institute of aviation
warsaw, since 1926

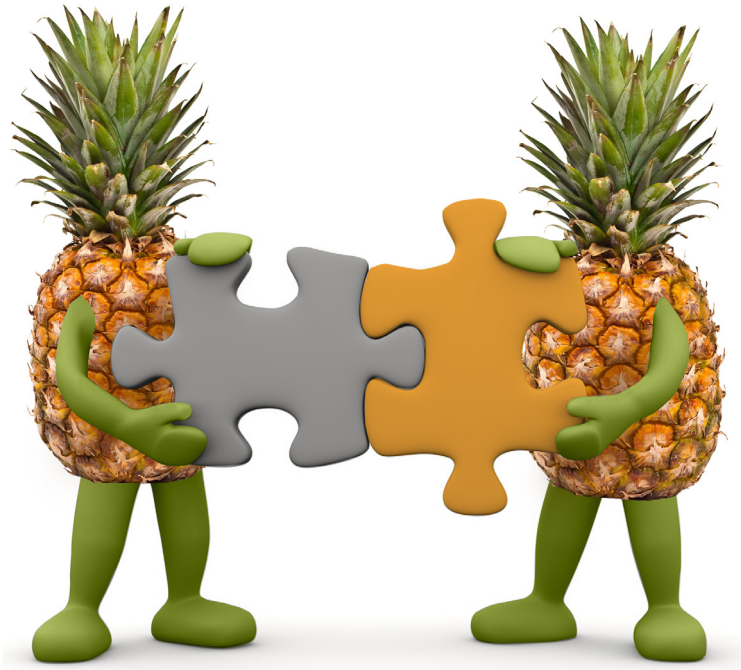
minib 16

marketing of scientific and research organizations

no. 2(16)/2015

research for future

eISSN 2353-8414
pISSN 2353-8503
june 2015



SELECTED INDICATORS FOR EVALUATING THE EFFECTIVENESS OF MARKETING COMMUNICATION

Open Access

SELECTED INDICATORS FOR EVALUATING THE EFFECTIVENESS OF MARKETING COMMUNICATION

Aneta Olejniczak, M.Sc.
Institute of Aviation, Poland
e-mail: Aneta.Olejniczak@ilot.edu.pl

DarkoTomorad, M.Sc.
Tridea, Croatia
e-mail: darko.tomorad@tridea.hr
DOI: 10.14611/minib.16.02.2015.09

Summary

The issue of the evaluation of marketing activity in each institution most often refers to marketing communications and therefore promotional activities of the company. Whereas measuring the effectiveness of marketing communications results, we can use many tools-indicators, the use of which will track the progress and assess the effectiveness of institution run by marketing communications. With a view to implementing effective marketing strategy we must be able to measure our success. In this article, has been made a review of selected indicators to evaluate the effectiveness of marketing communications. Cited indicators are commonly used. According to the authors, each institution should create its own set of indicators by which the effects of its operations will be best measured.

Keywords: marketing communication, indicators, advertisement, marketing, effectiveness of communications

Introduction

Assessing the efficiency of marketing activities both in the sphere of science, among others, in the area of the activities of universities and scientific institutions, as well as in practice - in the area of company activity, has attracted much attention in the recent years.

Analysis of the efficiency of marketing activities means identifying relations between the effects and costs of conducted activity. Monitoring marketing activities seems to be a very important element of activity of every institution above all due to the needs to analyze the costs, compared to the achieved financial effects. The goal of this article is to discuss chosen indicators of marketing communication which are used by many institutions and companies.

Marketing communication

Every research and scientific institution has to communicate with current and potential stakeholders and public opinion in order to achieve success. Marketing communication includes various ways in which companies and institutions try to inform consumers about and remind them of the products and brands they offer. Well-handled marketing communication can bring enormous benefits to a company1. Marketing communication is strengthening its presence in almost every medium and format and for this reason some consumers think that it is becoming more and more intrusive. Marketing specialists have to be creative in using new technologies, in order to avoid disturbing consumers2 . The following can be distinguished as marketing communication tools:

- advertising,
- sales promotion,
- event and experience marketing,
- public relations and publicity,
- direct marketing,
- interactive marketing,

- word-of-mouth marketing,
- personal sale.

In order to generate a coherent message, it is necessary to integrate activities forming marketing communication.

In this part of the article the terms of advertising and public relations will be defined. Without them creating the image of an organization would be impossible.

