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Measuring Marketing Profitability Metrics of Islamic Commercial Banks in Bangladesh

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Abstract- *While the commercial banks are associated with long-term profitability, a basic understanding of Marketing Profitability concept is yet to recognize. This paper introduces the Marketing Profitability Metrics (MPM) for the evaluation of bank's marketing performance. One of the greatest challenges for marketing and brand managers is to quantify the financial return from marketing activities. Therefore, this paper exposes the quantification of Marketing Profitability Metrics and examines the influences of its contents on banks' profitability. 'Interest income' of conventional banks termed as 'Investment income' for Islamic commercial banks has been influenced by banks' marketing activities. The investment of Islamic commercial banks in their core products (loans and advances) is relatively high compared to other conventional banks. As Islamic banks are more concerned about their investment, we have considered Islamic commercial banks in Bangladesh for our study. Data have been collected from bank's annual reports and analyzed by using the SPSS software. Correlation analysis has been conducted to establish the nature of relationship among MPM, NP (Net profit) and OP (Operating profit) of banks. Positive Relationship has been found between NMC (Net Marketing Contribution) and OP. This study has also found the positive relationship between NMC and Net Profit (NP).*

Keywords: Islamic bank, MPM, NMC, MROI, MROS, NP, OP

JEL Classification: M31; G21

1. INTRODUCTION

Measuring the performance of 'Marketing profitability' for the financial institutions cannot easily be quantified since their products and services are of an intangible nature. Lebas & Euske (2002) provide a good definition of performance as "doing today what will lead to measured value outcomes tomorrow". Performance relates to profit maximization which is a key objective in most commercial establishments. Empirical evidence suggests that other objectives (Gross and Net Profit Ratios, Return on Investment, Return on Equity, Earning Per Share, Dividend Per Share, and Price Earnings Ratios) normally perform a peripheral role to the profit goal (Pandey, 2006). Commercial banks also use the same ratios to clarify their profit performance indicators, where marketing performance is yet to discover on the basis of those ratios. Marketing has always been a grueling and competitive sport – not unlike running a marathon. What was already difficult is becoming increasingly difficult. If you're going to do it without measurement, it's like running a marathon, in an earthquake, blindfolded (Raab, M. D. 2010). Therefore, Marketing professional has a responsibility to measure the performance of investment in marketing and sales strategies.

Marketing is broadly defined here as what the whole company does to achieve customer preference and, thereby, its own goals (Webster 1992). Accordingly, every bank has some interest in assessing marketing performance in this sense. Thus, the usage of marketing metrics has been increasingly reported (e.g. Shaw 1998, Ambler 2000). The problem is that most of the metrics used to assess the outcomes of marketing activities are tactical and not directly relevant to the overall financial performance of the firm (Lehmann 2004). While a lot has been said about the need for marketing metrics, not much has been said about its connections with financial consequences, especially, elements of firm value (Tim Ambler, Flora Kokkinaki and and Stefano Puntoni 2004). Without discovering the financial connectivity of marketing operations, it is difficult to measure the Marketing Profitability of banks. The financial stream on measuring profitability derived from marketing function pays more attention to objective measures, and less to the subjective measures of the consumer perception stream. Simon and Sullivan (1993) used financial data showing the profits stemming from the brand and thus estimating the firm's overall brand equity. By this reference, using financial data is justified to calculate the contribution of Marketing. This study discovers the financial connectivity of MPM for measuring performance of marketing operations in the banking industry.

2. LITERATURE REVIEW

"Perhaps no other concept in marketing's short history has proven as stubbornly resistant to conceptualization, definition or application as that of marketing performance (Bonoma and Clark 1988, p. 1)". Previous literature (e.g., Ittner &

Larcker, 1998; Kaplan & Norton, 1992) cites increasing dissatisfaction with these traditional metrics. Conventional measures of productivity tend to be historical and do not provide information that can be used to assess the long-term future performance of the firm (Ittner & Larcker, 1998). While historical measurement of performance may be better than none, it does not allow for the assessment of impact that may take some time to resonate. The past performance of a firm is no predictor of future performance, thus historical measures have limited usefulness. Bayon, Gutsche, Bauer Sawhney, Zabin in 2002 discussed the failure history of accounting metrics that reflects the value of the intangible assets held by a firm and can be misleading and out of step with the skills and competencies used and required by the knowledge-intensive businesses of today (Kaplan & Nortorn, 1992). Today intangible assets are worth, on average, 69% of the firm's total market value as compared to 17% in 1978 (Sawhney & Zabin, 2002). If firms are to move away from considering marketing as an expense toward marketing as an investment, then it makes sense that returns on marketing need to be captured in a longer-term context (Seggie, H.S., Cavusgil, E., and Phelan, E. S., 2007).

