

Chapter 5

Measuring Multinational Enterprise Marketing Performance

Donald E. Sexton
Columbia University, USA

ABSTRACT

Measuring the marketing performance of multinational enterprises poses special challenges. Coordination of marketing activities across markets is difficult due to possible differences in customer priorities and the consequent optimal positioning of products or services. The availability of marketing tactics may vary by country due to custom, infrastructure, or regulations. Country markets may be in different stages of the competitive life cycle which affects business performance. The purposes of this chapter are: 1) to examine and define a multi-country marketing strategy, 2) to explore the process of developing a multi-country marketing strategy, 3) to identify metrics for evaluating the performance of a multi-country marketing strategy, 4) to share and comment on the results of surveys of international managers with respect to their multi-country strategies and the metrics they employ to evaluate strategy performance, and 5) to suggest measures for evaluating a multi-country marketing strategy.

INTRODUCTION

Measuring performance in one country market is challenging. Measuring performance in many country markets across the globe, especially when those markets include emerging markets, is much more challenging. Managing an international marketing strategy requires country market information that is timely and that can be compared across markets. Metrics used should be both leading indicators – where the company is going – and lagging indicators – where it has been. Such information needs to be diagnostic so that strategies and tactics can be optimized.

International marketing strategies require a global perspective. Whether the international marketing strategy can be described as global or as multi-domestic, reviewing measures across markets and over time is crucial for success. Evaluation of measures includes consideration of marketing strategy decisions

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such as target markets and positioning as well as specific marketing program decisions in areas such as product or service design, communications, pricing, and distribution.

Explained are the key components of marketing strategies including target markets and positioning and programs designed to implement the strategies. Generally, marketing strategies are evaluated by three types of metrics: input metrics, intermediate metrics, and output metrics. Each type of metric has a different role. Input metrics such as expenditures indicate the effort involved in the marketing activity. Intermediate metrics such as awareness and liking are those metrics used primarily by marketers to guide their actions. Output metrics such as revenue and profit are mainly measures of business objectives. Frequently, marketing managers face barriers in linking intermediate metrics to output metrics. The chapter examines how intermediate and output measures can be used to evaluate performance.

International marketing strategies include special concerns. They range from purely multi-domestic to purely global depending on the coordination imposed on the components of the country marketing strategies. Both multi-domestic and global strategies are described and conditions favoring one strategy versus the other are explained. Metrics for international marketing strategies must include metrics that assist in coordinating country marketing strategies. These metrics include both measures of perceived value and measures of cost across country markets.

Performance metrics may need to vary throughout the stages of the competitive life cycle – due to differences in strategic objectives and differences in competitive conditions. Competitive life cycle stages in emerging markets often differ from those in more mature markets. The impact of the competitive life cycle on developing marketing performance metrics is explored.

While many, if not most, of the performance measures used should be common across country markets, some measures should be tailored to the specific competitive circumstances of each country market. Emerging markets, in particular, are often distinguished by particular competitive conditions with respect to customers, competitors, and regulations and those conditions must be kept in mind. In addition, the strategies and tactics employed in emerging markets often are different from those used in more mature markets so may require different evaluation.

Criteria in selecting marketing performance measures are reviewed with special attention to developing metrics for evaluating performance in emerging markets around the world. A systematic approach to evaluating marketing performance in country markets including emerging markets is suggested and explained.

Current practices in the use of metrics to monitor international marketing strategies are explored based on three surveys of marketing managers. The survey respondents were managers responsible for or knowledgeable of international strategies. Their replies indicate that the marketing performance metrics that managers would like to have are in general not the metrics that companies collect. In particular, some key leading indicator measures such as perceived value are not widely collected.

The chapter concludes by suggesting what managers and companies need to do to improve their evaluations of the performance of country markets, especially in emerging economies.

BACKGROUND: MARKETING STRATEGY AND PERFORMANCE METRICS

Performance measures should provide a perspective on all the components of a marketing strategy. There are four main components of any marketing strategy (Sexton, 2007b; Sexton, 2009b):

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