

exercise 1-428-931  
April 23, 2010

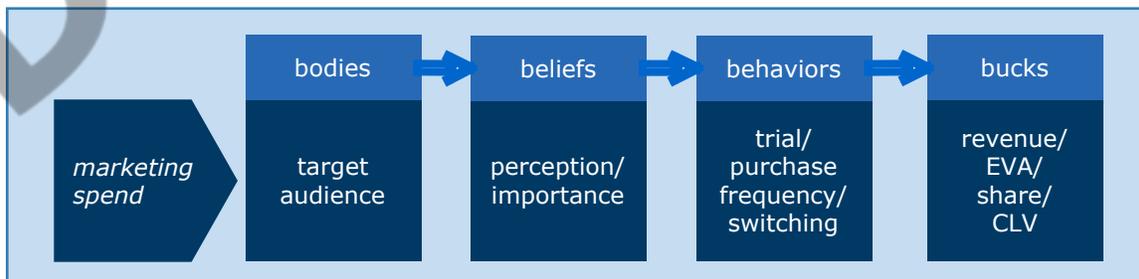
Author Name

## The 4 Bs: An Exercise in Assessing Market Potential

Marketers struggle constantly to determine their return on marketing investment. A plethora of models, ranging from simplistic to insanely complex, have been developed to capture this relationship. Some of these models take a “black box” approach, looking only at the input (marketing spend) and the output (revenue, share, customer lifetime value). While this approach may be useful for assessing historical performance, it provides no help for ongoing marketing decision-making. Furthermore, the prevalence of this approach and its focus on financial metrics has shaped our approach to data-collection: we collect increasing quantities and varieties of financial information, despite the fact that this information has no predictive power. From a marketing and strategy perspective, financial data tend to be lagging indicators of marketing performance, symptoms of either a robust or unhealthy strategic approach.

To be effective going forward, marketers need to identify and collect leading indicators, data that can be leveraged for ongoing decision-making. The Big Picture framework focuses on establishing a set of causal linkages by identifying the intervening variables between marketing spend and financial gain. These variables represent metrics that we can monitor and, when necessary, react to. The intervening steps are represented in **Figure 1**: bodies, beliefs, and behaviors, which then convert to bucks – topline revenues or other financial metrics.

**Figure 1**  
**The 4 Bs**



Published by WDI Publishing, a division of the William Davidson Institute (WDI) at the University of Michigan.

©2010 William Davidson Institute. This exercise was developed by Professor Christie Nordhielm, Associate Professor of Marketing, Stephen M. Ross School of Business at The University of Michigan.

This case was prepared exclusively as the basis for class discussion and is not intended to illustrate either effective or ineffective handling of a situation. The case should not be considered criticism or endorsement and should not be used as a source of primary data.

Unauthorized reproduction and distribution is an infringement of copyright. Contact us for permissions: [Permissions@WDIpublishing.com](mailto:Permissions@WDIpublishing.com) or 734-615-9553