



Annotated Summary of:

Clawson, C. Joseph (1974), "Fitting Branch Locations, Performance Standards, and Marketing Strategies to Local Conditions." *Journal of Marketing* 38 (January), 8–14.

Chapter 4: Multiple Regression Analysis *Multivariate Data Analysis*, Sixth edition

**"The world's leading authority on applied multivariate data analysis
based on number of citations, as reported by Google Scholar"**

This is one of the early attempts to apply multiple regression analysis as a more rigorous means—as opposed to more subjective techniques—for establishing goals and reevaluating marketing strategies. Specifically, the author uses multiple regression to select new locations, evaluate current site performance, and allocate marketing support among several geographically dispersed sites of savings and loan branches. The dependent variable of interest is “net savings gain,” representing the increase in net deposits for each branch. Consultation with management leads to the selection of 24 independent variables representing different aspects of the population, competition, and characteristics of specific branches that might affect branch performance in attracting new deposits. The author estimates the regression equation from a sample of 26 savings and loan branches for which these data were available. The analysis, performed with the stepwise estimation method, identifies ten predictor variables explaining 91.5% of the variation in interbranch performance. The impact of multicollinearity is seen in that a number of the excluded predictor variables have high bivariate correlations with the dependent measure, but also are correlated with variables included in the equation. Positive contributors to branch performance include branch attractiveness, high percentages of persons in the age bracket of 45 to 64, savings gains by other competing branches in the area, and local promotions. Factors detracting from branch performance include the presence of competitor’s main offices, concentrations of renter dwellings, or location on approaches to shopping centers. The implications for evaluating existing branches and identifying strengths and weaknesses are also discussed, along with the potential for evaluating prospective branch sites. In all, this technique is shown to be an important tool for managers in evaluating performance. As a statistical technique, multiple regression allows for the selection and assessment of independent variables in terms of their relative strengths toward explaining the dependent variable.