Advertising can be found everywhere - in the streets, in cafes, at home, in public transport. The purpose of advertising is communication of a company with the client: informing about new products on the market, drawing attention to certain things, convincing consumers to purchase a product, reminding people of a company or its products3 . The client in the traditional sense of marketing is the addressee of the action4 while the value is built mainly through the use of material resources5 . However, it is necessary to remember that advertising should combine the following important functions:

- communication (informing),
- persuasion (encouraging),
- culture-related,
- educational,
- strengthening,
- creating the image of a company and a product.

According to the definition of Marian Golka, "advertisement is every paid way of non-personal presentation and encouraging the purchase of goods (services, ideas) using particular means, within the legal limits and on defined terms, together with provision of information about products themselves, their advantages, as well as about the price, places where the product can be purchased and about opportunities for purchasing"6 .

What is public relations? Jacek Trębecki in his article titled "Public relations w przedsiębiorstwie" (Public relations in a company) tried to summarize most of the serious definitions which clearly point to three characteristic elements7 :

1. unit, entity which communicates, or is the subject of communication,
2. recipients of communication and
3. the communication process thanks to which the desired image of the subject of communication is created in the awareness of the recipient.

Public relations is an important element of marketing-mix. What may be regarded as the main goal of using public relations is creating the image of an institution by providing information about it, its products and services by using, eg. the media. The essence of public relations is that it never ends. It is a continuous effort aimed at achieving a positive perception of our organization, its services and products8 .

Selected indicators of marketing communication

The indicators of marketing communication presented below are generally known and used by marketing departments of various organizations.

Brand awareness, indicator of advertising penetration, coverage and frequency of advertising, as well as inquiry ratio are the most popular indicators used not only for planning activities, but also for assessing them.

The indicatorof ***spontaneous brand awareness*** (unaided brand awareness) is one of many indicators which serves the purpose of measuring the degree to which consumers remember brands.

$$Spontaneous\ brand\ awareness = \frac{Number\ of\ people\ who\ spontaneously\ mentioned\ a\ particular\ brand}{Number\ of\ respondents}\ x\ 100\%$$

The source of data for calculation of this indicator are consumer surveys. Surveys are most often conducted by specialized research institutes. Companies rarely conduct surveys themselves. Due to the fact that calculating this indicator requires surveys on big samples of

respondents, the costs of such surveys are high and carrying them out is hard.

The indicator of spontaneous brand awareness shows the level of knowledge of a brand in a particular population, or more precisely, shows what percentage of the surveyed mentioned a particular brand spontaneously. In other words, it shows what percentage of the surveyed remember a particular brand good enough to spontaneously mention its name. The measurement of this indicator is usually carried out by institutions actively building the position and image of their brands through, for example, public relations programmes, advertising and direct marketing activities. This indicator is a measure of efficiency of marketing activities and is expresses in percentage.

Interpretation of this indicator is quite easy. The significance of this indicator for marketing results from the assumption that in a situation where clients are planning, or decide to buy a product from a certain category, they will select the product from the group of brands they are aware of. The higher the indicator, the better, as it means higher popularity of a brand. High indicator of brand awareness puts a particular brand in a privileged position in a situation of choice. This means that at the moment when a consumer starts considering the purchase of a product from a particular category, it is one of the first brands that comes into the consumer's mind.

Another indicator which is a variation of the earlier discussed indicator of spontaneous brand awareness is the indicator called ***top of mind brand awareness***. Nevertheless, due to specific interpretation and significance in marketing analysis it has been recognized as an independent indicator.

$$First\ mentioned\ brand = \frac{Number\ of\ people\ who\ spontaneously\ mentioned\ a\ particular\ brand\ as\ the\ first\ one}{Number\ of\ all\ respondents}\ x\ 100\%$$

This indicator makes it possible to find out what percentage of all respondents spontaneously mentioned a particular brand as the first one. Thus, the research makes it possible to find out which brand is remembered best by the consumers and this way is the strongest brand in a particular category. The significance of this fact for marketing practice

comes from high likelihood that consumers mentioning a particular brand as the first one, recall it as the first one also in case of a purchasing situation. Only one brand can have the priority in a category. Thus, it is possible to conclude that the goal of marketing activities is to place a brand in this particular position — the place of recognition of quality, renown and consumer preference. This indicator, similarly as other brand, or advertisement awareness indicators is expressed in percentages.