Practitioners and academics have shown increasing interest in the assessment of marketing performance (Clark 1999; Marketing Week 2001; Schultz 2000; Shaw and Mazur 1997). For a long time (1997-2006), the Marketing Science Institute (MSI) has identified marketing metrics and marketing productivity as one of its top research priorities. Their study domain had included various aspects such as assessing marketing ROI, linking internal marketing program metrics (e.g.,awareness) to external financial metrics (e.g., ROI), the valuation of customers, the valuation of brands, the valuation of innovation, measuring short-term and long-term effects of marketing spend, and global/international metrics and measures. The need for demonstrating the financial consequences of marketing expenditures has also been echoed widely at the Chief Marketing Officers (CMO) Summit jointly hosted by MSI, (Wharton and McKinsey 2002 and 2003 respectively). The Marketing Science Institute has raised marketing metrics to become its leading capital research project (MSI 2002). Extant research documents that marketing strategies, such as focus on customer retention (Reinartz and Kumar 2003), innovation propensity (Roberts 2001), strategic differentiation (Veliyath and Farris 1997), and diversification into related businesses and geographical markets mitigate risk by reducing earnings volatility. Interbrand's focus on linking brand strength to lower cost of capital is more normative than descriptive (Interbrand 2004).

O'Sullivan & Abela (2007) identify three branches of marketing performance research. These are measurement of market productivity, identification of metrics in use and measurement of brand equity. This study focuses their second stream of research. Given the high and increasing value of intangible assets, it is clear that marketing investments and the resulting assets (brands, customers and channels) play an important role in determining a company's performance and financial value (Mylonakis , J. 2008).

Prior research of Islamic Banking in Bangladesh like growth, Structure and Performance (Sarkar, A. A. 1999), Profitability Analysis (Hossain, A. M. 2008), Prospects and Problems of Islamic Banking (Mamun, Z. M. 2011), Profitability and Liquidity comparison between Islamic Banking and Conventional Banking (Paul, C. S., Bhowmik, K.P., Islam, R. M., Kaium, A. and Masud, A. A. 2013), Banking behavior of Islami bank customers (Khan, N. S. and Hassan, K. M. 2007) are more concerned about the profitability and behavior of banks performance as a whole.In the total investment of securities, the percentages of Islamic and conventional banks are 4.9 and 95.1 respectively. On the other hand, the percentages of 19.9 and 80.1 are found in the investment of loans and advances (Bangladesh Bank Report on Financial Stability 2012). Trends of core products of Islamic banks have been increasing compare to other conventional banks in Bangladesh. For selling these products, Sales and Marketing strategies of Islamic banks are varied from other conventional banks. Therefore, marketing performance of Islamic banks of Bangladesh should be tested by MPM.

3. OBJECTIVES

The objective of this paper is twofold. First, this paper develops the quantitative measure of Marketing Performance by the usage of term 'Marketing Profitability Metrics' include Net Marketing Contribution (NMC), Marketing Return on Investment (MROI) and Marketing Return on Sales (MROS) since, there are high linkages between marketing contributions and overall financial performance (Srivastava et al. 1999; Rust et al. 2004). Another objective of this paper is to identify the relationship among these metrics with Operating Profit (OP) and Net Profit (NP) of Islamic commercial banks in Bangladesh.

4. METHODOLOGY

For this study, Annual audited reports (2008 to 2012) of all Islamic commercial banks of Bangladesh have been considered except ICB Islamic Bank Limited, since; this bank hasn't been consistent in their profitability for the last five years. Most marketing metrics found from literature are external performance metrics and forward looking performance metrics. The three marketing profitability metrics, however, are internal performance metrics that should be derived from audited financial statement of banks. The contained data of financial statement is reviewed and audited by the accountancy and accuracy. Most data collection activity in the market today is driven by trends of specific brands and markets, not in measuring marketing inputs and output writ large (Stewart, W. D., 2008). For this reason, raw data are not, in themselves, of much use for marketing planning and measurement of outcome. As practiced, in the commercial sector, however, data, reliability and validity are often assumed. The Cronbach's alpha of 0.714 shows that all the variables are highly reliable. Some standards of this paper include: (1) Full data set that has been collected from Annual reports of banks (2) Subsidiaries of banks are not considered in this study (3) Interest income is considered as 'Sales Revenue' of bank in the sense of Marketing (4) Advertising and Publicity are considered only as marketing related investment for the bank.

