USE OF ECONOMIC INDICATORS FOR ASSESSING THE EFFECTIVENESS OF MARKETING COMMUNICATIONS

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Abstract

Marketing is not free. Companies give a lot of money on advertising, brochures, exhibitions, various events and the like. In most cases, but they do not know their real impact on profit. The content of my contribution is to point out how important is feedback and use economic indicators to assess the effectiveness of marketing communications.

Key words: marketing, economic indicators, communication, effectiveness

1. INTRODUCTION

In a recent study which was conducted by the IBM and that involved more than 1700 Directors of marketing and communications from 64 countries and 19 industries, it was found interesting fact and that is that the primary criterion for assessing the effectiveness of marketing activities becomes economic watching indicators, namely the indicator marketing ROI. This is because a fundamental shift in marketing communication with customers. It was also identified five key challenges faced by marketing directors around the world and they only confirm the changes to the rules established in that area. These challenges include:

- Explosion data
- Social media
- New types of sales channels based on new technology equipment
- New global markets (it is the younger generation of consumers who have other consumer behavioral or other sources of access to information)
- Increased use of the specific characteristics of advanced marketing management firms

Increased use of measurement indicators in marketing is induced in response to pressure exerted by management and owners of companies who started to show more interest in funds spent in marketing activities. Their interest focuses on the fact that part of the budget on marketing the most influence on sustainable growth of the financial performance of the company. It is, therefore, to identify the impact of marketing activities undertaken on the future of the organization. Processing parameters are then shifted to analysis of the current status and predicted future developments.

2. GENERAL INFORMATION ON THE ANALYSIS OF THE FINANCIAL PERFORMANCE OF EX POST AND EX ANTE

The performance of the organization affect two types of factors, namely:

- External Factors
- Internal Factors

While external factors we cannot always predict, respectively we must, various alternatives of their activities, deal with the crisis marketing manuals, internal factors are better identified and in most cases they can express themselves through quantitative and qualitative indicators. The economic analysis indicators are considered so as an objective picture of reality. Unless there are indicators inappropriately and incorrectly constructed, respectively when used in an unsuitable portfolio indicators, we arrive at a false, distorted results. Construction of indicators therefore have its own
rules. First of all, we must decide on the unit of measurement to be used, then we need to identify what type of indicator will go if we follow overall indicators or relative. These may still be mutual, relationship, or indexes. Very important information is the breakdown on the status and flow indicators. In their design must take into account the dependence of the ratio to the length of time by which the withdrawal. While status indicators show the state (commitment) to a certain point, flow indicators show the evolution of the economic reality for a certain period (interval).

Equally important is also to consider whether the subject of our investigation will be indicators of synthetic or analytical. Synthetic indicators show the economic realities very thoughtful and comprehensive information on the status and development of the actually contain all critical characteristics, properties and results. In synthetic indicators are reflected partial results. Analytical indicators should include sub, only reflect the part of participating in the whole. (3)

The most important sources of information for the survey information in marketing may be different analytical information and statistics that are global and we can use information from the documents on the development of the economy, sectors and disciplines. However, if we want to deal with the internal environment, we should be based on internal strategic documents and accounts of the organization.

**Which process steps we should follow when analyzing the financial performance devoted to the impact of marketing indicators?**

1. The first step is to calculate ratios for the analyzed organization
2. The indicators porovanú with average indicators for the relevant department, or with extreme values
3. Examination of the evolution of indicators over time
4. Analysis of the relationships between marketing indicators determine ratios.

Only on the basis of these outcomes, we can comprehensively assess the situation and we can continue to forecasting future developments in this area.