Another indicator is ***prompted brand awareness*** (aided brand awareness). Similarly as the above-mentioned indicators it measures the degree of memorization of a particular brand among the respondents.

$$Prompted\ brand\ awareness = \frac{Number\ of\ people\ who\ picked\ brand\ X\ from\ a\ list\ of\ brands\ from\ a\ particular\ category}{Number\ of\ all\ respondents}$$

An important difference between these three indicators comes from active, or passive role of the researcher. In case of aided brand awareness the researcher presents the respondent with a list of brands from a particular category and asks him, or her to name the brands he or she knows, or has heard about. This indicator is important for institutions which invest in their brands, image and recognition. It is one of the most important measures of the efficiency of activities, as it shows what portion of the populace received the message of a particular in such a way that it was remembered.

The significance of this indicator for marketing practice is based on the assumption that despite the fact that a consumer isn't able to spontaneously remember some brands, he will notice them when coming in touch with them, as he has already encountered these brands, or knew about them earlier. This indicator is always higher than the indicator of spontaneous brand awareness[9] .

Organizing marketing events, we use many means of communication to inform consumers about an event, a new product. In order to find out what percentage of the target group came in touch with the advertisement at least once during campaign, it is necessary to take advantage of the ***indicator of reach*** (reach, R).

$$Reach\ of\ advertising = \frac{\begin{array}{c}Number\ of\ people\ from\ the\ whole\ population\\ of\ a\ particular\ market\\ who\ in\ a\ particular\ period\ came\\ in\ touch\ with\ the\ adverising\ message\end{array}}{Size\ of\ the\ population\ of\ a\ particular\ market}\ x\ 100\%$$

In course of an advertising campaign this indicator grows. For example, in the first week the message may reach 15% of the populace and after a few weeks its reach may grow to 60%. The indicator of reach is used mainly by media planner in analyses concerning location of advertisements in particular channels of communication.

Taking into consideration the fact that the indicator allows the assessment of the efficiency of actions aimed at raising the utilization of a particular medium, it constitutes important information for the managers of particular media.

The indicator of reach can achieve the value of 0 to 100%. The indicator shows what portion of the market actually received the message and what percentage of people on a particular market will come in touch with the advertisement. In reality, these two values can differ greatly.

In order to identify the percentage of people from a target group who have seen, or heard an advertisement enough times to remember it, it is necessary to use the indicator of ***effective reach*** (ER).

$$Effective\ reach\ of\ advertising = \frac{\begin{array}{c}Number\ of\ people\ from\ the\ whole\ population\ who\ in\\ a\ particular\ period\ came\\ in\ touch\ with\ the\ adverising\ message\\ at\ a\ frequency\ regarded\ as\ effective\end{array}}{Size\ of\ the\ whole\ population}\ x\ 100\%$$

The indicator of effective reach grows in course of an advertising campaign. At the beginning it may reach at the required frequency eg. 20% of the population and after a month its reach may grow to 55%. Thanks to information about this indicator we can assess the size of the audience which received the advertisement. In order to calculate the effective reach it is necessary to have data from marketing research.[10]

Cost per point (CPP) serves the purpose of measuring the cost of one rating point among the audience covered by the reach of advertising message:

$$Cost\ per\ point\ (CPP) = \frac{The\ cost\ of\ advertising\ campaign}{Number\ of\ generated\ GRP\ points}\ x\ 100\%$$

GRP (*gross rating points*) — the indicator of intensity of advertising campaign, it is also known as the indicator of advertising penetration, it shows the total number of contacts with an advertisement in relation to one percent of the audience which received the message. GRP is the most important factor taken into consideration in planning an advertising campaign. It is also the most often applied factor for comparing the intensity of various campaigns.

Indicator of the intensity of advertising campaign =

= assumed reach for a particular campaign (R) x frequency of broadcasting advertisements (F)

Sometimes TRP (target rating point) is used instead of GRP. TRP shows the cost of reaching 1% of people from the target group. It is calculated mainly for the purpose of comparing campaigns and media, making it possible to evaluate their efficiency.

The indicator of the cost of reaching the target audience of an advertisement, as well as indicators like CPP are used above all to make an initial estimate of one of the aspects of the efficiency of advertising campaign[11].

We can analyze not only the above-mentioned indicators, but also the changes of buyers' behaviour under the influence of promotion. Thus, what is the influence of promotion on the process of making a decision on the purchase of a product?

