

# Integrated Marketing Communications

Budgeting/Measuring/Ethics

# Recap: IMC's key themes

1. *Consistency* of communications
2. (Strategic) control of communications
3. Media neutrality
4. Constant optimization of media and channel portfolios and synergy seeking
5. Measuring and connecting to sales and customer relationships

(Derived from multiple sources)



Budget

# Defining a budget

- In essence, how much you allocate to any given marketing communications function and channels
  - PR, Advertising, Sponsorship...
  - TV, Radio...
- But increasingly not only allocation on promotional tools and media buy, also design, production etc., need to be taken into account
- Cost vs. investment?

**TABLE 1****Research Propositions Concerning Likely Communication Outcomes from Different Communication Options**

Communication Outcomes	Communication Options										
	TV	Promos	Events	PR	Social Media	Website	Search	Display	Mobile	Direct	Selling
Create awareness and salience	+++	++	++	++	+++	++	+++	+++	+++	++	+
Convey detailed information	+	+	+	+	++	+++	+	+	++	+++	+++
Create brand imagery and personality	+++	++	++	++	+++	++	+	+	++	+	+
Build trust	+	+	+	+++	+++	+	+	+	++	+	+++
Elicit emotions	+++	++	+++	+++	+++	++	+	+	++	+	+
Inspire action	+	+++	+	+	+	++	+++	++	+++	+++	+++
Instill loyalty	++	+	+	+	++	++	+	+	++	++	++
Connect people	+	+	++	+	+++	+++	+	+	+++	+	+

Notes: +++ = greatest influence; ++ = medium influence; + = least influence.

# Budgeting benefits

- Helps quantifying objectives and leads to measurability
- Again, a big thing in IMC
- Optimally, it really focuses people to push the campaign in the right direction
- Worst case scenario, the measure becomes too central of a node, at the detriment of other MC elements

# Budgeting benefits

- Might lead to cross-function coordination, better integration of business goals

# Budgeting benefits

- Helps review the campaign at *year's* end
- At least in terms of “objective” measures, not just internal and unquantifiable
- Usually the basis for getting more money for the marketing department for next year



# Defining a budget

- As said, marketing has become more sophisticated and more "financially responsible"
- No more "let's just buy X amount of print and Y amount of TV ads and be done with it"
- More ad channels,
- The blurring of lines between marketing communications and "other" functions (e.g. customer service, social media)

# Defining a budget

- Who should pay for what and what goes into a budget? (e.g. sales promotion?)
- For example, some companies are notoriously bad at keeping their employees' time use in marketing communications → "social media is free" → fallacy!

# Budgeting strategies

- Four distinct strategies, that are not perfect but give you a sense of "what matters" when budgeting
- Different industries and businesses "lean more" towards different strategies

# Bad budgeting strategies

- Arbitrary = basically, the bosses' guess
- Inertia = "let's keep things the same"
- Media multiplier = "adjusted to media inflation"
  - Economic growth, media sustainability, allocation of investments within and across different media channels, buying and selling of media → impact inflation
- "we'll budget what we had last year plus minus our current balance;" → considered as the old way of doing it...