5. MARKETING PROFITABILITY METRICS

5.1 Financial Accountability

At a time when firms are cutting costs, it is essential for all functional disciplines within the firm to be financially accountable. Without measurement, it is impossible to be accountable. So firms should measure marketing which makes marketing more accountable and discourage short-termism by focusing on measures like brand contribution (Ambler 2000). It is one of the inspired sources for computing the Net Marketing Contribution (NMC) in our study. Measuring the return on marketing, it is essential to treat marketing expenditures as an investment (Schultz & Gronstedt, 1997).Traditionally many firms have viewed marketing as a short-term expense (Rust, Lemon, & Zeithaml, 2004) to be indulged when finances are plentiful, and cut in times of hardship. However, only through treating marketing expenditures as an investment can marketing be compared to other tangible and intangible assets enabling the marketing function to play a role in the strategy of the firm (Schultz & Gronstedt, 1997).

Although some techniques exist for evaluating the financial return from particular marketing expenditures (e.g., advertising, direct mailings, sales promotion) given a longitudinal history of expenditures (for a review, see Berger et al. 2002), the approaches have yet to apply practically in the banking industry. Furthermore, the requirement of a lengthy history of longitudinal data has made the application of return on investment (ROI) models fairly rare in marketing. As a result, top management has too often viewed marketing expenditures as short-term costs rather than long-term investments and as financially unaccountable (Schultz and Gronstedt 1997). Leading marketing companies consider this problem so important that the Marketing Science Institute has established its highest priority for 2002–2004 as "Assessing Marketing Productivity (Return on Marketing) and Marketing Metrics."

5.2 Why Marketing Profitability Metr ics should be addressed

Marketing needs MPM to demonstrate its performance as well as take a more responsible role in managing profits and profitable growth. It has also a responsibility to account for investment in marketing and interest sales strategies for a Bank. Therefore, the Standard set of Marketing Profitability metrics should be addressed to assess the outcome of marketing activities have the potential to facilitate and improve a variety of management decisions. In the opinion of (Stewart, W. D., 2008), these decisions are: (1) optimization of resources in such activities as media planning and design of the marketing mix, (2) forecasting, including both forward forecasting and the analysis of various "what if" scenarios, and (3) the assessment of financial return and return on investment.

5.3 Financial Linkage of Marketing Profitability Metrics

On limited occasions in the past, researchers have been able to establish a link between marketing metrics and its financial consequence to the firm (Rajendra K. Srivastava, David J. Reibstein, Yogesh V. Joshi, 2006). When you talk about marketing spending, other executives think of costs and profit loss. When you talk about future results, they think of revenue and growth. To formulate accurate forecasts, sales and marketing must sit together at the revenue table. CEOs and board members their opinion in *'Definitive Guide to Marketing Metrics and Analytics, 2011'* that they don't care about 99% of the metrics that marketers track – but they do care about revenue and profit growth. As per their discussion, there are two primary categories of financial metrics that directly affect revenue and profits:

- *Revenue Metrics:* Marketing's aggregate impact on company revenue.
- *Marketing Program Performance Metrics:* The incremental contribution of individual marketing programs

There are many other areas of marketing metrics that are not addressed directly in this Guide. These include:

- *Customer Profitability:* Lifetime value of an incremental customer
- *Web Analytics:* Measures Web visibility to target audiences against potential audiences, and compares against industry and competitor benchmarks
- *Public Relations:* Measures views and impact of corporate communications initiatives
- *Product Performance:* Comparatively measures the total sales and margins of individual products
- *Brand Preference and Health:* Assesses brand preference in relation to preference for competing brands
- *Sales Tool Usage:* Measures which product marketing materials are being used the most and many other areas…

This is not to imply that these metrics are not important for marketers to track – just that they are likely to be less relevant to financially focused executives outside of marketing. The link between traditional marketing metrics and the financial performance of the firm is seldom explicit (Rust, Ambler, Carpenter, Kumar, and Srivastava 2004). Srivastava and Reibstein (2005) note that "pressure is being placed on marketing to justify expenditures and to translate their measures into financial outcomes, which is the language used by the rest of the firm." (p. 85).

Dr. Roger J. Best (2010) identified some comparison between Financial Metrics and Marketing Metrics which are given in following Table 1.

Table 1. Financial Metrics and Marketing Metrics

FINANCIAL METRICS	MARKETING METRICS
Profit Metrics	***Market Metrics***
Gross Profit	Market Growth Rate
Return on Sales	Market Share
Return on Assets	Market Development Index
Expenses Metrics	***Customer Metrics***
Marketing & Sales Expense	Customer Satisfaction
General Administration	Customer Retention
Other Expenses	Lifetime Customer Value
Asset Management Metrics	***Competitiveness Metrics***
Sales to Asset Ratio	Product Performance
Accounts Receivable	Service Quality
Capacity Utilization	Customer Value
Shareholder Metrics	***Marketing Profitability Metrics***
Return on Equity	Net Marketing Contribution
Return on Capital	Marketing Return on Investment
Earnings per share	Marketing Return on Sales

Source: White Paper by Dr. Roger J. Best (2010)

5.4 Measuring Marketing Profitability Metrics

Most companies recognize the need for marketing metrics and the potential benefit they provide, but they struggle where to get started. A 2010 survey of 400 companies found that 75 percent recognized the need for marketing metrics, but only 25 percent had implemented a marketing metrics program. The need for marketing metrics and how it can be used to measure and manage marketing performance is addressed by Dr. Roger J. Best in 2010.