One of the ways to monitor the changes of buyers' behaviour under the influence of promotion is the **DAGMAR** model.The plan of analysis based on the model looks as follows:

a) At the starting point potential buyers are divided into 5 groups:
   - unaware — they have never heard of a particular product,
   - aware — they have heard of a product, but don't know its features,
   - understanding — they know a product,
   - convinced — aware of the benefits of a product, intending to buy it,
   - active buyers — they have already bought a particular product, or have made the decision to buy the product
b) Next, on the basis of research, you identify the share of each of these groups in the market before the promotional campaign and after the campaign. The efficiency of promotional campaign is assessed by comparing the share of each of the groups in the market before and after the promotional campaign.[12]

What is important for a company is not just a one-off impact of promotion on the purchase of a product, but also the impact on repeated purchase. Thus, the point is to investigate the influence of promotion on the loyalty of buyers. One of the methods of such an analysis is the **Markov model**[13] . The method is based on the analysis of the purchases of products of a particular brand and the consumers' decision to buy a particular brand product again, or to migrate to the offer of one of the rivals. The following example makes it possible to analyze the essence of Markov model. Let's assume that on the market there are products of four brands: Among the buyers of the product offered by brand A some return to the same brand and some switch to a competitive product offered by brand B and this way resign from buying product A again. The same happens in case of buyers of B, C and D products. The mechanism can be presented in the following way:

	A	B	C	D
A	0.50	0.1	0.3	0.10
B	0.20	0.4	0.1	0.30
C	0.15	0.1	0.7	0.05
D	0.10	0.2	0.1	0.60

The presented data show that 50% of people buying brand A product stick to this brand (these are loyal buyers of the brand), 10% switch to brand B,

30% to brand C, the remaining 10% of buyers decide to buy brand D. As the table shows, the loyalty of brand A buyers amounts to 50%, the loyalty of brand B buyers is 40%. The loyalty of product C buyers is the highest and the loyalty of buyers of brand D amounts to 60%.

This research is not very complicated and can be carried out even by a small company.

For the analysis of the changes of attitudes of buyers to products/brands as a result of influence of advertising, it is possible to also used the method which involves creating semantic profiles(polarization profiles). The essence of this method is that the surveyed are presented with a few, or about a dozen opposing features placed on opposite ends of a scale. Most often there are 7 points on the scale. This means that the surveyed can choose from three levels of intensity of the positive feature, three levels of intensity of the negative feature and a neutral assessment. This is a time-consuming and comparably expensive methods of assessing the efficiency of advertising[14].

In case of taking actions in the area of direct communication it is possible to calculate the ratio of return on investment (ROI). This indicator shows the efficiency of promotional activities most precisely. It can be calculated in the following way:

$$ROI = \frac{Profit\ generated\ thanks\ to\ taking\ up\ promotional\ activities}{Costs\ of\ promotion}\ x\ 100\%$$

If we are dealing with mass promotion — calculating this indicator will be very hard, or even impossible due to the problem with calculating precisely the profits generated thanks to the application of instruments of mass market communication. In case when a company focuses on eg. the utilization of direct marketing tools, both identifying the profits from sales and measuring the costs isn't very hard.

Conclusion

The indicators mentioned in this article are commonly used and are characterized by a big load of information. Every institution should create its own set of indicators, which would measure the effects of its activities in the best possible way. The mentioned indicators are variables depending on

institutions, as it is there that decisions are made with regard to when the announcement concerning eg. a planned event is passed on to the target group. The more factors you take into consideration when carrying out marketing activities, the greater the chance to make marketing activities efficient.