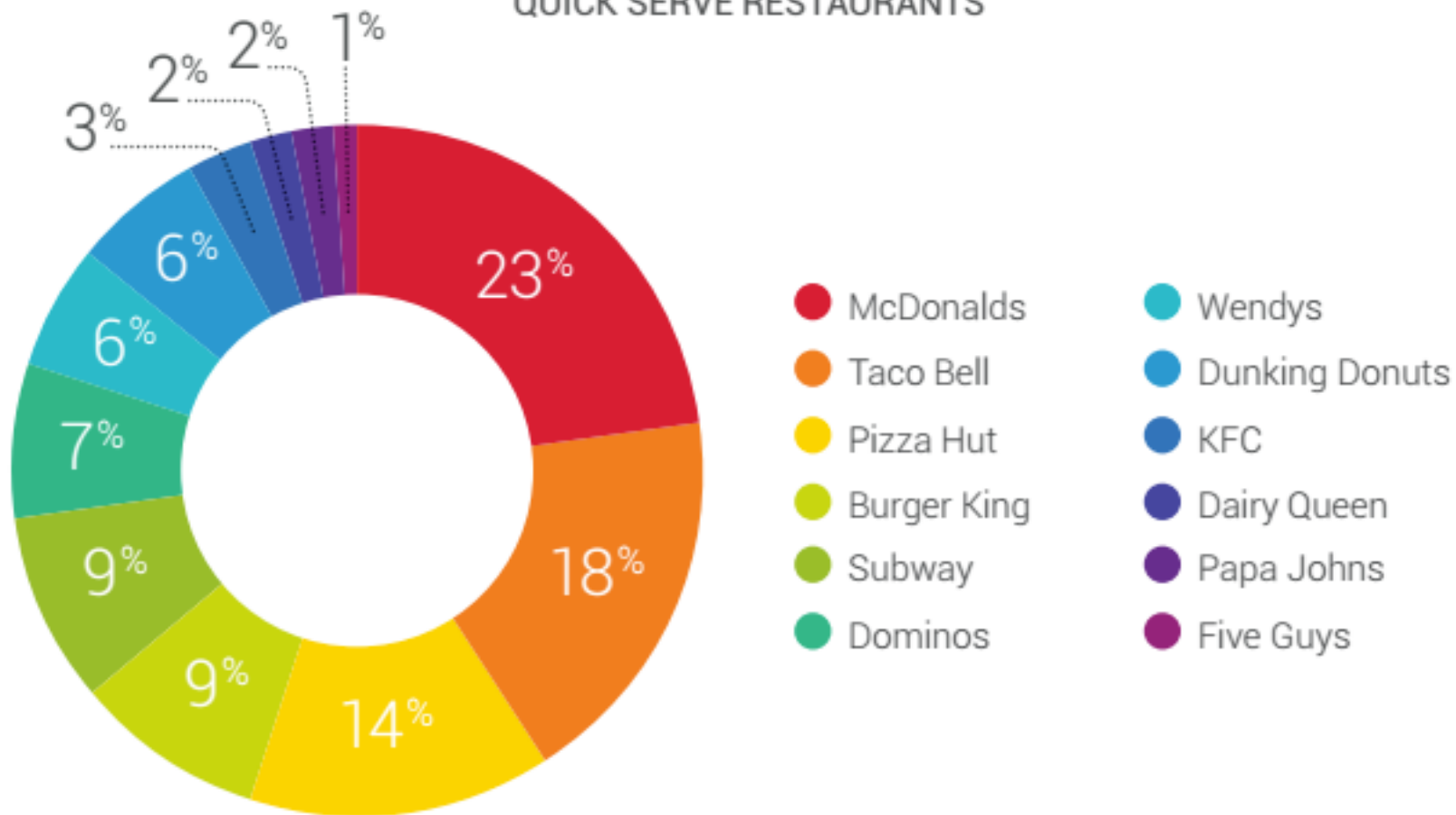
# Percent-of-Sales Budgeting

- You make a forecast of next year's sales and then define how much (%) you spend on marketing communications
- Some industries are more stable, so this approach (sort of) makes sense
- Assumes stability and unchanging marketing communications message

# Share-of-Voice budgeting

- Basically you budget according to your market share
- "if in product category X the overall spending on advertising is 300 million euros and our market share is 50% → 150 million budget!"

### SHARE OF VOICE FOR QUICK SERVE RESTAURANTS



# Return on Investment (ROI) Budgeting

- Often a favorite for top level managers (also, other functions are usually evaluated on ROI)
- "investment in MC needs to generate X% more earnings than its costs"
- Evaluate how much you could realistically increase sales → decide on budget
- Marginal analysis, break-even point



$$\mathbf{ROI (\%)} = \frac{\text{Return (profit) - Investment (expense)}}{\text{Investment (expense)}} \times 100$$

*OR*

$$\mathbf{ROI (\%)} = \frac{\text{Net Return/Profit}}{\text{Investment (expense)}} \times 100$$

# Objective-and-Task Budgeting

- You budget according to what you agreed to achieve through each MC function:
  - PR → 15% increase in brand trust/awareness...
  - Sales Promotions → 10 % increase in consumer turnaround
  
- Usually the firm has deep pockets

# Some notes on budgeting

- When launching a product (or driving a new position), the budget usually is quite high (and skewed towards awareness (promo tools) buys)
- "Most affordable" often is more important than "the best" for any purpose of marketing communications (esp. smaller companies)

# Metrics

# Metrics and analysis

- Measurability is IMC's "great gift" and innovation for marketing communications
- IMC has evolved with measurement and analysis in mind (databases, selection of MC functions etc.)

