

“Measuring the Effectiveness of Marketing Communications With Index 3K”

AUTHORS

Denis Zenkin
Alexey Dolya

ARTICLE INFO

Denis Zenkin and Alexey Dolya (2007). Measuring the Effectiveness of Marketing Communications With Index 3K. *Innovative Marketing* , 3(3)

RELEASED ON

Tuesday, 25 September 2007

JOURNAL

"Innovative Marketing "

FOUNDER

LLC “Consulting Publishing Company “Business Perspectives”



NUMBER OF REFERENCES

0



NUMBER OF FIGURES

0



NUMBER OF TABLES

0

© The author(s) 2025. This publication is an open access article.

MEASURING THE EFFECTIVENESS OF MARKETING COMMUNICATIONS WITH INDEX 3K

Denis Zenkin*, Alexey Dolya**

Abstract

The problem of measuring the effectiveness of the company's marketing communications is very important in public relations, advertising and event management. However the modern theory doesn't provide with practical methods for solving the problem. The paper suggests new model – Index 3K – that is suitable for rating the effectiveness of PR communications and has rather good prospects to be expanded on advertising and event management. The present study consists of three main parts. The first chapter focuses on the background of the problem of measuring the effectiveness of marketing communications in general. The second section describes Index 3K model. Subchapters cast light on such tasks like creating a database for media outlets, calculating publicity and influence points. The third chapter is conclusion where the prospects of the model and further research are discussed.

Key words: marketing communications, effectiveness, quality of publications, Index 3K, public relations

1. Introduction

Today marketing communications are suffering from the all-encompassing belief that success is measured in the *quantity* of publications, advertising modules, exhibitions and budget targets met. No consideration of the *quality* of those measurements regarding the specific activities of the company or the target audience is given any thought whatsoever. For example, the most in-depth studies [1, 2] avoid the problem of qualitative measurements. Even strategic marketing researches [3] miss that it is very important to combine quantitative and qualitative rates. However lots of practical advices [4] and empiric methods [5] are discussed in related works (including the specific of extranet communications [6]).

In other words, the motor of business, that part of the company which is capable of selling snow to the Eskimos, sand to the Arabs, ends up like a blind man feeling his way around with no idea of where he really is. The company is certain that marketing communications is steering the business along the right road, but in actual fact the road is so full of twists and turns that the blind driver can only hope that there are no sheer drops along the way.

“Everyone” works with “those areas of the mass media”, “everyone” goes to “those exhibitions”, but very few actually ask why. Divine insight? Group mentality? And just because some driver at one company happens to know the road fairly well, it doesn't mean it's the right road for other companies.

Somewhere at the heart of every organization lies the quintessence of its existence. For business it is undoubtedly making a profit, and, unless a company is selling a revolutionary product like a time machine, the first step in the moneymaking process is taken by the marketing department. It helps to package the product (and not in the physical sense) in a mystique, making it attractive for the consumer through its communication channels. The volume of sales does not depend solely on the professionalism of the sales team. In fact, even the most brilliant of sales managers would fail to guarantee a reasonable turnover of products without a marketing component.

* Rosencrantz & Guidenstern, Moscow-based marketing agency, Russia.

** Rosencrantz & Guidenstern, Moscow-based marketing agency, Russia.

So, now that we've "packaged" the product, it's time to work out which marketing channels will allow us to most effectively show off its unique properties to the target audience. But...

But, first of all, we have to purge the old way of thinking. Unlike folktales and legends of old, the transformation of marketing communications does not require a rejuvenating apple or the water of life. Most companies probably have a general understanding of the makeup of their consumers: social status, income, gender, age, personal preferences and so on. Understanding the nature of the target audience allows the company to choose its own road forward, focusing on the right channels to give a qualitative assessment of marketing communications. As a result, an exact strategy can be created for the development of communications, with the opportunity to gain feedback and quickly correct any mistakes. This is the starting point for a successful journey into the modern world of communications.

Turning your back on the old methods also provides a trump card in the games of internal politics at a company. How many times have we heard: "If it hadn't been for the marketing department, we would have fulfilled our sales targets!" Failed to make a huge sale to a customer? Marketing was to blame! "Those spongers do nothing but spend the company's money." So, what can we do to justify our existence? One line of defense can be found in numbers...

