

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
 - PR, Advertising, Sponsorship...
- But increasingly not only media buy, also design, production etc., need to be taken into account
- Cost vs. investment?
- Connection to measurement and sales (e.g. "is this about brand awareness or a price promotion")

Budgeting benefits

- Focuses people on costs and benefits
- Especially the more detailed you go in budgeting, the more you have to ask "why are we doing this again?"
- Makes the corporation see differences in advertising tactics and media

Budgeting benefits

- Helps quantifying objectives and leads to measurability
- Again, 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
 - (i.e., vision and mission)
- Again, the corporation talks in dollars and numbers now

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

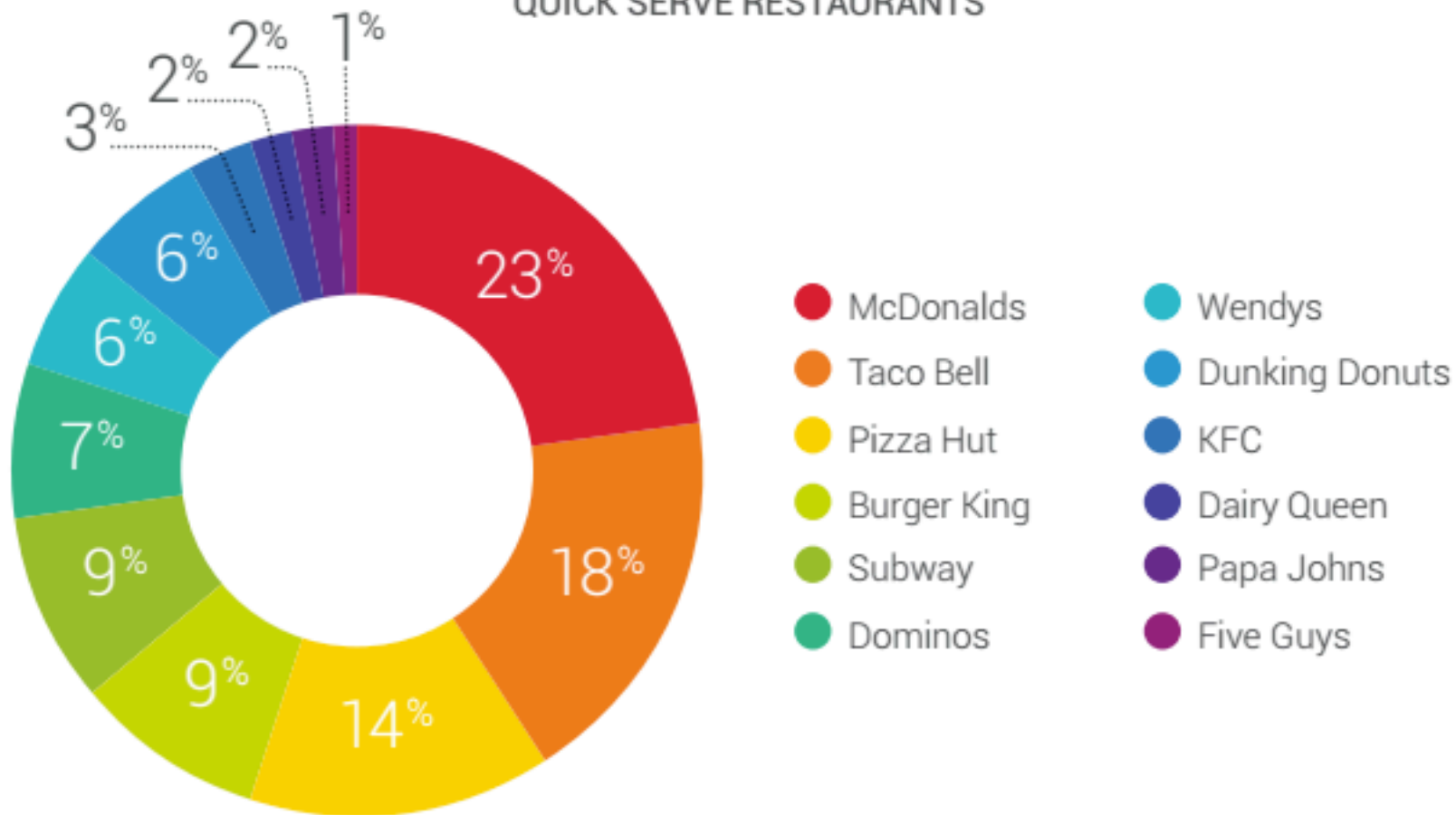
Percent-of-Sales Budgeting

- 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 marketshare
- "if in product category X the overall spending on advertising is 300 million euros and our marketshare is 50% → 150 million budget!"
- Not the most elegant way of budgeting