# Measurement and analysis

- Measurement and analysis are done both in the planning stage, during the campaign, but especially after the campaign, with various instruments
- However: MC is always “risky” and many brand messages can never be (credibly) measured → a manager’s intuition is meaningful!



Believe in something.  
Even if it means sacrificing everything.

WAP



Just do it.

**Bottom line: what changes  
occurred in consumers'  
behavior and attitudes**

**→ Link to customer relationship and  
brand equity!**



What is known about the brand

COGNITIVE COMPONENT (Knowledge)

The **action** component ... the individual's disposition to or intention to behave in certain way  
Advertising ... to encourage consumers to do something: visit a website, take a coupon, book a visit, buy ...

CONATIVE COMPONENT (Do/Behavior)

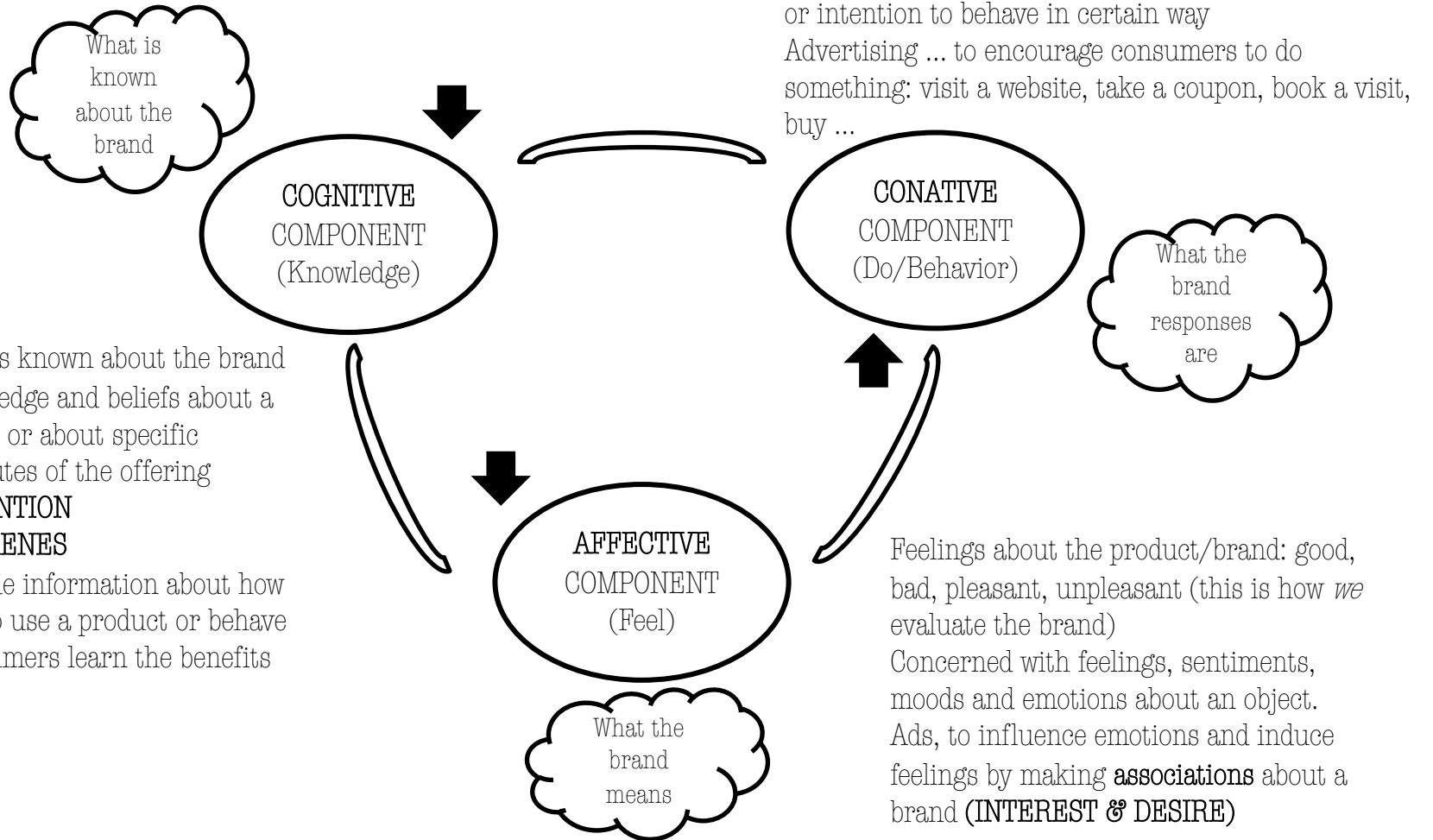
What the brand responses are

What is known about the brand  
-knowledge and beliefs about a brand, or about specific attributes of the offering  
-ATTENTION  
-AWARENES  
-provide information about how e.g., to use a product or behave  
-Consumers learn the benefits