Talking with colleagues at work it is clear that they lack a systematic approach to their work, putting out fires and plugging holes when and how they can. We admit that there was also a period when we worked like that. At the very best we could say we were going to write 10 press releases or 100 texts for publication, make use of a \$100,000 advertising budget, etc. Our specialists could reel off any number of press releases a day, but would it actually help the company to make more money?

Marketing communications urgently needed a plan like that of the sales department. But how do you measure its effectiveness if not in the quantity of publications or the size of a budget? Well, you measure the influence it has on the target audience with the help of the channels used in marketing communications. There, now you have your number. It is namely influence that stimulates the growth of the business, which is, after all, our whole *raison d'être*. And no loudmouth from the office next door can ask what we do to earn our money or blame us for his own failures, because the management set us a quarterly or yearly target figure and we achieved it.

We have approached the question of calculating the effectiveness of marketing communications in particular detail. It will become the launching pad for achieving a whole series of measures for the further advancement of a product, including the creation of a strategy, a choice of channels, feedback and corrective plans.

The question of measuring the effectiveness had never been raised before in the specialist press or in the heated discussions of marketing experts. We are not going to argue about the merits, or otherwise, of any other methods. Rather, we'd like to draw your attention to the practical method which has been developed and successfully implemented at InfoWatch (www.infowatch.com). Named *Index 3K*, this yardstick, as well as having the advantages outlined above, has enabled us to concentrate our efforts on the most effective means, channels and media of communication. The upshot was that within the space of a year we not only turned an IT start-up into a market leader but created the market, *per se*, by cultivating in the customer new demands. We sincerely hope we are not mistaken, but, in our opinion, it is safe to say that the InfoWatch brand can be compared to the renowned eponyms like Xerox, Jeep, and Caran d'Ache whose names have become synonymous with whole categories of goods.

The '*Index*' has entered marketing spheres such as media relations, advertising and event management. In this article we will only look at the first of those areas, analyzing and assessing the effectiveness of publications. It is important to note that the application of this system allows assessment after the event, as well as helping to make preliminary appraisals of the optimal use of marketing communications when choosing target media.

2. Index 3K: the Main Characteristics

The *Index* is derived from the main goals of marketing communications – passing on information about the products or services to the target audience in order to direct purchasing capacity towards the business goals of a company.

How should this parameter, which at first glance appears to be both subjective and vague, be calculated? Here, *Index 3K* is guided by Influence Points (IP) – the level of influence on the target audience. Namely this measurement, as will be explained below, reflects the effect communications have on the development path of the company.

Index 3K is based on the following:

1. Data on media outlets;
2. Data on the company's activities in relation to media outlets.

The data on a media outlet reveal its audience and allow a company to understand whether it corresponds to its own target audience. That body of information includes the circulation (or online visits) of an outlet, the geography of the audience, areas of occupation, the gender/age makeup, and the level of importance of an outlet for communicating with the target audience (Media Importance, MI). Data on the company's activities imply analysis and assessment of the work with each individual outlet using specific technology (Publicity Points, PP) described in detail below.

Systematic use of those two groups of data not only reveals the *quantity* of connections between the company and the outlet but also the *quality* of those connections. That combination gives the IP value, which demonstrates how the company's activities influence its target audience. The IP is the product of a mathematical combination of PP and the characteristics of the outlet.

Example:

The company *Megaserver* had 6 news items published over a set period in the magazines *World of Servers*, *Mainframe and Life*, and *Systems Administrator*. In an earlier period 3 large articles, each 3 pages long, appeared in the same magazines. In line with the traditional approach, a report to the management would proudly announce a doubling in the number of publications. The real result of that kind of company activity is, however, a significant *decrease* in effectiveness because the influence of the smaller news items on the target audience is several times less than the larger articles. *Index 3K* allows the publications to be assessed using PP and the aggregate IP measurement based on the circulation and structure of the readership of the magazines. Therefore, the management receives a detailed report of the company activity regarding the influence on the company's target audience, as well as a comparison with the *qualitative* measurements for the earlier period.

2.1. Creating a database for media outlets

The first stage of implementing *Index 3K* is the creation of a database on media outlets, which can vary greatly. For example, they may be exhibitions, conferences, newspapers, magazines or online resources. All these outlets have statistical data on their audiences: popularity (circulation, visits, attendance), geography, occupation, the gender/age makeup, and the Media Importance coefficient. It is those data that demonstrate just how much the work of an outlet influences the target audience of the company as a whole.