5.4.1 Net Marketing Contribution (NMC)

Revell (1980) utilized interest margin as a performance measure for U.S commercial banks and defines interest margin as the difference between interest income and expense divided by total assets. Marketing profitability is based on an investment in marketing and sales required to achieve certain levels of sales and gross margins. Apple's net marketing contribution had a high correlation (.94) with operating income from 1999 to 2009 (Best, J.R, 2010). Apple's net profit was also influenced by its net marketing contribution. Net marketing contribution is a financial measure of marketing profitability and is computed as shown below with example:

Net Marketing Contribution	=	**Sales Revenues**	x	**Percent Gross Margin**	-	**Marketing & Sales Expenses**

Apple's net marketing contribution in 2009 was $10 billion, as shown below.

Net Marketing	=	$36.54 billion x	36% - $3.12 billion
Contribution	=	$13.15 billion -	$3.12 billion
	=	**$10 billion**	

Net Marketing Contribution in products is calculated by "**NMC = Net sales – Cost of goods sold – Marketing Expenses"** (Kotler and Armstrong, 2013), we would like to propose NMC calculation for financial institution as ***Net Marketing Contribution (NMC) = Net Interest Income (Interest Income/Profit on Investment – Interest/Profit paid on deposits and Borrowings, etc) – Marketing Expenditure (Advertisement & Publicity)*** and the calculation of NMC for Islamic commercial banks in Bangladesh is given in Table 2.

5.4.1. A. Interest Income as Sales Revenue

Revenues from a business's primary activities are reported as sales, sales revenue or net sales. This includes product returns and discounts for early payment of invoices. All companies need to sell to accurate benefits that help the company to grow and survive and banks are not an exception. If we search in any dictionary for a definition of sale, we can find something like: "the exchange of goods or services for an amount of money or its equivalent" (Dictionary.com, 2010). Most businesses also have revenue that is incidental to the business's primary activities, such as different charges earned from services. This is included in revenue but not included in net sales. Sales revenue does not include sales tax collected by the business.

Bank's Interest Revenue is placed at Income statement of Bank's Annual Report as separate from investment revenue and other revenue. Defining other revenue (a.k.a. non-operating revenue) is as revenue from peripheral (non-core) operations. For example, a company that manufactures and sells automobiles would record the revenue from the sale of an automobile as "regular" revenue. If that same company also rented a portion of one of its buildings, it would record that revenue as "other revenue" and disclose it separately on its income statement to show that it is from something other than its core operations.

Money income from activities those are ordinary for a particular corporation, company, partnership, or sole-proprietorship. For some businesses, such as manufacturing and/or grocery, most revenue is from the sale of goods. Service businesses such as law firms and barber shops receive most of their revenue from rendering services. Lending businesses such as car rentals and banks receive most of their revenue from fees and interest generated by lending assets to other organizations or individuals.

5.4.1. B. Advertising & Publicity as Marketing Expense

'Advertising and Publicity' counted as marketing expenses for measuring the Bank's marketing contribution. Dr. Roger J. Best (2010) opined that Marketing Expense should not include general administration expenses, R&D expenses or other expenses unrelated to the marketing & sales of company products. Therefore, MROI can be higher even in less investment on Marketing Expense as Advertising & Publicity. This statement of 'Roger' has been proved in our study at Table 3.

Financial advertising includes advertising performed by banks, financial institutions, insurance companies and investment companies. Most banking institutions address their advertising to holders of small accounts, thus, selecting to advertise their products and services mainly through mass media outlets (Mylonakis, J. 2008). A recent study (Merino, Srinivasan and Srivastava, 2006) demonstrates the impact of long-term advertising on both short term performance (ROA), risk (volatility of ROA) and long-term intangible value (Tobin's Q).

Perhaps no marketing activity has been under greater pressure to demonstrate its contribution to firm value than advertising. While advertisers focus heavily measures such as awareness, the finance manager might be concerned with what a point of awareness means in terms of financial consequences. Many studies that assess the value of advertising have shown a negative return (Lodish, et. al.1995). In retrospect, this is not very surprising, while the effects of advertising are typically long term (Dekimpe, et al. 2004). This temporal separation of the returns as illustrated by the case of advertising becomes a cause for concern when the returns do not get accounted in the appropriate fashion.

