Database Marketing
Mktg. 449
Spring 2007

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Office Hours: Tue and Thur 4-5 and by appointment;


What it is. Database Marketing involves the systematic collection, analysis, and application of customer information to build long-term relationships with customers. As such, it draws upon skills in database management, statistics, finance, and marketing. This class will begin by discussing what critical customer information should be collected and how it should be maintained in a relational database. Following this, students will learn to analyze a database to predict customer acquisitions (response to promotions), retention rate, and level of spending. Using this database, students will learn to make informed choices concerning which customers to target and how best to develop a long-term relationship with them.

You will learn:

- How to determine what customer information should be routinely collected.
- How to create a database that can be used to better understand customers.
- How to determine your best, as well as your worst, customers.
- How to predict customer retention and their response to promotions.
- How to design marketing communications based on database information.
- How to test the viability of direct marketing product or service offers.

Pre-requisites: The pre-requisites for this course are Bus304, HTM304 or MIS302, Mktg302 or SSM305. The instructor reserves the right to administratively drop, at any point, any student who has not met the pre-requisites. Students choosing to withdraw from this course are responsible for doing so according to university procedures and deadlines.
**Evaluation:**
Attendance 10%
Midterm Exam 20%
Final Exam 35%
Group Project 35%

**Attendance.** I will take attendance at every session. Participation is vital to getting the most out of this class. **Here’s how it works: number of classes missed 1 8%; 2 3%; 3 or more 0%**. Many sessions will involve group exercises so showing up is crucial to developing skills and a good grade. **You can’t get an “A” unless you attend almost every class! If you don’t earn attendance points you up the odds of getting a “C”**.

**Final Exam.** This will be a 2-3 day **comprehensive take-home exam** due at the beginning of class on the scheduled date. It can require as much as 10 hours (or more).

**Group Project.** This project involves the application of the database marketing tools learned in class to some real world problem to be discussed on the first day. You will have 4-5 members on your team. **You can’t get an “A” unless you attempt a challenging project.**

Your team must submit a final written report and make a class presentation. The presentation and report represent 30% and 70% of your project grade respectively. After your presentation I’ll provide your group with immediate feedback. My expectation is that on your given topic you will become experts knowing as much as anyone in San Diego County. **Please see my note about CSUSM writing requirement.**

I expect all team members to contribute equally. I will ask the group to rate your performance and adjust your project score accordingly. Poor evaluations from group members could result in a loss of one or more letter class grades in the course.
Grade Assignment. You need only satisfy one of the following levels:

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<tr>
<th>Grade</th>
<th>Total Points</th>
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<tr>
<td>A</td>
<td>95%</td>
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<tr>
<td>A-</td>
<td>93%</td>
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<td>B+</td>
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<td>C+</td>
<td>78%</td>
<td>Top 70%</td>
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<tr>
<td>C</td>
<td>75%</td>
<td>Top 80</td>
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<td>D</td>
<td>below 75%</td>
<td>Does not apply</td>
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Project Ideas

**Develop Database for Existing Business.** It should consist of customer, transaction, and offer history tables. Provide demonstration of how data would be collected and used.

**Link Customer Database to an Interactive Website.** Design a simple of website which is interactive and capable of routing customer information to a database. Give a demonstration of how it works in class.

**Compute Lifetime Value of Different Customer Segments for Existing Business.** This project will require analyzing actual customer data, forecasting revenues and costs, and developing a financial model for each segment.

**Set-up Call Center (hypothetic/existing business); Determine Underlying Economics.** Describe how a business would handle incoming inquiries, complaints and so forth. Show how its effectiveness would be tracked and profitability be measured.

**Design Direct Marketing Promotion.** Describe a product or service to be promoted and corresponding direct marketing piece. Likewise, locate a list and demonstrate how many prospects would be exposed to the initial offer versus final roll-out offer.

**Develop a Loyalty Program for Existing Business.** Design a program aimed at increasing retention for one or more customer segments, and show the magnitude of increased profits.

**Develop Smart Card Program for Existing Business.** Show how customers can be compensated to identify themselves. Show how customer transactions can thereby be tracked and preferences understood.

**Design a Direct Response Ad Campaign to Create a Customer Database.** Choose an existing product or service (or a proposed product) and design a marketing plan to not
only create sales but also gather customer names for a database. This will involve designing ad copy and targeted media.

**Design a Direct Mail Campaign to Create a Customer Database.** Choose an existing product or service (or a proposed product) and design a marketing plan to not only create sales but also gather customer names for a database. This will involve designing the offer and describing the mailing list to be used.

**Design and Conduct a Market Research Study for a New Product.** Develop a study to investigate a new product concept and carry it out on a limited scale. This research will involve survey and observational research.

**Design a Database that captures the “Surge Capacity” of health care facilities in North County.** This will involve researching hospitals’ ability to handle incoming calls hour-by-hour and make beds available in times of emergency or disaster.

**Design a survey and construct a Access database to input the data.** This will involve your group collect 100 surveys and input them into your database and show how you might use this database to make marketing decisions,

**Develop Expert System for Selecting Mailing Lists.** It should provide guidance as to the best sources to contact, how to choose the right list for our business application, and how much to pay based on the value of its information.

**Set-up Responsible Telemarketing Operation for Hypothetical or Existing Business.** Determine how mailing lists would be obtained, compensation plan would be developed, and how profits would be tracked.

**Provide Discussion and Demonstration of Predictive Dialers.** This should provide detailed description of how they are used in businesses, what regulatory problems they face, and how they can be used effectively and responsibly.

**Design a Catalog Program for Existing or Proposed Business.** Show how customers can be targeted to launch a new business or how sales from existing customers can be increased. This would involve describing the targeted customers and creating a mock catalog.
Report Format
(70% of Project Grade)

Title Page

Table of Contents

Executive Summary: Briefly summarize your business problem, findings, methods, and recommendations. This should be an informative stand alone piece. (Not more than 2 pages).

Introduction: Provide useful background information that motivates and describes the business problem and the project. Also, conduct a literature search that informs the reader about what is known about this type of project. (About 2-3 pages).

Methodology: Describe the methods used to solve the business problem proposed in the Introduction. Defend these methods logically, and on the basis of literature supporting such approaches. For example, if a direct response ad campaign is designed discuss what was done and why it was done on the basis of current practice and knowledge in the field. Limitations should also be discussed. (About 2-4 pages).

Findings or Deliverables: Describe the findings or results of the project. That is, discuss the solution to the proposed business problem. This entails for example, discussing any product, website, creative ads, smart cards and so forth that were developed during the project. Recommendations can be mentioned here. (About 4-6 pages).

Tutorial: Provide a tutorial such that the reader could replicate what was done in the project. This should include a step-by-step guide with enough detail to help a reasonably trained person conduct a similar project. (About 2-3 pages).

References: Choose a format and be consistent.

Appendix: All supporting material should be included here.


Note:
**Writing Requirement:** CSUSM requires students to write at least 2500 words during the term. This requirement will be satisfied by the take-home midterm and final exams (which will require considerable writing) and the group project.

**Presentation Format**
*(30% of Project Grade)*

Brief Overview (5 minutes)

Project Demonstration (15 minute description and tutorial)

Question and Answer (10 minutes)

**Note:** *All presentations should include an actual demonstration of your project results* (e.g., if you create a website or database you need to show the class how it works). Also, provide each class member a copy of your tutorial section from your report.