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
 - ...
- "We'll pay whatever it takes"
- Usually the firm has deep pockets

Objective and Task Method

Establish Objectives

(create awareness of new product among 20 percent of target market)

Determine Specific Tasks

(advertise on market area television and radio and local newspapers)

Estimate Costs Associated with Tasks

(determine costs of advertising, promotions, etc.)

Monitor and Adjust

(monitor performance and adjust)

Some notes on budgeting

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

Measuring

Measuring and analysis

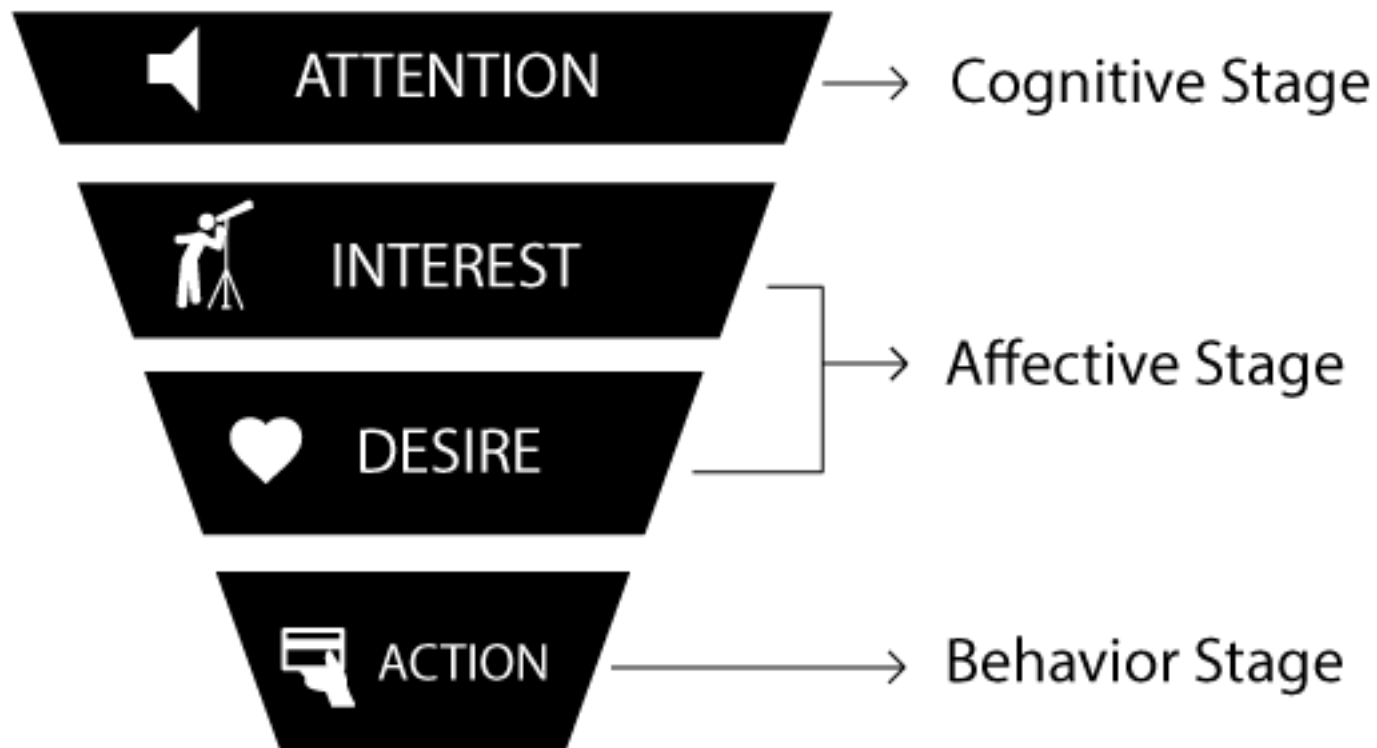
- Measurability is IMC's "great gift" and innovation for marketing communications
- As said during the history lecture, IMC has evolved with measurement and analysis in mind (databases, selection of MC functions etc.)
 - "Duncan 2007: 70% of managers do not know the ROI of the marketing communications investments"

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!