Advertising may be used initially to build awareness and encourage usage, ultimately building a meaningful customer relationship. This relationship could later be leveraged to make future advertising allocations more productive (Boulding, Lee, and Staelin 1994; Srivastava, Shervani, and Fahey1998).This multi-period impact implies that while the costs are expensed in the period they are incurred, the longer-term benefits logically suggest that they should be treated as investments and amortized over time. That is, some proportion of advertising might be considered as `investment advertising,' while the rest might be considered as 'maintenance advertising,' a recurring expense (Srivastava, K. R., Reibstein, J. D. and Joshi, V. Y. 2006).

Table 2: Estimated NMC of Banks in different Years (Taka in Million)

	2008	2009	2010	2011	2012
Islami Bank Bangladesh Limited (IBBL)	**7,342**	**8,263**	**10,234**	**13,540**	**17,684**
Export-Import Bank of Bangladesh (EXIM)	1,752	2,177	3,560	3,728	4,950
AL-Arafah Islami Bank Limited (Al-Arafah)	1,232	1,329	**1,093**	3,417	4,524
Shahjalal Islami Bank Limited (SHJIBL)	1,261	1,315	1,733	2,720	4,037
Social Islami Bank Limited (SIBL)	652	1,000	1,427	2,354	3,733
First Security Islami Bank Limited (FSIBL)	**192**	**989**	1,395	**2042**	**2,988**

* Bold Indicates either Highest Value or Lowest Value

5.4.2 Marketing Return on Investment (MROI)

Marketing ROI is another important tool of marketing profitability metrics. Most marketing literature and practice have tended to rely on ROI (or, MROI, where the "M" stand for "Marketing") in a more generic sense as a means of outcome measurement. There are simple reasons to believe that the development and use of effective measures of return on marketing investment can produce greater returns for the firm while reducing total current marketing costs. The returns and cost savings obtained by firms that have successfully embraced the continuous quality improvement movement give us confidence that similar attention to the role of marketing in contributing to the financial performance of the firm will produce significant returns. While there are many marketing metrics that may be useful for diagnostic and tactical purposes, MROI is ultimately about economic outcomes, i.e., financial results. Only measures that can be linked to financial results will be credible because the firm is required to report its results in financial terms.

Relationships among marketing activities, with specific measures of outcomes, gauge financial results and provide justification for management decisions. Again, the influence of Sarbanes-Oxley will encourage this type of accountability, as marketers will increasingly be required to justify their expenditure in terms of ROI, like the rest of corporation. The validity of such forecasts will largely depend on the integrity of the data used to make them. It is simply the net marketing contribution divided by marketing and sales expenses. When Apple's 2009 NMC of $10 billion is divided by their $3.12 billion investment in marketing and sales (M & SE), a Marketing ROI of 325 percent is produced. This means that Apple strategies collectively produced $3.25 in net marketing contribution for every dollar invested in marketing and sales.

Marketing ROI **= Net Marketing Contribution / Marketing & Sales Expenses**
= $10.03 billion / $3.12 billion
= **325%**

Often, marketing ROI models show ridiculously high returns because they don't incorporate all relevant variable and semi-variable costs like staff costs for marketing departments, travel expenses, and the cost of sales' time. Seventy-six percent (76%) of B2B marketing professionals agree or strongly agree that their "ability to track marketing ROI gives marketing more respect" (Forrester Research, 2013). According to a 2010 Lenskold Group / emedia Lead Generation Marketing ROI Study, the number one metric used by lead generation marketers is lead quantity, whereas barely half of marketers measure lead quality.

MROI must be an inherently financial construct (David W. Stewart, 2008). No measure or measurement system is complete without a specific link to financial performance. He explains some important contributions in his paper that helps to create the perception of MROI necessity. MROI contributes to economic outcome and impact of marketing actions. Return, risk, the time value of money and the cost of capital are reflected by MROI. It has also the ability to recognize the short time effect of marketing actions and long term outcomes. Few other important contributions of MROI are sound decision making, accountability, continuous improvement, and transparency for all stakeholders. Here we would like to propose the computation of Marketing Return on Investment (MROI) for financial institutions as ***MROI = Net Marketing Contribution / Marketing Expenditure*** and the calculation of MROI for Islamic banks in Bangladesh is given in Table 3.

