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Performance Measurement in International Marketing

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1 Introduction

Over the past 20 years, many companies have benefited from the globalization of markets, and international marketing activities have risen constantly (Ronkainen/Czinkota 2002, p. xiii). As better measurement is supposed to entail better marketing (Ambler/Kokkinaki 2002, p. 225), academics and practitioners attribute increasing importance to assessing marketing performance and identifying the causal linkage of marketing activities and financial returns (Reinecke/Reibstein 2002, p. 18, Seggie/Cavusgil/Phelan 2007, pp. 834-835). This is also due to the corporate trend for greater accountability of marketing, the discontent with traditional metrics as well as the availability of modern information and communication technologies (Seggie/Cavusgil/Phelan 2007, pp. 835-836). The ability to evaluate performance accurately not only enables assessing current operations, but also quantifying marketing’s added value for the firm and its impact on long-term profitability (Farley/Kopalle 2006, p. 312, O’Sullivan/Abela 2007, p. 88). Furthermore, performance indicators can be major drivers for marketing or sales employees and managers (Huizingh/Zengerink 2001, p. 3). The importance of evaluating marketing activities is also shown by the scientific interest of the “Marketing Science Institute” which puts it on top of its research priorities, and the “Journal of Marketing” which dedicated an entire issue on this topic (Marketing Science Institute 2006, p. 5, Journal of Marketing 2004, No. 4).

So far, there has been much conceptual and empirical work in the fields of international marketing and performance measurement. However, there is no consistent approach of how to assess marketing performance (Stratis/Powers 2001, pp. 168-169, Anonymous 2005, p. 61). Moreover, only little research has been done on performance measurement in international marketing. Thus, this paper analyses state-of-the-art approaches of performance measurement on their international applicability. After introducing the reader to the theoretical framework, selected metrics and models of marketing performance measurement (MPM) will be discussed. Finally, implications for worldwide operating marketing practitioners as well as a conclusion are given. Due to the diversity of existing concepts, this paper only represents an initial attempt to reflect the concepts of MPM for international companies.

2 Theoretical Foundations

In this paper, MPM is understood as a “… business process that provides performance feedback to the organization regarding the results of marketing efforts” (Clark/Abela/Ambler 2006, p. 191). These results, i.e. marketing performance, can be described as “… the ability of the marketing system to achieve given objective[s]” (Wind/Douglas 1968, p. 15). In order to quantify those strategic goals, firms use various key performance indicators (KPIs). Therefore, marketing performance can also