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

AIDA MODEL



What is known about the brand

COGNITIVE COMPONENT
(Knowledge)

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



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

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)**



AFFECTIVE COMPONENT
(Feel)

What the brand means



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 relates to marketing communications
- However, data gotten from customer service may be hard to link to measurement
- As said, there's almost too much data to analyze now thanks to the internet → hence **BIG DATA**

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!

Importance of goals

- A well-planned and executed MC plan will reach its goals
- “The closer to sales and profits the goals are, the better”
- Remember, you want to **affect attitudes** and consequently, **behavior**

Most common measures

- Brand awareness (A)
- Brand image (A)
- Understanding and recall of brand message (A)
- Attitude towards the brand (A)
- Trial and repeat purchases (B)
- Customer acquisition (B)
- Customer turnover (B)
- Increase in customer relationships (B)

Mark. Comms. goals

- Another way is to think of the classic AIDA-continuum
 - Awareness → communication goal
 - Interest → communication goal
 - Desire → communication goal
 - Action → marketing goal
- “+25% awareness → +10% more visits to our retail stores → +2% in sales”

Ways of measuring

- There are hundreds of measuring techniques, some better than others
- Focus groups, questionnaires, eye tracking, consumer ethnography, data mining; analytics...
- All these produce different information (and of varying quality)

Ways of measuring

- Focus groups = 8-10 people invited, to discuss a particular topic/product/brand (you can sign up for these)
- Still a very useful method in many industries
- Consumer juries = e.g. evaluating final concepts of advertising or a campaign

Brand awareness

- Most often the most important goal in the A-I-D segments
- Brand recognition
 - Recognizes brand, remembers encountering it
- Brand recall
 - “can name brand in this product category, including ours”

Test marketing

- A campaign can be tried out at one test market before rolled out nationally/more widely
- Increasingly being used, and with varying emphasis
- Very particular examples, for example one shop with a specific campaign
- Also: successful national campaigns can become global

Test marketing

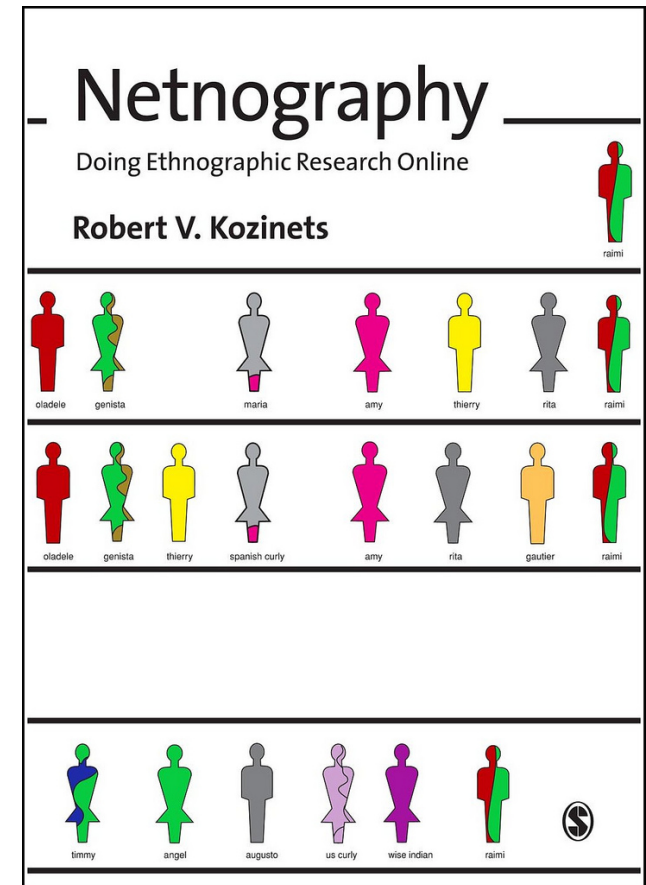
- Scanner market tests = following certain families' or individual's purchase behavior → this is how TV viewing is still tracked, btw
- Tracking studies → also followed up by periodical questionnaires on product usage

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

RELEVANT METRICS FOR SOCIAL MEDIA APPLICATIONS ORGANIZED BY KEY SOCIAL MEDIA OBJECTIVES

This table organizes the various social metrics for social media by classifying them according to social media applications and social media performance objectives. While it is not exhaustive, it should give marketers a useful starting point for measuring the effectiveness of social media efforts because all of the metrics listed are easily measured.