Table 3. Estimated MROI of Banks in different Years (2008-2012)

Marketing Return on Investment (MROI)					
	2008	**2009**	**2010**	**2011**	**2012**
IBBL	**18618.23%**	**27270.16%**	**17056.69%**	17430.87%	15086.40%
EXIM	11587.05%	8146.85%	13642.75%	10199.18%	10489.81%
AL-Arafah	35524.72%	18153.23%	6636.68%	**26143.54%**	**24129.77%**
SHJIBL	9902.54%	8543.25%	6936.23%	24367.30%	11394.19%
SIBL	7393.19%	6712.55%	6153.41%	8706.99%	8429.18%
FSIBL	**1823.39%**	**3977.72%**	**5508.71%**	**6040.23%**	**7288.23%**

* Bold Indicates either Highest Value or Lowest Value

5.4.3 Marketing Return on Sales (MROS)

According to the idea of Dr. Roger J. Best (2010), marketing activity is easy to see and measure (costs going out the door), but marketing results are hard to measure. In contrast, sales activity is hard to measure, but sales results (revenue coming in) are easy to measure. Ratio metrics allow businesses to compare their performance to other companies, as well as other business segments within the organization. Marketing ROS is a simple marketing profitability metric that allows a business to compare performance across their organization as well as other publicly traded companies. Marketing ROS (MROS) for Apple's (2009) is calculated as follows:

MROS = **Net Marketing Contribution / Sales**
= \$10.03 billion / \$36.54 billion
= **27.5%**

So here we would like to propose the computation of Marketing Return on Sales (MROS) for the financial institution in Bangladesh as ***MROS = Net Marketing Contribution / Total Interest Income or Investment Income*** and the calculation of MROS is shown in Table 4.

Table 4. Estimated MROI of Banks in different Years (2008-2012)

Marketing Return on Sales (MROS)					
	2008	**2009**	**2010**	**2011**	**2012**
IBBL	**37.57%**	**38.67%**	**41.32%**	**42.29%**	**40.49%**
EXIM	26.66%	26.73%	37.06%	28.41%	28.67%
AL-Arafah	35.66%	33.21%	25.77%	38.08%	32.05%
SHAHJALAL	29.77%	23.78%	27.02%	26.91%	26.49%
SIBL	23.87%	32.49%	36.74%	34.01%	32.98%
FSIBL	**6.11%**	**22.77%**	**25.16%**	**23.35%**	**22.41%**

* Bold Indicates either Highest Value or Lowest Value

6. Analysis & Findings

Correlation analysis has been conducted among Net Profit (NP), Operating Profit (OP) and computed Net Marketing Contribution (NMC). Table 5 shows that Correlation coefficient is 0.842 between OP and NMC as well as 0.830 between NP and NMC. Whereas coefficient is greater than 0.8 considered as good (Malhotra and Birks 2006). The calculation of OP, NP and NMC (Table 8 and Table 9) and the rank of Banks' performance (Table 10) have been conducted by using 5 years (2008 to 2012) average data.

Table 5. Correlation among NMC, OP & NP

		NMC	**OP**	**NP**
NMC	Pearson Correlation	1	0.842**	0.830**
	Sig. (2-tailed)		0.000	0.000
	N	30	30	30
OP	Pearson Correlation	0.842**	1	0.974**
	Sig. (2-tailed)	0.000		0.000
	N	30	30	30
NP	Pearson Correlation	0.830**	0.974**	1
	Sig. (2-tailed)	0.000	0.000	
	N	30	30	30

** Correlation is significant at the 0.01 level (2-tailed).

Correlation between OP and NMC (Figure-1) shows that there is a positive relationship between these two variables. Also R-square (0.710) from Table 6 shows that these variables are strongly associated.

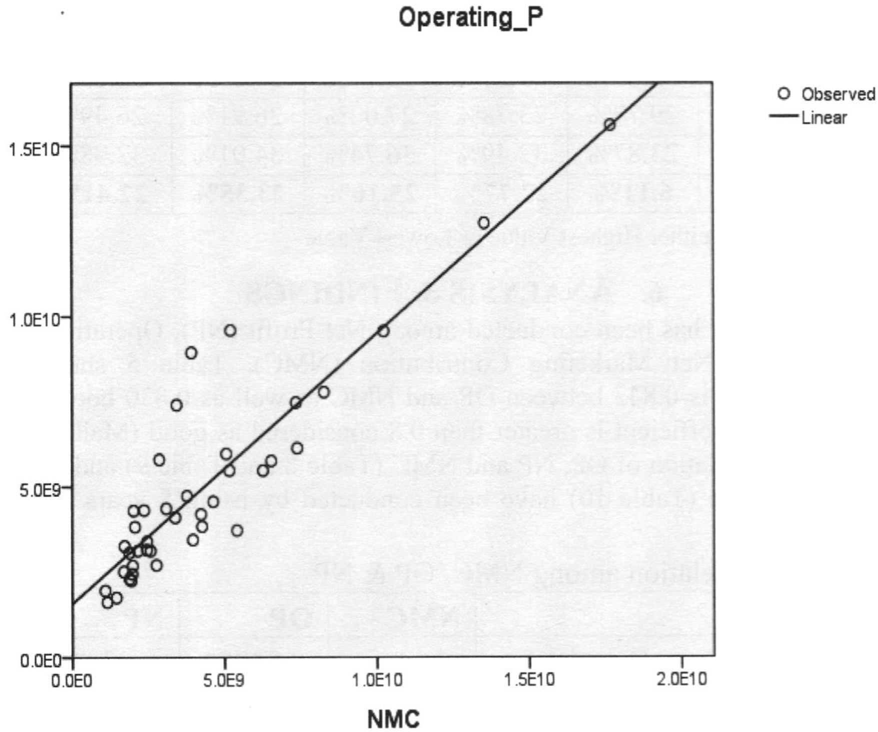

Figure 1. Operating Profit and Net Marketing Contribution

Table 6. Model Summary (between NMC and OP)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.842[a]	.710	.699	2.390E9

