Integrated Marketing Communications

Budgeting/Measuring/Ethics

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BUDGETING

Defining a budget

In essence, how much you allocate to any given marketing communications function and channels

- PR, Advertising, Sponsorship… (Promo tools)
- TV, Radio… (Media)

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.

Batra and Keller 2016

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 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…

I. 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

II. 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

- McDonalds — 23%
- Taco Bell — 18%
- Pizza Hut — 14%
- Burger King — 9%
- Subway — 9%
- Dominos — 7%
- Wendys — 6%
- Dunking Donuts — 6%
- KFC — 3%
- Dairy Queen — 2%
- Papa Johns — 2%
- Five Guys — 1%
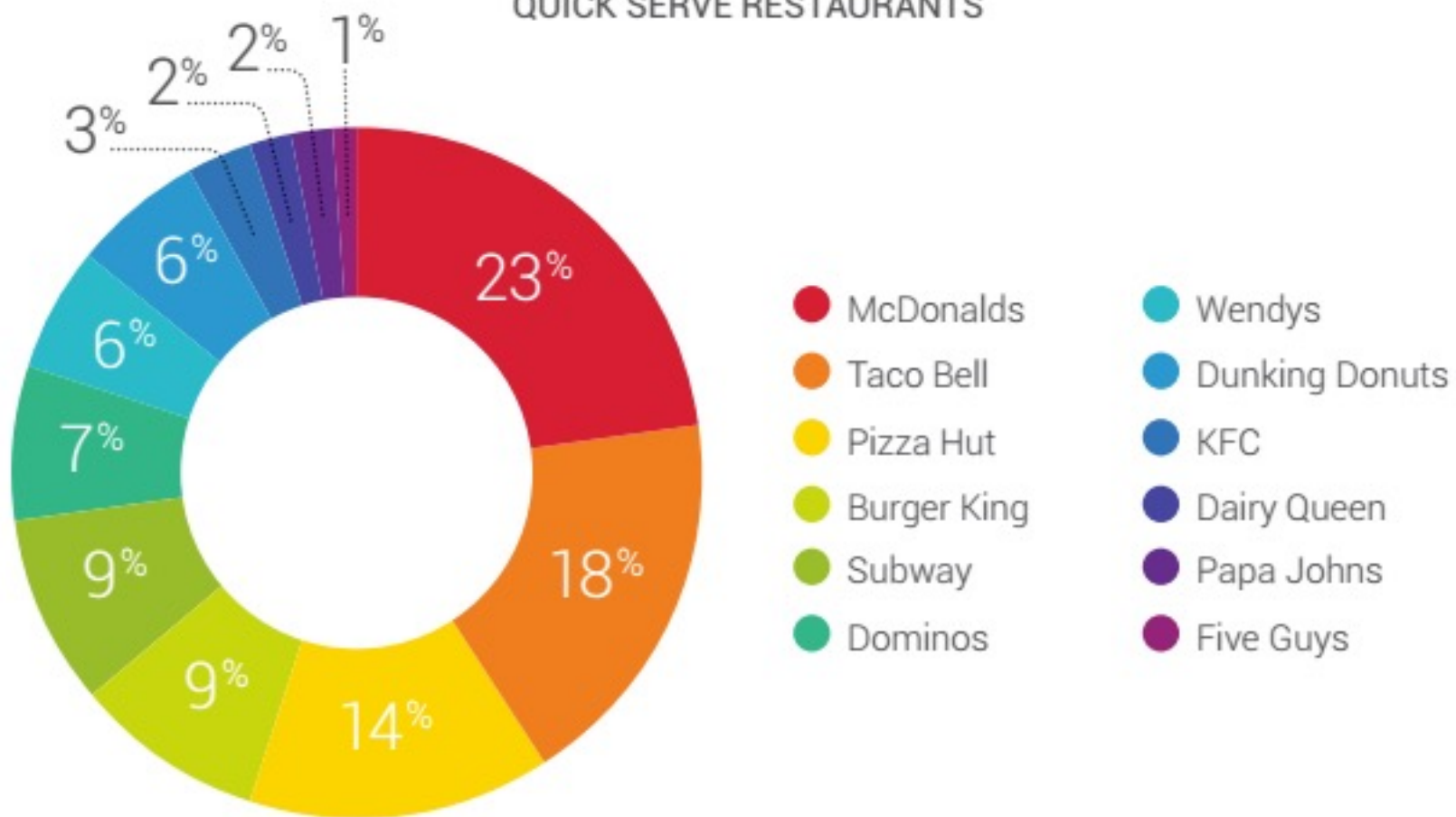
III. Return on Investment (ROI) Budgeting

- 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'' (objective!)