SOCIAL MEDIA APPLICATION	BRAND AWARENESS	BRAND ENGAGEMENT	WORD OF MOUTH
Blogs	<ul style="list-style-type: none"> •number of unique visits •number of return visits •number of times bookmarked •search ranking 	<ul style="list-style-type: none"> •number of members •number of RSS feed subscribers •number of comments •amount of user-generated content •average length of time on site •number of responses to polls, contests, surveys 	<ul style="list-style-type: none"> •number of references to blog in other media (online/offline) •number of reblogs •number of times badge displayed on other sites •number of “likes”
Microblogging (e.g., Twitter)	<ul style="list-style-type: none"> •number of tweets about the brand •valence of tweets +/- •number of followers 	<ul style="list-style-type: none"> •number of followers •number of @replies 	<ul style="list-style-type: none"> •number of retweets
Cocreation (e.g., NIKEiD)	<ul style="list-style-type: none"> •number of visits 	<ul style="list-style-type: none"> •number of creation attempts 	<ul style="list-style-type: none"> •number of references to project in other media (online/offline)
Social Bookmarking (e.g., StumbleUpon)	<ul style="list-style-type: none"> •number of tags 	<ul style="list-style-type: none"> •number of followers 	<ul style="list-style-type: none"> •number of additional taggers
Forums and Discussion Boards (e.g., Google Groups)	<ul style="list-style-type: none"> •number of page views •number of visits •valence of posted content +/- 	<ul style="list-style-type: none"> •number of relevant topics/threads •number of individual replies •number of sign-ups 	<ul style="list-style-type: none"> •incoming links •citations in other sites •tagging in social bookmarking •offline references to the forum or its members •in private communities: number of pieces of content (photos, discussions, videos); chatter pointing to the community outside of its gates •number of “likes”

Product Reviews (e.g., Amazon)	<ul style="list-style-type: none"> •number of reviews posted •valence of reviews •number and valence of other users' responses to reviews (+/-) •number of wish list adds •number of times product included in users' lists (i.e., Listmania! on Amazon.com) 	<ul style="list-style-type: none"> •length of reviews •relevance of reviews •valence of other users' ratings of reviews (i.e., how many found particular review helpful) •number of wish list adds •overall number of reviewer rating scores entered •average reviewer rating score 	<ul style="list-style-type: none"> •number of reviews posted •valence of reviews •number and valence of other users' responses to reviews (+/-) •number of references to reviews in other sites •number of visits to review site page •number of times product included in users' lists (i.e., Listmania! on Amazon.com)
Social Networks (e.g., Bebo, Facebook, LinkedIn)	<ul style="list-style-type: none"> •number of members/fans •number of installs of applications •number of impressions •number of bookmarks •number of reviews/ratings and valence +/- 	<ul style="list-style-type: none"> •number of comments •number of active users •number of "likes" on friends' feeds •number of user-generated items (photos, threads, replies) •usage metrics of applications/ widgets •impressions-to-interactions ratio •rate of activity (how often members personalize profiles, bios, links, etc.) 	<ul style="list-style-type: none"> •frequency of appearances in timeline of friends •number of posts on wall •number of reposts/shares •number of responses to friend referral invites
Video and Photosharing (e.g., Flickr, YouTube)	<ul style="list-style-type: none"> •number of views of video/photo •valence of video/photo ratings +/- 	<ul style="list-style-type: none"> •number of replies •number of page views •number of comments •number of subscribers 	<ul style="list-style-type: none"> •number of embeddings •number of incoming links •number of references in mock-ups or derived work •number of times republished in other social media and offline •number of "likes"

Measurement limitations

- Costly
- Time consuming
- Validity
 - The conclusion methodologically consistent/accurate and corresponds with the real world
- 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, and it costs money
- Insistence on measuring will limit your channel choices
- Claim: “you should only measure what you can change” → really?
- 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?
- How to measure the use of worker hours?
(remember, social media)