a. Predictors: (Constant), NMC
b. Predicted Variable: (Operating Profit) OP

Correlation between NP and NMC (Figure -2) shows that there is a positive relationship between these two variables. R-square (0.689) from Table 7 shows that these variables are also strongly associated.

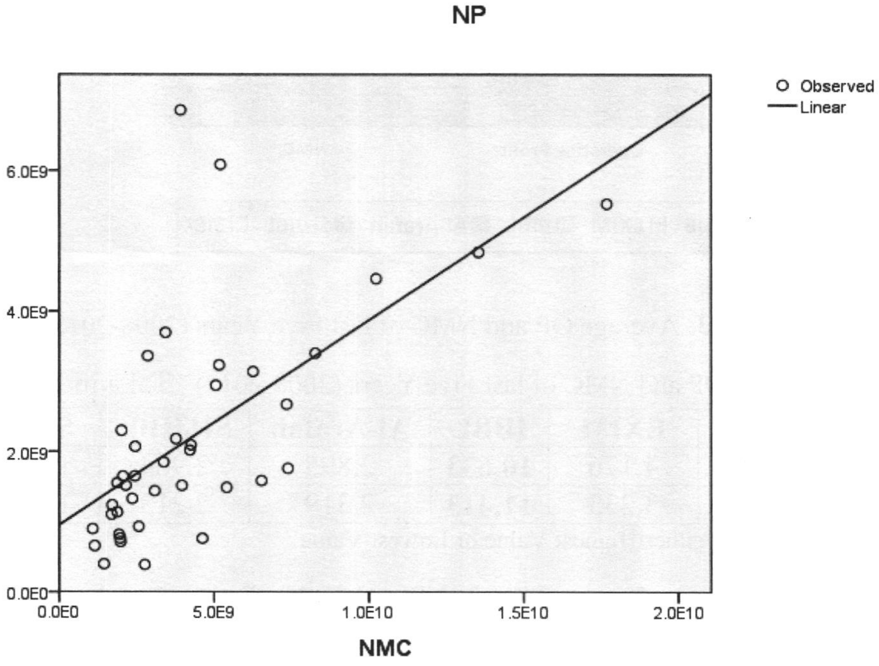

Figure 2. Net Profit and Net Marketing Contribution

Table 7. Model Summary (between NMC and NP)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.830[a]	.689	.678	9.233E8

a. Predictors: (Constant), NMC
b. Predicted Variable: (Net Profit) NP

In figure 3, X axis shows comparison categories (OP and NMC) and Y axis shows amount (Taka in million). Here IBBL has the highest value in both OP and NMC. The average OP and NMC has also been calculated in Table 8.

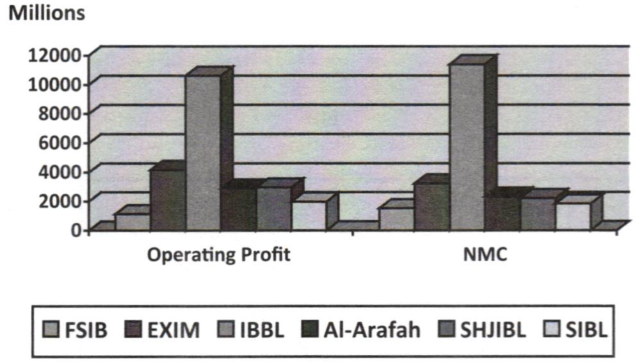

Figure 3. Average OP and NMC of last Five Years (2008-2012)

Table 8. Average OP and NMC of last Five Years (2008-2012) Taka in Million

	FSIB	EXIM	IBBL	Al-Arafah	SHJIBL	SIBL
OP	**1,135**	4,176	**10,633**	2,895	2,964	1,975
NMC	**1,521**	3,233	**11,413**	2,319	2,213	1,833

* Bold Indicates either Highest Value or Lowest Value

IBBL also keeps the highest position in NP and NMC (Figure 4), where X axis shows comparison categories (NP and NMC) and Y axis shows amount (Taka in million). The average NP and NMC for the last five years has been calculated in Table 9.