- Evaluate how much you could realistically increase sales ➤ decide on budget (objective!)

- Tools: marginal analysis, break-even point

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

OR

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

IV. 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
  - …

Some notes on budgeting

- When launching a product (or driving a new position), the budget usually is quite high (and skewed towards awareness…)

- "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, and 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!

Bottom line: what changes occurred in consumers' <u>behavior</u> and <u>attitudes</u>

➔ Link to brand equity dimensions!

What is known about the brand

COGNITIVE COMPONENT (Knowledge)

CONATIVE COMPONENT (Do/Behavior)

What the brand responses are

AFFECTIVE COMPONENT (Feel)

What the brand means
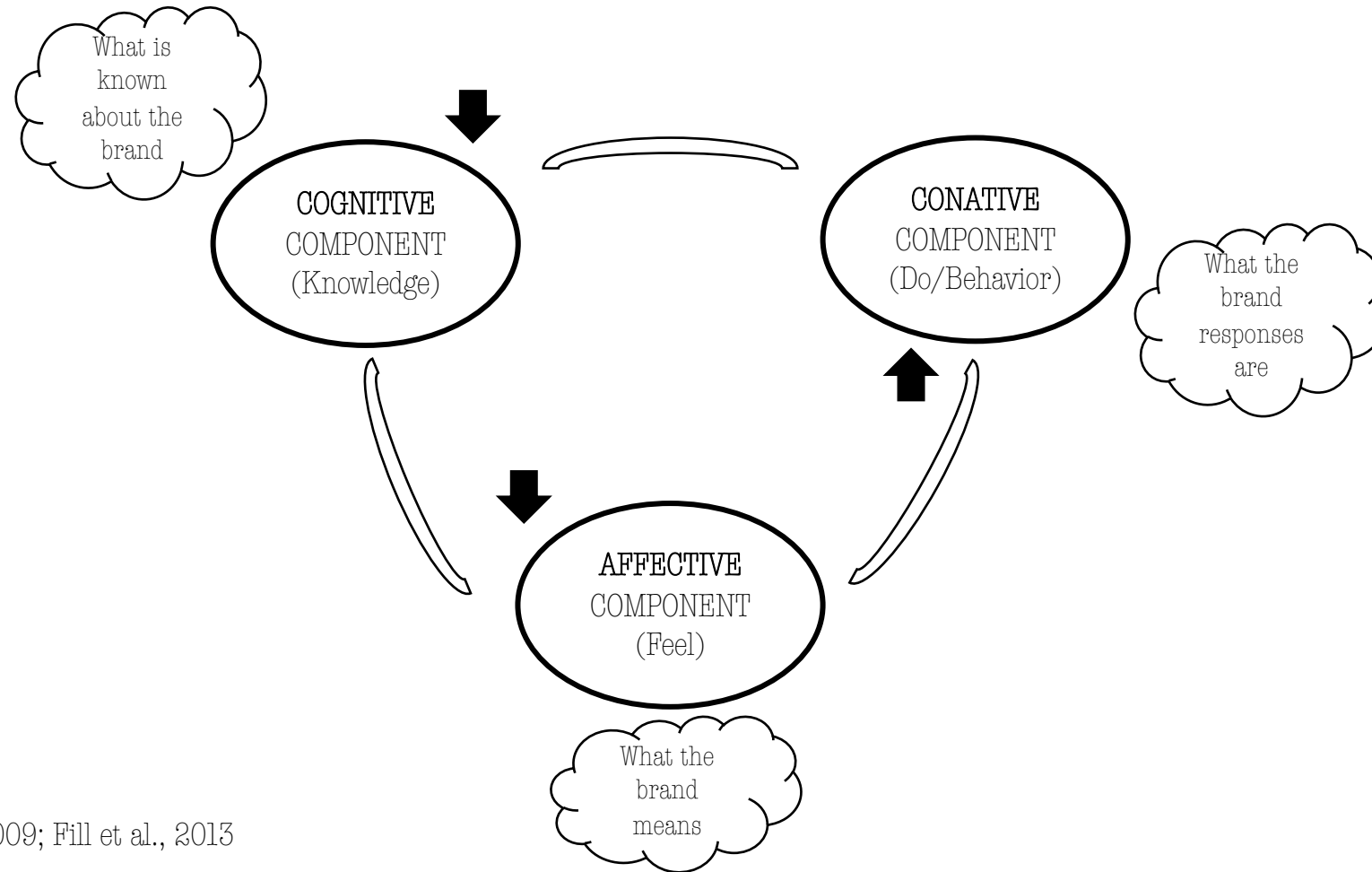
Fill 2009; Fill et al., 2013