References

[1] Kotler, P. i Keller, K.L. (2012). *Marketing*. Poznań: Dom Wydawniczy REBIS Sp. z o.o., 509.
[2] Ibidem, p. 509.
[3] Dejnaka, A. (2006). *Strategia marki, produktów i usług reklamy*. Gliwice: Wydawnictwo Helion, 5.
[4] Dholakia, U.M. (2006). How Customer Self-Determination Influences Relational Outcomes: Evidence from Longitudinal Field Studies. *Journal of Marketing Research*, vol. 43, no. 1; Mascarenhas, O.A. (2004). Customer Value-Chain Involvement for Co-Creating Customer Delight. *Journal of Consumer Marketing*, vol. 21, no 7.
[5] Moller, K. i Anttila, M. (1987). Marketing Capability: A Key Success Factor In Small Business? *Journal of Marketing Management*, vol. 3; Williamson, O. (975). *Markets and Hierarchies*. New York: Free Press.
[6] Golka, M. (1994). *Świat reklamy*. Warszawa: Agencja Badawczo-Promocyjna „Artia", 13.
[7] Trębecki, J. (2014). Public relations w przedsiębiorstwie. W: P. Lis (red.), *Strategia i planowanie biznesu*. Poznań: Wydawnictwo Uniwersytetu Ekonomicznego w Poznaniu, 131.
[8] Budzyński, W. (2008). *Public relations — strategia i nowe techniki kreowania wizerunku*. Warszawa: Wydawnictwo Poltext, 19.
[9] Kozielski R. (red.) (2011). *Wskaźniki marketingowe*. Warszawa: Oficyna Ekonomiczna, 326–343.
[10] Ibidem, p. 351–365.
[11] Ibidem, p. 380–393.
[12] Strzyżewska, i M. Rószkiewicz, M. (2002). *Analizy marketingowe*. Warszawa: Difin, 227. In: A. Sznajder (1993). *Sztuka promocji*. Warszawa: Business Press, 96.
[13] Łodziana-Grabowska, J. (1996). *Efektywność reklamy*. Warszawa: Polskie Wydawnictwo Ekonomiczne, 108–109.
[14] Ibidem, 111–113.

Bibliography

1. Budzyński, W. (2008). *Public relations — strategia i nowe techniki kreowania wizerunku*. Warszawa: Wydawnictwo Poltext.
2. Dejnaka, A. (2006). *Strategia marki, produktów i usług reklamy*. Gliwice: Wydawnictwo Helion.
3. Dholakia, U.M. (2006). How Customer Self-Determination Influences Relational Outcomes: Evidence from Longitudinal Field Studies. *Journal of Marketing Research*, vol. 43, no. 1; Mascarenhas, O.A. (2004). Customer Value-Chain Involvement for Co-Creating Customer Delight. *Journal of Consumer Marketing*, vol. 21, no 7.
4. Golka, M. (1994). *Świat reklamy*, Warszawa: Agencja Badawczo-Promocyjna „Artia".
5. Kotler P. i Keller, K.L. (2012). *Marketing*. Poznań: Dom Wydawniczy REBIS Sp. z o.o., 509.

6. Kozielski R. (red.) (2011). *Wskaźniki marketingowe*. Warszawa: Oficyna Ekonomiczna,.
7. Łodziana-Grabowska, J. (1996). *Efektywność reklamy*, Warszawa: Polskie Wydawnictwo Ekonomiczne.
8. Moller, K.I i Anttila, M. (1987). Marketing Capability: A Key Success Factor In Small Business? *Journal of Marketing Management*, vol. 3; Williamson, O. (1975). *Markets and Hierarchies*. New York: Free Press.
9. Strzyżewska, M. i Rószkiewicz, M. (2002). Analizy marketingowe. Warszawa: Difin, 227. W: A. Sznajder (1993). *Sztuka promocji*. Warszawa: Business Press.
10. Trębecki, J. Public relations w przedsiębiorstwie. W: P. Lis (ed.) (2014). *Strategia i planowanie biznesu*. Poznań: Wydawnictwo Uniwersytetu Ekonomicznego w Poznaniu, 131.

Aneta Olejniczak, M.Sc., Institute of Aviation, Poland — MA in economics, specialist in the area of marketing, logistics and banking. Shemanages public relations and internal marketing activitiesat the Institute of Aviation. Sheworks for the Institute of Aviation as Conference Office Manager. Sheisinterestedboth in marketing and in psychology.

DarkoTomorad, M.Sc., Tridea, Croatia — director and co-owner of PR agencyTrideaLtd and communicationtrainer, specialized for media presentation and public speech. Formerjournalist and science researcheratDepartment of JournalismatFaculty of Political Science, University of Zagreb (Croatia). Since 2007 working in PR for variousclients from both public and privatesector as well as communicationexpert on severalinternational EU and WB co-financedprojects. Fields of expertiseincludecrisiscommunication, design and execution of promotional and educationalcampaigns, strategic and corporatecommunication, product PR, branding etc.

Institute of Aviation
Scientific Publishers
al. Krakowska 110/114
02-256 Warsaw, Poland
phone: (+48 22) 846 00 11 ext. 551
e-mail: minib@ilot.edu.pl

www.minib.pl
www.twitter.com/EuropeanMINIB
www.facebook.com/EuropeanJournalMINIB