Inevitably, some difficulties arise when creating a database. Even the same kind of media outlets regularly presents diverse information about their audiences. They each have their own methods of defining their readers. So, when creating the database it is important to standardize all the information. This will make it much easier to discover the influence of marketing communications on the target audience.

The methods used by TNS-Gallup are useful as a compromise when trying to unify these various types of information. That company defines the social status of an audience in the following way: managers, specialists, employees/workers, students, and others (sometimes in greater detail).

Nearly all media outlets are either guided by that model or possess TNS-Gallup research data. That is why InfoWatch has made use of that methodology.

There is another problem related to the formation of databases on media outlets. Where there is a large amount of activity (e.g. numerous publications), tracking and analyzing it all can take up too many resources. In that respect the *Index* can be uneconomical. In that case we recommend restricting the monitoring to a limited group of more important outlets and just counting the others. This is just like stock exchange indexes where only the activity of the blue chip companies is monitored. All the same, it provides a realistic reflection of the influence on the target audience.

The Media Importance (MI) coefficient deserves particular attention. Despite the fact that the same readership “processes” several different outlets at once (e.g. magazines), that audience’s significance for marketing communications companies can differ. For example, one person may read several magazines on the same subject, but his reaction to the material published in them could vary. In particular that applies to the influence on any decisions made regarding the purchase of a company’s product or service. Therefore, when putting together the database, every outlet has to receive a special coefficient which shows its level of importance for communicating with the target audience and this is used for calculating the IP measurement. The MI coefficient is calculated using the formula:

$$MI = TG * T/10000 \quad (1)$$

Where *T* stands for the popularity of an outlet (circulation, visits) and *TG* is the share of the target audience among the outlet’s readership.

Example:

Megaserver wants to set its priorities in its relations with the media. It therefore ranks the more influential magazines for conveying information to managers (in this case IT directors) about the company’s products and services. Research showed that namely they were responsible for purchases of the server equipment produced by *Megaserver*.

Table 1

An example of simple ranking the most influential magazines

Magazine	Share of managers among the readership	T	MI
Mainframe and Life	25%	10 000	0.25
Systems Administrator	5%	20 000	0.1
World of Servers	15%	15 000	0.225
Tough Hacker	2%	25 000	0.05
Universal News	15%	100 000	1.5
Financial Lair	20%	30 000	0.6
Servers for Beginners	0%	30 000	0

It is important to note that the coefficient for different media outlets may require minor corrections. When applied to the last example it becomes clear that the “managers” reading *Mainframe and Life*, *Universal News* and *Financial Lair* are not the same. *Megaserver* is interested namely in IT directors. Therefore, we split the list of magazines into groups: social and political, financial and economic, business, and IT. Each group is given a revised coefficient in terms of “managers” depending on the target audience of the company. As a result, the table above now takes on the following form:

Table 2

Ranking the most influential magazines considering the audience relevance

Magazine	Share of managers among the readership	T	Magazine Group	C	MI
Mainframe and Life	25%	10 000	IT	10	2.5
Systems Administrator	5%	20 000	IT	10	1
World of Servers	15%	15 000	IT	10	2.25
Tough Hacker	2%	25 000	IT	10	0.5
Universal News	15%	100 000	SP	1	3
Financial Lair	20%	30 000	FE	2	1.2
Servers for Beginners	0%	30 000	IT	10	0

The revised coefficient is perhaps the most subjective aspect of the *Index*. Marketing communications teams have to define it themselves based on the requirements of the company and analysis of the readership of a specific media outlet. However, it balances up the various groups of media with regards to their influence on the target audience.

Taking into account the structure of a readership also offers the opportunity to plan publications in the media. It must be remembered that the MI coefficient defines dynamism – it can change depending on the company's priorities or shifts in the target audience. MI can also be calculated with reference to different features of the target audience such as occupation, geography etc.

2.2. Calculating Publicity Points (PP)

Publicity Points (PP) are one of the key elements of *Index 3K*. They characterize every marketing communications operation and act as the basis for calculating IP.

The method of calculating PP differs depending on the chosen field: media relations, advertising, or event management. The communication characteristics of those fields each has its own peculiarities. But the basic approach remains the same: oriented toward the target audience.