**Know we how to identify and use methods of forecasting?**

In the past, humanity, based on certain events and facts, be able to recognize the occurrence of certain events. Similarly, it can be viewed in forecasting situations in marketing. In 1931, the author Fitz Patrick dealt with in a study benchmarking the development of indicators in the solvent and insolvent organizations. He pointed out that the development of selected indicators - long before the onset of serious difficulties beginning in vulnerable organizations vary. Another author who has dealt with this topic the author was Merwin, who in 1942 published research, the essence of which was of compared arithmetic averages of selected business indicators that quantify the successful and unsuccessful organizations. A drawback of this research, however, was that it failed to file organizations, included the one that ceased to exist other than economic reasons. A significant impetus for improving early warning systems meant as a concept drawn up by H.I. Ansoff. This author is a priori dealing with the concept of strategic planning and formulate the assumption that strategic failure are reported so. weak signals. Typical of weak signals is that the signal and event reports it is initially not clear causal link and therefore is not so easy to diagnose. With the rise of information reduces the uncertainty and negative phenomena can effectively diagnose. Author Ansoff had high reputation in the field of marketing strategies and the above authors are considered the founder of scientific forecasting economic development organizations.

Forecasting methods can be divided into:

a) the method of scoring
b) mathematical-statistical methods, which include a one discriminant analysis and multivariate discriminant analysis
c) methods of multi-criteria evaluation.

Rather, how do we track marketing indicators and their impact on organizational effectiveness, we must have at least elementary knowledge of the facts described above.

It is also important to mention that the center of the marketing strategy becomes a customer strategy and therefore organizations must formulate its market supply and build relationships with customers and on a level that customers then buy products at prices that enable organizations to grow and maintain its profitability in the long term. This approach represents a certain novelty and enabling a shift from the previous focus of marketing to sell products to sell needs that are of value to the customer. We must therefore begin to intensively address the impact of marketing indicators, not only in relation to the impact on future financial performance of the organization, but also to the organization when determining its market value, or in determining the value of the acquisition. From experience it is well known that this value can very significantly affect example. brand and goodwill, which constitute one of the few marketing indicators which are exhaustive on the balance sheet.

3. USE OF ECONOMIC INDICATORS FOR ASSESSING THE EFFECTIVENESS OF MARKETING COMMUNICATIONS

In the available literary sources we can meet with the database of the specific indicators in the field of marketing by targeting and utilization. They are the following:

a) Indicators reflecting the share of selective perception, position the product in the mind of customers, market position, such as: an indicator of customer perceptions, market share, competitive analysis, and so on.

b) indicators aimed at the field margins and profits, such as development of sales, cost structure and profitability developments

c) indicators focused on product management and product portfolio, such Indicators tracking execution, respectively. percentage measurement of the effects of product strategy at the stage of testing the product in the growth phase, the effects of measuring brand value and so on.

d) indicators designed to ziskovaost' customers, such as measurement and the expression of customer value for organizations operating in the woodworking industry, the effects of building relationships with customers and so on.

e) indicators of sales and management of distribution channels, such as indicators of the organization and performance of vendors, selling connectivity to the material interest coverage indicators distribution and logistics indicators

f) indicators of pricing strategies such as indicators of price sensitivity and price optimization indicator pursuing setting prices to maximize profits and the like.

g) indicators focusing on the area of sales promotion, such as price promotional terms such as coupons, rebates and price compensation ...

h) indicators focusing on the area of advertising media and indicators associated with Internet communications such. measurement range of advertising coverage and efficiency, along with measuring the extent of interventions, frequency and creating the impression. Modeling customer response to advertising, specialized indicators for internet communication and advertising campaigns

i) indicators aimed at linking marketing activities and corporate finance - complex indicators on the financial evaluation of marketing programs

j) indicators designed to use as the main indicators of market opportunities, challenges and financial performance. It is an area of the new approach to gauge indicators often referred to as "X-ray parameters". (1)

Due to the fact that marketing is primarily oriented to the customer, the majority of expenditure and their subsequent monitoring efficiency of the use is concentrated precisely in this area. Very Doležič then follow the pointer customer capital (customer equity) - is a shift from selling products to selling needs - offer and sale of products that have value for customers, in turn, called - The added value
With these indicators is very closely linked customer profitability indicator (ROC - Return on Customer)

This is influenced by three main factors:

a) Profits
b) Competitive advantage
c) Creating value for internal operations

Just for comprehensive information, we have also noted that such profitable customer is an entity which over time creates a revenue stream flow in excess of costs incurred in obtaining the customer's sales and operating.