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 agencies…)

- 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 (planning stage)

- 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.

Recall, storyboards!
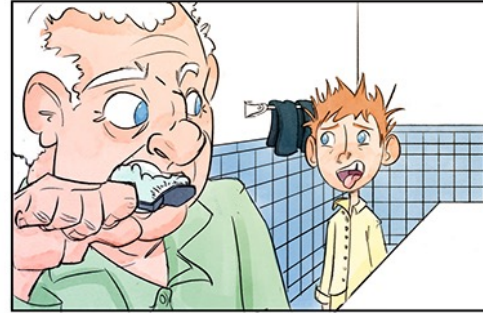
Concept testing

- **Portfolio tests**
  - Display a set of ads to an expert group
  - Including the one being evaluated
- **Theater tests**
  - Display e 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 es*timate* 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
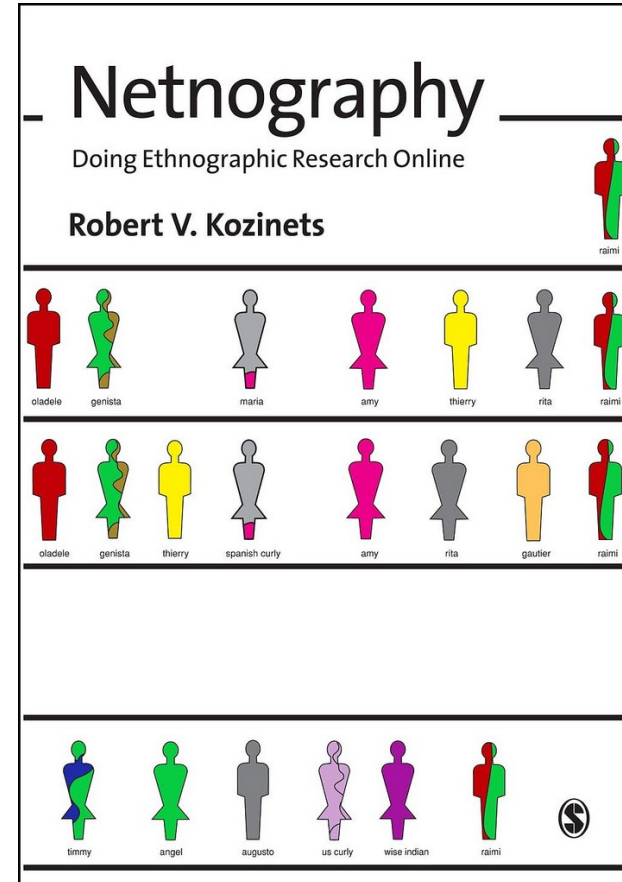
The benefits or measuring

- 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

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 and link to brand equity
- 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)

- Increase in price by 500 %
- 600 USD for a pack of two EpiPen adrenaline shots

- From 50 USD at one point to 600 USD!

ANAPHYLAXIS
FOR REEL™

Anaphylaxis: For Reel™ was an effort to bring national attention to the serious and unpredictable nature of anaphylaxis, a life-threatening allergic reaction. The initiative aimed to inspire greater understanding about the risks of anaphylaxis through films featuring real-life, everyday stories about potentially life-threatening (severe) allergies.