AFFECTIVE COMPONENT (Feel)

What the brand means

Feelings about the product/brand: good, bad, pleasant, unpleasant (this is how *we* evaluate the brand)  
Concerned with feelings, sentiments, moods and emotions about an object.  
Ads, to influence emotions and induce feelings by making **associations** about a brand (**INTEREST & DESIRE**)



# Data you can use

- The most obvious starting point is naturally last year's measurements and the "baseline"
- Many firms have a lot of data at their disposal that they don't even realize that it may relate to marketing communications
- Secondary data sources (Banks, Retailers, Analytics...)
- Continuous flow of data harnessed through social media platforms and databases

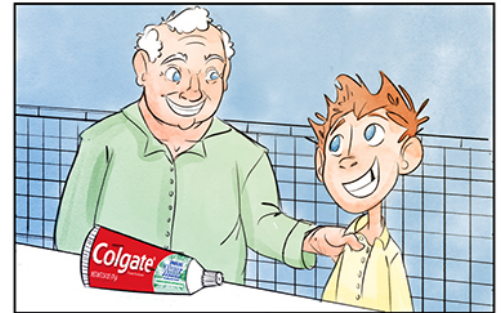
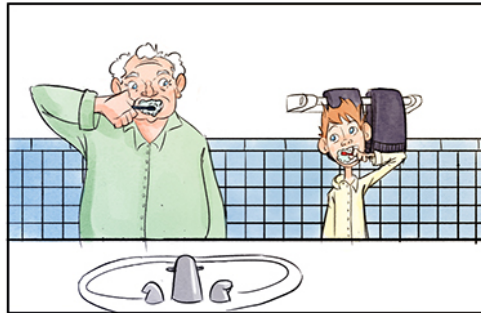
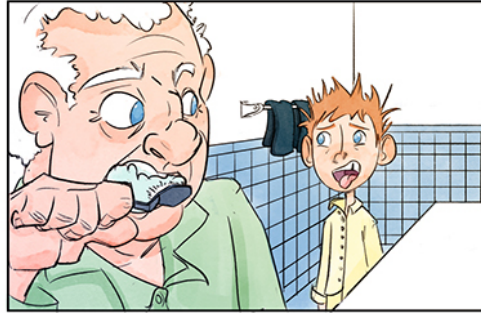
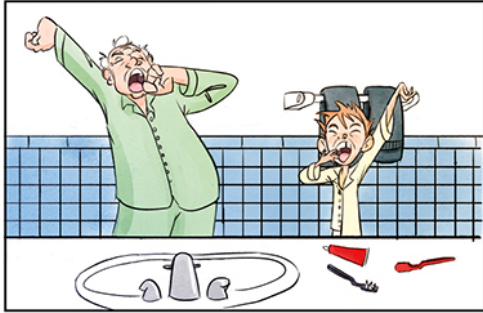
# When to measure

- Concept testing = *measuring* those rough ideas that will become themes for a campaigns
- Concurrent testing = measuring during the campaign
- Evaluative testing = after the campaign, against the set goals
- NOTE: These are rarely the same measures!

# Message Evaluation/Concept testing

- Tested before the campaign launch
- Relying on experts, focus groups, etc.







# Concept testing

- **Portfolio tests**
  - Display a set of ads to an expert group
  - Including the one being evaluated
- **Theater tests**
  - Display a set of TV ads, including the one being evaluated
- **Online tests**
  - An advancement of the two
  - Immediate results
  - Less costs
  - Analytic marketing agencies
  - Quant methods
  - Usually to a pool of experts or consumers

**Online evaluation**



- A plethora of online metrics
- Newer metrics developed almost on daily basis
- **Most popular metrics:**
  - *Brand awareness*
  - *Click-throughs*
  - *Redemption rate*
  - *Response rate*
  - *Dwell time*
  - *Length of engagement*