PR managers use indicators designed to assess the effectiveness of advertising:

**Effectiveness of advertising = fulfilled target of advertising / advertising target path x 100**

Rate of return on investment ROI (Return on Investment) is the indicator, which is known from practice, but they marketers indicate that depends largely on the input data, which can often be irrelevant nature. Therefore, the indicator of profitability of investments in PR activities and advertising spending are merely indicative and must be strengthened even more by other indicators, which makes a comprehensive view on the effectiveness of marketing investments.

\[
\text{ROI} = \frac{\text{Sales}}{\text{Investment in PR activities}}
\]

\[
\text{ROI} = \frac{\text{Sales}}{\text{advertising investments}}
\]

Rate of return on marketing spend - Return on Marketing Expenditure (ROME):

- \[
\text{ROME} = \frac{\text{increase profitability}}{\text{increase in marketing expenses}}
\]

or

- \[
\text{ROME} = \frac{\text{increase revenues} - \text{expenses increase}}{\text{increase in marketing expenses}}
\]

![Fig 1. Rate of return on marketing spend](image)

Source: processed by author Ambler, 2003
Special portfolio matrix developed for its internal needs of the company Diageo - the graphic representation of the efficiency and effectiveness of marketing communication is then as follows:

Based on the solutions of grant tasks VEGA we dealt with the topic and, following extensive analysis we have made a proposal for new ratios on the quality level, these indicators accentuated level of profitability indicators and their links to the defensive and offensive communication and quality costs and the new structure. An important indicator of a hitherto unknown, which is our know-how is an indicator of profitability communication with customers. Construction of indicators, as well as other connection and explanations provided as follows: (2)

\[
\begin{align*}
ROQ &= \frac{P}{QC} \\
ROI &= \frac{P}{CRD} \\
ROC &= \frac{P}{CC}
\end{align*}
\]

where \( QC = CRD + CD + CO \)

while \( CC = CD + CO \)

Legend:
- \( ROQ \) - indicator of profitability quality
- \( P \) - profit (profit)
- \( QC \) - quality costs (Quality costs)
CRD - costs of research and development, taking into account the time factor
CD - the cost of defensive communication
CO - cost of an offensive communication
CC - the cost of communication with the customer
ROC – profitability of customer communication

Marketing professionals created a basic range of indicators that should be monitored for the different means of communication. Indicators are economic, but also non-economic in character and in appropriately selected portfolio of below mentioned indicators, we could objectively evaluate whether the funds spent on marketing communication for the organization were really effective. The authors themselves mention, however, that much depends on the input information, which is part of the structure of indicators and significantly affect the result and its interpretation.

![Fig 3. Database of indicators of ADMA based on the KPI](http://adma.sk/wp-content/uploads/2013/12/adma-infografika-kpi-digitalnych-projektov.jpg)

4. CONCLUSION

Creatives in marketing are not very inclined to impose strict economic assessment of the effectiveness of money spent on marketing activities and in marketing communication. Owners and top managers of organizations, however, for effective use of all financial resources have direct responsibility and liability growth, particularly in that period, if the company does not achieve the expected results in terms of earnings, respectively. better competitive position. In the past, if there has been a profit, the first step was to reduce spending on some activities which are seen as ineffective managers, respectively. unnecessary "capricious". Thus, very often they eliminate such expenses. teambuilding
activities, advertising and other services directly related to marketing. This does not always lead to actual remedy, often to the organization meant the liquidation situation. The main objective of this paper was therefore to point out ways to deal with efficiency in marketing, so that the activity did not totally exclude, but rather effectively reallocated into molds where it is possible to identify and assess feedback and based on this information to make strategic decisions of relevant importance.

REFERENCES