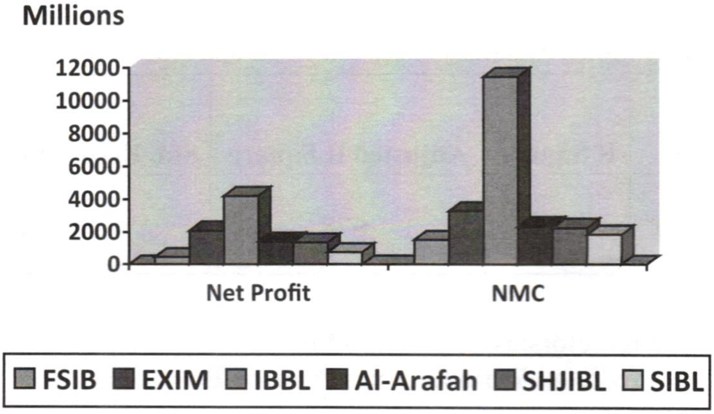

Figure 4. Average NP and NMC of last five years (2008-2012)

Table 9. Average NP and NMC of last Five Years (2008-2012) Taka in Million

	FSIB	EXIM	IBBL	Al-Arafah	SHJIBL	SIBL
NP	**464**	2,086	**4,181**	1,427	1,371	760
NMC	**1,521**	3,233	**11,413**	2,319	2,213	1,833

* Bold Indicates either Highest Value or Lowest Value

Considering Figure 3 and Figure 4, we can conclude that IBBL has the highest histogram bar among all the case of NP, OP and NMC. On the other hand, "First Security Islami Bank' (FSIB) has the lowest bar in all cases compared to other Islamic banks in Bangladesh.

In the issue of MROI, Al-Arafah holds the first position and FSIB is the lowest shown in Table 10. It is also noted that IBBL holds the first position and FSIB bank has the lowest position in MROS. Considering the top three positions, NMC shows IBBL, EXIM and Al-Arafah respectively, MROI shows Al-Arafah, IBBL and SHJIBL respectively, and MROS shows IBBL, Al-Arafah and SIBL respectively.

Table 10. Bank's Position considering Average NP, OP, NMC, MROI and MROS from 2008 to 2012

	NP	OP	NMC	MROI	MROS
First	**IBBL**	**IBBL**	**IBBL**	**AL-ARAFAH**	**IBBL**
Second	EXIM	EXIM	EXIM	IBBL	AL-ARAFAH
Third	AL-ARAFAH	SHJIBL	AL-ARAFAH	SHJIBL	SIBL
Fourth	SHJIBL	AL-ARAFAH	SHJIBL	EXIM	EXIM
Fifth	SIBL	SIBL	SIBL	SIBL	SHJIBL
Sixth	**FSIB**	**FSIB**	**FSIB**	**FSIB**	**FSIB**

* Bold Indicates either Highest Value or Lowest Value

7. RECOMMENDATIONS

The quantification of Marketing Profitability Metrics has been valued by extracted data from annual report of Islamic commercial banks in Bangladesh. The computation of this metrics can create more accuracy of bank's marketing performance. Results and techniques of this computation can be a new opportunity to track the marketing related input and output for the banks. This approach may have significant application for decision making. Our paper recommends that the study of Marketing Profitability should be more concerned along with Financial Probability.

8. CONCLUSION

Despite the earnings of bank from different sources, the core function for the bank is to sell their interest by manufacturing deposited money that they can arrange by the effort of marketing investment. Different banks may have different concepts for selling their interest and for capitalizing customer's idle money. They may have also different strategies even in the case of target customer. The cost of Advertisement is significantly influential for the customer of Islamic Banking. Though customer does not make any transaction by observing bank's marketing related activities but they would rather go for transaction on the basis of trust and bank's philosophy. It is true but the trust and bank's own philosophy will never build in a day even in a year. We can never create a strong brand without having an identical position of attributes, benefits, beliefs and values. For creating a unique position in customer mind, we have to go for huge promotion like advertisement and publicity. No banks can get the result of marketing expense in a particular income year. In fact, it has been noted that marketing actions, such as advertising and promotion, have both a short-term and long-term effect on firm sales (Jedidi, Mela, & Gupta, 1999). In today, every Islamic Bank is more conscious regarding their investment in Advertising & Publicity. Our study has shown that IBBL is the highest and Al-Arafah is the lowest in position at the cost of advertisement among the comparison of six banks. Assessing overall marketing performance based on non financial measures (market share, quality, customer satisfaction, loyalty, brand equity) may change even in within a second due to the volatility of customers' perception. Therefore, Banks should focus on Marketing Profitability to track the performance by analyzing their financial data so that decision makers could rely for the justification of their investment. The calculated way of MPM can be debated further in future study. But it is necessary to establish the way out of this approach in the field of Marketing for decision making efficiently more than earlier. The contribution of this study will be successful if banks realize the necessary of computing Marketing Profitability metrics.

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