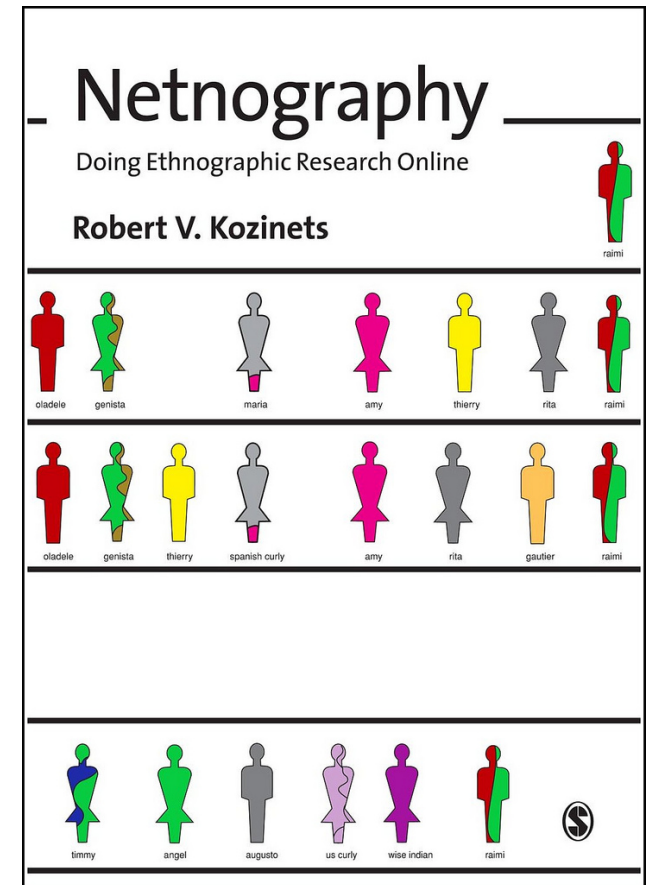
- **Brand awareness (\*\*\*)**
  - Number of visits, followers, viewers, subscribers, mentions ... (you name it)
- **Click-throughs (\*\*\*)**
  - Arguably the most popular online metric
  - Measure impact of advertisements
  - Gives an *estimate* of how many people have seen an ad, click it, and go to the website
- **Redemption rate (\*\*)**
- **Response rate (\*\*\*)**
  - Occur when visitors to the site take action → i.e. purchase or share!
- **Dwell rate (\*)**
  - Proportions of impressions consumer engages with an ad. (clicks, cursor movement on the ad)
- **Length of engagement (\*\*)**
  - How long a consumers stays at a website (Interest in the brand)

# Online and measuring...

- The Internet has increased challenges but also offers opportunities to what can be measured
- Analytics tools such as Google Analytics are indispensable now, not to mention more recent analytical techniques
- The digital footprint of consumers can tell you a lot, if you can read it
  - An expansion of new marketing firms offering data analysis

# Online and measuring

- Not well known, but increasingly important: online cultural marketing research
- Cultural studies give you rich information, but can be expensive and time consuming
- Enter netnography → faster, cheaper way of getting ethnographic data



# The benefits of measuring

- Reduces risk
- Makes for better planning and control of MC  
→ MC held financially accountable
- Sets clear control points that you can react to  
(*can be problematic*)
- Usually involves documentation → helps decision making in the coming years

# Measurement limitations

- Costly
- Time consuming
- Validity
  - Is the conclusion methodologically consistent/accurate
  - Criteria by which measurements are evaluated
- Generalizability
- Stifles creativity
- Overdependence on research and numbers
- “If you can’t measure it, then we won’t do it”

# Measurement challenges

- You also have to measure your measurements
- The campaign might be a home run, but what if customer service or production has hiccups?
- Competitor movements nearly impossible to “clean” from data

# Measurement challenges

- Metrics need constant tinkering!
- **E.g., what happens if an element of the campaign suddenly changes during a campaign?**
- And of course, do you need to tinker the actual campaign itself to correct this?



E.g., what happens if an element of the campaign suddenly changes during a campaign?

**Benchmarks** relative to campaign performance over time.  
Help compare new campaign against previous ones

**Tracking** metrics to help understand when campaign  
“ware out” starts to occur

# Tough questions

- Will a change in attitude always lead to a change in behavior?
- Can you really measure something as vague as “attitude?” (well... yes)
- Do people choose metrics based on their results, or because they’re “the best”?
- How do we deal with what we cannot measure?
- What’s the role of management intuition?
- What kind of “image of the consumer” are we constructing with our metrics?

