book!’

**James Mourey, PhD and assistant professor of marketing at DePaul University (Chicago)**

‘*Marketing Analytics* is a must-read for analytics practitioners and marketing managers seeking a comprehensive overview of the most actionable techniques that virtually any organization can apply to gain immediate benefits. Rather than complicate the book with technical details that may not be of interest to all readers, Dr Grigsby succinctly illustrates the concepts with real examples and provides references for analysts needing deeper guidance or theory. I wish *Marketing Analytics* had been published 15 years ago – it would’ve saved me a lot of independent research!’

**W Dean Vogt, Jr, marketing research and analytics practitioner**

‘*Marketing Analytics* is a practical guidebook written in a conversational tone that makes complex theories easily understood. The author’s experience in the industry combined with his inherent gift for explaining everything a successful marketing analyst needs to know makes this book a must-read.’

**Katy Richardson, Founder and Principal, 214 Creative**

‘This is a great book for practitioners who have learned plenty of theories and want to learn how to apply methodologies. It is also a great, easy-to-read resource for anyone who does not have a deep theoretical background but wants to learn how analytics work in real life.’

**Ingrid Guo, VP, Analytics, and Managing Director, Javelin Marketing Group (Beijing)**

‘Mike’s writing is straightforward and entertaining. He brings a conversational and relatable tone and approach to some fairly complex material. Sometimes marketers can take themselves a little too seriously, especially when it comes to the mathematical side of things. Mike’s work reminds us to lighten up and have fun with it.’

**Katy Rollings, PhD, loyalty analyst at GameStop**

‘The book summarizes all the critical topics in a consumer-focused analytic approach, and the cases are fun to read.’

**Ernan Haruvy, PhD, Professor of Marketing, UT Dallas**
‘This book gives a broad overview of marketing analytics to people who don’t have any related background… Examples are explained to give readers a clearer idea. I think the book is worth a read for anyone who wants to become a marketing analyst.’

**Yuan Fang, MSc (marketing analytics candidate)**

‘In one sentence, the role of marketing is to determine who the organization can serve and how it can best be done. To this end, Mike Grigsby escorts the reader through the difficult process of understanding, explaining, and anticipating customer behaviour, aptly delivered with the no-nonsense authority earned by veterans of marketing success. If *Marketing Analytics* is the class, I’m sitting front row!’

**Allyn White, PhD**

‘In his book *Marketing Analytics*, Mike Grigsby takes passionate marketing strategists on a practical, real-life journey for solving common marketing challenges. By combining the concepts and knowledge areas of statistics, marketing strategy and consumer behaviour, Mike recommends scientific and innovative solutions to common marketing problems in the current business environment. Every chapter is an interesting journey for the reader.

What I like most about the book is its simplicity and how it applies to real work-related situations in which almost all of us have been involved while practising marketing of any sort. I also like how Mike talks about tangible measurements of strategic recommended marketing solutions as well as how they add value to companies’ strategic endeavours. I highly recommend reading this book as it adds a completely new dimension to marketing science.’

**Kristina Domazetoska, project manager and implementation consultant at Insala – Talent Development and Mentoring Solutions**

‘Mike’s book is the right blend of theory applied to the real world, large-scale data problems of marketing. It’s exactly the book I wish I’d had when I started out in this field.’

**Jeff Weiner, Senior Director, Channel and Employee Analytics – US Region, Aimia**

‘I love your book! It offers a truly accessible guide to the basics and practice of marketing analytics. I especially like how you bring in your correct insights on e.g. the over reliance on competitive (vs consumer) behavior in marketing strategy.’

**Koen H Pauwels, Associate Professor at the Tuck School of Business, Dartmouth and Özyeğin University, Istanbul**

‘I found *Marketing Analytics* interesting and easy to comprehend. It has lucid descriptions along with the illustrations, which complement the text. Even a layman can understand, as there is no jargon or technical language used.’

**Sunpreet Kaur Sahni, Assistant Professor at GNIMT, PhD (marketing) Ludhiana,**
Punjab, India

‘This is an excellent read for people in the industry who work in strategy and marketing. This is one of the first books that I have read that covers the entire spectrum from demand, segmentation, targeting, and how results can be calculated. In an age where marketing is becoming more and more sophisticated, this book provides the tools and the mathematics behind the facts. Marketing Analytics is written with a scientific voice, but was very readable, with the science wrapped into everyday activities, based on a character we can all relate to, that are derived from these formulas, ultimately driving ROI.’