44.4k likes   15w

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. X, SJ
PS. Hello and goodbye to @billybush as he prepares for the @todayshow!

view all 334 comments

asma2016ok Je t'adore🙏🙏🙏I'm morrocan

e.ibrahim_ 💜💜💜

magdalena_siwon You're the best 💕

vikes.today @ct1182 it is her real acct, it has the check mark next to her name
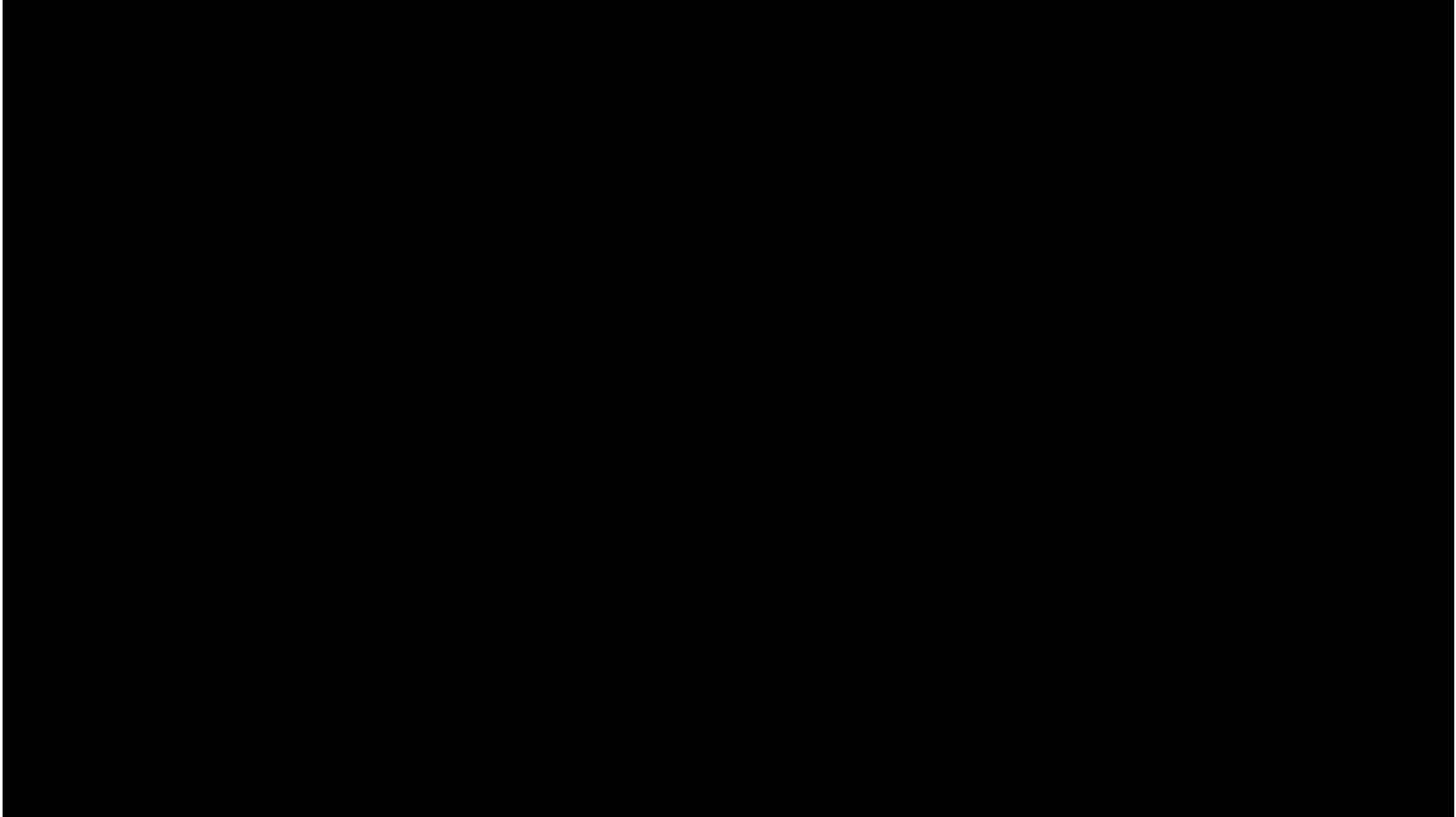
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"There is still so much more we can do to help the millions of people who are at risk for anaphylaxis, a life-threatening allergic reaction."