# At year's end?

- There are no clear guidelines to evaluating “what went wrong” after a 12 month campaign, usually it's pretty clear during the campaign already
- Documenting the process, mistakes, lessons learned etc. → learning organization
- But again, the next cycle should start from “zero” again

# Summary

- Measuring is important
- But it's also hard, and it's costly
- Remember: behaviors and attitudes
- Try to be adaptive, and constantly tinker

Selected references:  
(Fill 2009; Clow and Baack, 2015)

**ETHICS**

# Ethics

- **Overselling**
- Exploitation of vulnerable groups
- **Deception**
- Misuse of lists
- Intruding privacy
- **Promoting negative racial, sexual or gender stereotypes**
- ...
- (Hackley and Hackley, 2015)



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sarahjessicaparker  
30 Rockefeller Plaza

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sarahjessicaparker One stop among many. Happily spent my week talking about #AnaphylaxisForReel, an initiative encouraging people managing potentially life-threatening (severe) allergies to share their story through the power of film. Honored to be involved and to share my own family's story of dealing with food allergies as a #spokesperson of Mylan. To learn more and submit your story, go to [www.Anaphylaxis101.com](http://www.Anaphylaxis101.com). X, SJ PS. Hello and goodbye to @billybush as he prepares for the @todayshow!

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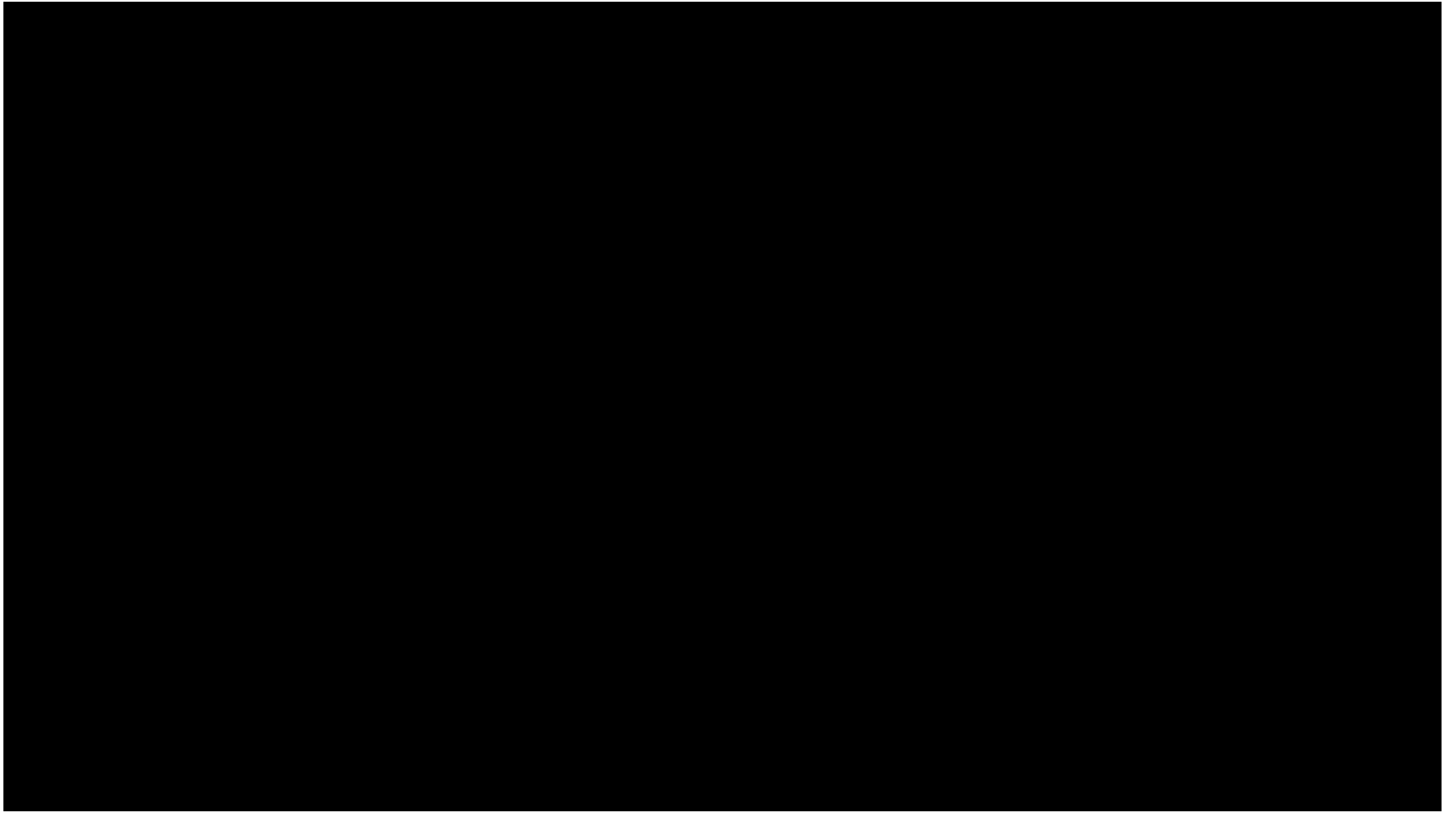
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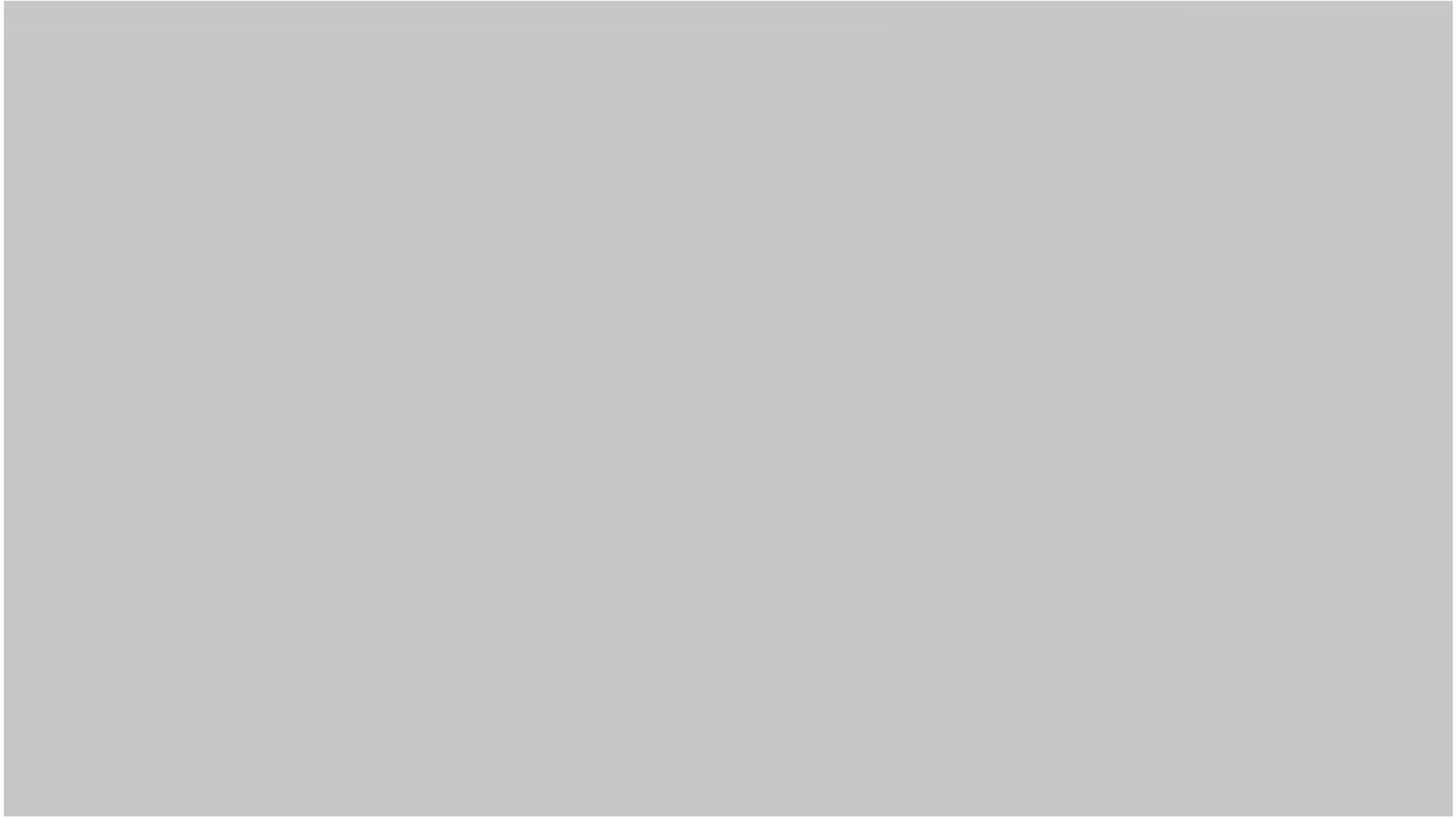




“There is still so much more we can do to help the millions of people who are at risk for anaphylaxis, a life-threatening allergic reaction.”