Elizabeth Johnson, VP, Shopper Marketing – Digital Solutions Retailigence

‘I strongly recommend Marketing Analytics to both beginners and folks who don’t have much background in statistics. A very precise book. Complicated topics around statistics, marketing and modelling are condensed very well in a much-simplified language, along with real-world examples and business cases, which makes it amusing to read and gives clear understanding about applications of the concepts. The book sets the ground with exactly what one needs to know from statistics as well as marketing, and runs through how these two, coupled with analytics, can help solve real-world business problems. Later, it also covers Market Research topics and concludes with the Capstone, covering application of all the methodologies to Digital Analytics. I believe that Marketing Analytics will be a handy reference or manual for students as well as marketing analytics professionals.’

Sasmit Khokale, MS (MIS), Analytics Practitioner
Contents

*Foreword*
*Preface*
*Introduction*

**PART ONE Overview**

**01 A (little) statistical review**
- Measures of central tendency
- Measures of dispersion
- The normal distribution
- Relations among two variables: covariance and correlation
- Probability and the sampling distribution
- Conclusion
- Checklist: You’ll be the smartest person in the room if you…

**02 Brief principles of consumer behaviour and marketing strategy**
- Introduction
- Consumer behaviour as the basis for marketing strategy
- Overview of consumer behaviour
- Overview of marketing strategy
- Conclusion
- Checklist: You’ll be the smartest person in the room if you…

**PART TWO Dependent variable techniques**

**03 Modelling dependent variable techniques (with one equation): what are the things that drive demand?**
- Introduction
- Dependent equation type vs inter-relationship type statistics
- Deterministic vs probabilistic equations
- Business case
- Results applied to business case
Modelling elasticity
Technical notes

Highlight: Segmentation and elasticity modelling can maximize revenue in a retail/medical clinic chain: field test results

Abstract
The problem and some background
Description of the data set
First: segmentation
Then: elasticity modelling
Last: test vs control
Discussion
Conclusion

Checklist: You’ll be the smartest person in the room if you…

04 Who is most likely to buy and how do I target?

Introduction
Conceptual notes
Business case
Results applied to the model
Lift charts
Using the model – collinearity overview
Variable diagnostics

Highlight: Using logistic regression for market basket analysis

Abstract
What is a market basket?
Logistic regression
How to estimate/predict the market basket
Conclusion

Checklist: You’ll be the smartest person in the room if you…

05 When are my customers most likely to buy?

Introduction
Conceptual overview of survival analysis

Business case

More about survival analysis

Model output and interpretation

Conclusion

Highlight: Lifetime value: how predictive analysis is superior to descriptive analysis

Abstract

Descriptive analysis

Predictive analysis

An example

Checklist: You’ll be the smartest person in the room if you…

06 Modelling dependent variable techniques (with more than one equation)

Introduction

What are simultaneous equations?

Why go to the trouble of using simultaneous equations?

Desirable properties of estimators

Business case

Conclusion

Checklist: You’ll be the smartest person in the room if you…

PART THREE Inter-relationship techniques

07 Modelling inter-relationship techniques: what does my (customer) market look like?

Introduction

Introduction to segmentation

What is segmentation? What is a segment?

Why segment? Strategic uses of segmentation

The four Ps of strategic marketing
Criteria for actionable segmentation
A priori or not?
Conceptual process
Checklist: You’ll be the smartest person in the room if you…

08 Segmentation: tools and techniques

Overview
Metrics of successful segmentation
General analytic techniques
Business case
   Analytics
      Comments/details on individual segments
      K-means compared to LCA

Highlight: Why Go Beyond RFM?
Abstract
   What is RFM?
   What is behavioural segmentation?
   What does behavioural segmentation provide that RFM does not?
Conclusion
   Segmentation techniques
   Checklist: You’ll be the smartest person in the room if you…

PART FOUR Other

09 Marketing research

Introduction
How is survey data different than database data?
Missing value imputation
   Combating respondent fatigue
   A far too brief account of conjoint analysis
   Structural equation modelling (SEM)
Checklist: You’ll be the smartest person in the room if you…
10  Statistical testing: how do I know what works?