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 top 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

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™**

YOU ARE HERE: [HOME](#)

***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.**



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

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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

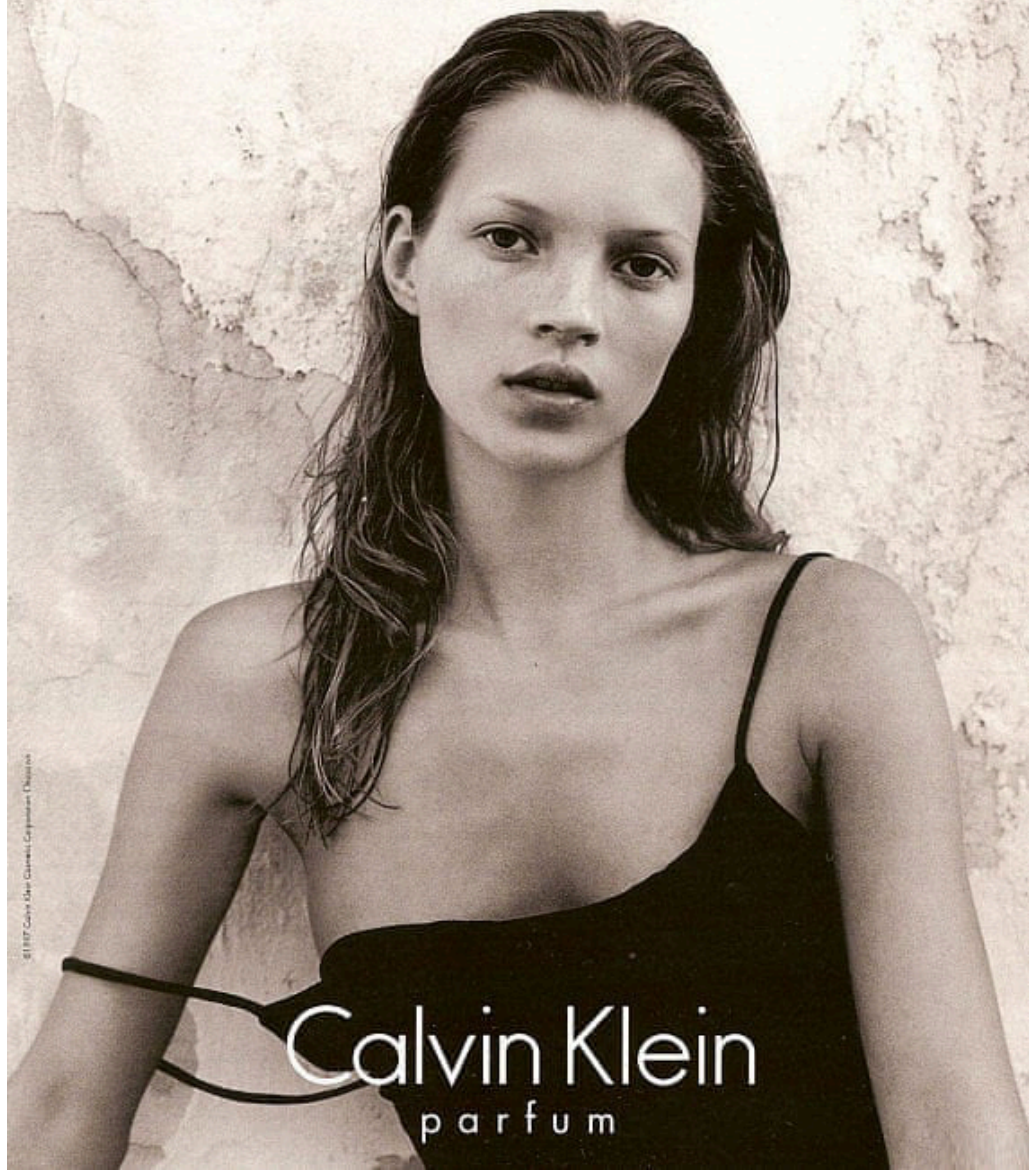








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- Consumer complaints about **misleading** claims about Activia
- Dannon had to pay 45 million USD in fines

THE END...