**ANAPHYLAXIS**  
**FOR REEL**



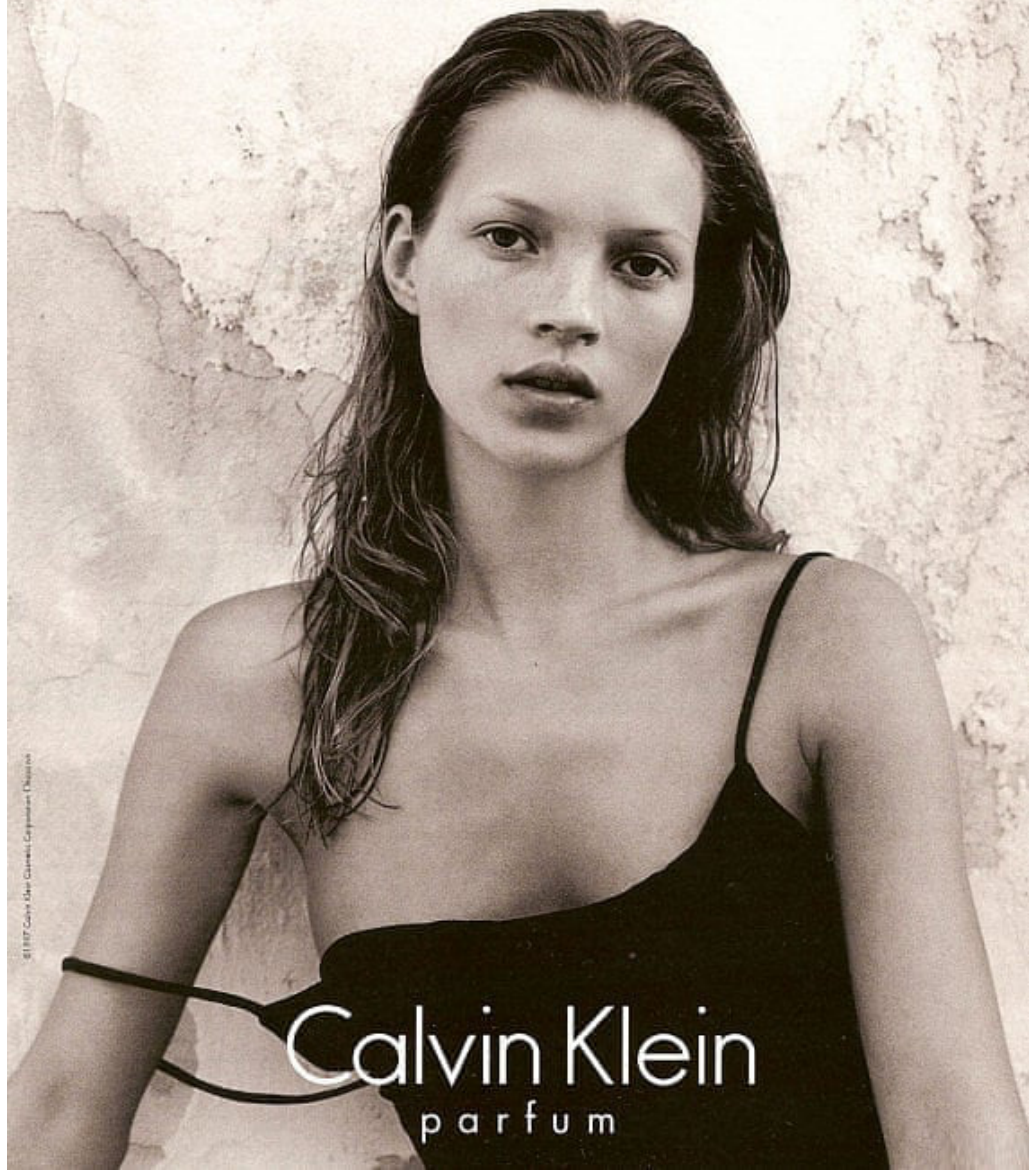








# OBSESSION



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THE END...