   Everyone wants to test

   Sample size equation: use the lift measure

   A/B testing and full factorial differences

   Business case

   Checklist: You’ll be the smartest person in the room if you…

PART FIVE  Capstone

11  Capstone: focusing on digital analytics

   Introduction

   Modelling engagement

   Business case

   Model conception

   How do I model multiple channels?

   Conclusion

PART SIX  Conclusion

12  The Finale: what should you take away from this? Any other stories/soap box rants?

   What things have I learned that I’d like to pass on to you?

   What other things should you take away from all this?

   Glossary

   Bibliography and further reading

   Index

Test banks and datasets relating to chapters are available online at:

www.koganpage.com/MarketingAnalytics
Foreword

In *Marketing Analytics* Mike Grigsby provides a new way of thinking about solving marketing and business problems, with a practical set of solutions. This relevant guide is intended for practitioners across a variety of fields, but is rigorous enough to satisfy the appetite of scholars as well.

I can certainly appreciate Mike’s motivations for the book. This book is his way of giving back to the analytics community by offering advice and step-by-step guidance for ways to solve some of the most common situations, opportunities, and problems in marketing. He knows what works for entry, mid-level, and very experienced career analytics professionals, because this is the kind of guide he would have liked at these stages.

While Mike’s education includes a PhD in Marketing Science, he also pulls from his vast experiences from his start as an Analyst, through his journey to VP of Analytics, to walk the reader through the types of questions and business challenges we face in the analytics field on a regular basis. His authority on the subject matter is obvious, and his enthusiasm is contagious, and best captured by my favourite sentence of his book: ‘Now let’s look at some data and run a model, because that’s where all the fun is.’

What this education and experience means for the rest of us is that we have a well-informed author providing us with insight into the realities of what is needed from the exciting work we do, and how we can not only provide better decision making, but also move the needle on important theoretical and methodological approaches in Analytics.

More specifically, *Marketing Analytics* covers both inter-relational and dependency-driven analytics and modelling to solve marketing problems. In a light and conversational style (both engaging and surprising) Mike argues that, ultimately, all markets rely on a strong understanding of the ever-changing, difficult to predict, sometimes fuzzy, and elusive minds and hearts of consumers. Anything we can do to better arm ourselves as marketers to develop this understanding is certainly time well spent. Consumers can and should be the focal point of great strategy, operational standards of excellence and processes, tactical decisions, product design, and so much more, which is why it makes perfect sense to better understand not just consumer behaviours, but also consumer thoughts, opinions, and feelings, particularly related to your vertical, competitors, and brand.

After a review of seminal work on consumer behaviour, and an overview of general statistics and statistical techniques, *Marketing Analytics* dives into realistic business scenarios with the clever use of corporate dialogue between Scott, our fictitious analyst, and his boss. As our protagonist progresses through his career, we see an improvement in his toolkit of analytical techniques. He moves from an entry level analyst in a cubical to a
senior leader of analytics with staff. The problems become more challenging, and the process for choosing the analytics to apply to the situations presented is an uncanny reflection of reality – at least based on my experiences.

What I appreciate absolutely most about this work though is the full spectrum of problem solving, not just analytics in a vacuum. Mike walks us from the initial moment when a problem is identified, through communication of that problem, framing by the Analytics team, technique selection and execution (from the straightforward to somewhat advanced), communication of results, and usefulness to the company. This rare and certainly more complete picture warrants a title such as *Problem Solving using Marketing Analytics* in lieu of the shorter title Mike chose.

*Marketing Analytics* will have you rethinking your methods, developing more innovative ways to progress your marketing analytics techniques, and adjusting your communication practices. Finally, a book we all can use!

*Dr Beverly Wright, VP, Analytics, BKV Consulting*
Preface

We’ll start by trying to get a few things straight. I did not set out to write a (typical) textbook. I’ll mention some textbooks down the line that might be helpful in some areas, but this is too slim for an academic tome. Leaf through it and you’ll not find any mathematic proofs, nor are there pages upon pages of equations. This is meant to be a gentle overview – more conceptual than statistical – for the marketing analyst who just needs to know how to get on with their job. That is, it’s for those who are, or hope to be, practitioners. This is written with practitioners in mind.