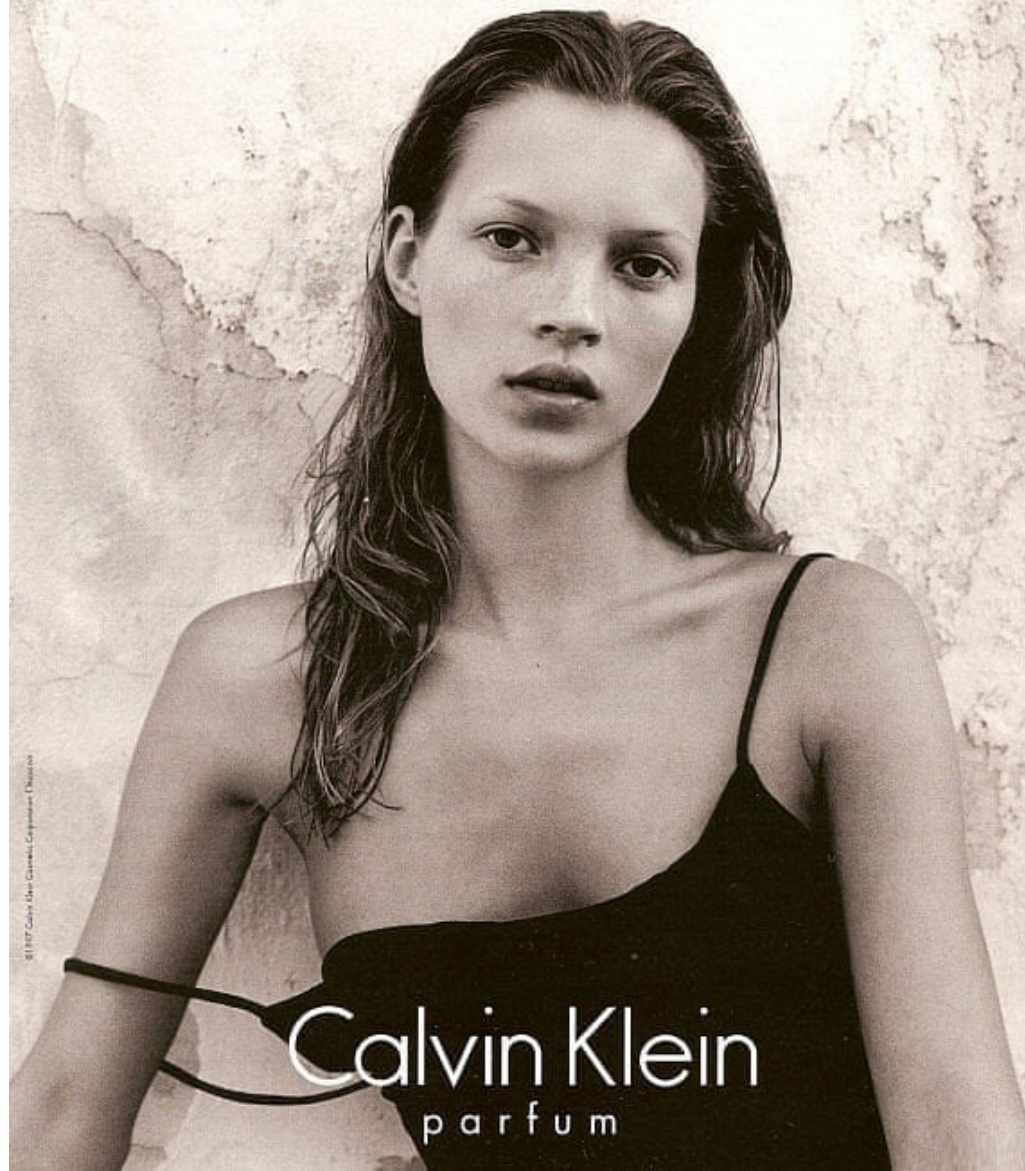
ANAPHYLAXIS
FOR REEL

Promoting negative racial, sexual or gender stereotypes

"DanActive helps prevent colds and flu and one daily serving of Activia could relieve irregularity" and *"it helps with slow intestinal transit time"*

- FEDERAL TRADE COMISSION (consumer protection agency in the USA)
- Consumer complaints about misleading claims about Activia
- Dannon had to pay 45 million USD in fines

THE END…