Probably the biggest problem when measuring the quality of marketing communications is linked to the media. Simply counting the number of publications is a one-sided view primarily based on analysis. The logical, albeit insufficient, progression of that approach is to count the quantity of negative, positive and neutral articles. However, in order to paint a more complete picture there needs to be a comprehensive study of the publications.

Unlike other methods, *Index 3K* does not concentrate on the type of publication (news, review, interview, commentary, or reference) but on the qualitative characteristics. The table below shows the points given to publications which can be valued realistically.

The table above shows the more common characteristics influencing the value of a publication from the point of view of "opportunity to see", or how likely the material is to be read and the brand name seen. In the assessment process specialists can choose which of them are important. When choosing, it is important to make a list to observe a sensible balance between quality and expenses: an excessive list will only result in an insignificant increase in the assessment quality, but an increase in the temporary costs for managers. In situations where there is a large number of publications it makes sense to reduce the list.

Table 3

Values of the paper characteristics

Characteristic	Points
Interesting, intriguing headline that stimulates reading of material	1
Brand name in the headline	2
Motivating reader to act	1
Differentiated from competitors	1
Style and content (amount of information, clarity, presentation of information)	1
Illustrations	1
Brand name in caption below illustration	0.5
Positioning	1
Placement on 1st page/advertising material on 1 page	1
Annotation	0.5
Brand name in annotation	1
Number of references to brand	0.5 for every reference

Example:

Megaserver published an article in the magazine *Mainframe and Life* in which it unveiled its new product *Pandora Box*. The article had 2 illustrations, described the specifics of the product in detail and had the catchy headline “Megaserver’s Hellish Box Will Blow the Market Away”. As a result, the article was given the following scores according to the PP points system.

Table 4

Values of the paper characteristics

Characteristic	Points
Annotation	0.5
Interesting, intriguing headline that stimulates reading of material	1
Brand name in the headline	2
Motivating reader to act	1
Differentiated from competitors	0
Style and content (amount of information, clarity, presentation of information)	1
Illustrations	1
Positioning	0
Total	5.5

2.3. Calculating Influence Points (IP)

On the basis of the databases on media outlets and the PP scores for each specific marketing communications action with an outlet we can measure their IP. *Index 3K* makes use of various formulas to achieve this.

The level of influence on the target audience in relation to the media is calculated using the following formula:

$$IP = PP * MI * (V/1000) * L \quad (2)$$

Where *PP* stands for the Publicity Points for the interaction with a given outlet, *MI* is the Media Importance coefficient, *V* is the useful volume of the publication (1 unit is equivalent to 1,000 symbols), *L* is the bias or loyalty rating of the published material (2 – positive; 1 – neutral; -1 – negative).

The parameter “useful volume” deserves particular mention here. It is a very subtle characteristic reflecting just how much of the published material is “on our side”. If parts of the text are devoted to competitors or other organizations, then the useful volume decreases.

Example:

As we already know *Megaserver* recently published an article in the magazine *Mainframe and Life* presenting its new product *Pandora Box*. The article received 5.5 PP points. The useful volume was 3,000 symbols (the whole article was exclusively about the company). The circulation of the magazine is 10,000 copies and its MI is 2.5. In that case, its IP is:

$$5.5 * 2.5 * 3 * 2 = 82.5 \quad (3)$$

82.5 is the actual influence of the marketing communications operation on the readership of the magazine. In other words, that number characterizes the effectiveness of marketing communications in this particular case.

All the company's other publications over a set period of time are treated in the same way, with the IP results added up to give an aggregate figure for the effectiveness of marketing communications in relation to the media. That figure can be compared with earlier results and even assist in establishing concrete plans for the future.

2.4. Utilizing Index 3K

The work of Index 3K is carried out on an automated system. The process requires the involvement of those managers in charge of PR, advertising, event management, and the company's analysts and programmers. From the point of view of the expenses, user convenience and effectiveness, the ideal platform for operating the system on is Microsoft Access. Namely that platform is used by InfoWatch's state-of-the-art technology when measuring the effectiveness of marketing communications.

3. Conclusion

Index 3K has huge potential. The main benefit is that it allows the company's marketing department to measure real, valid figures and not some abstract data shrouded in mist. The *Index* offers the opportunity to make plans for the future of marketing communications, choosing the optimal routes of development. It also provides ammunition to fight back against those verbal attacks from other departments who see the people working in marketing communications as good-for-nothing spongers.

It is worth noting that the *Index* isn't the only yardstick for measuring the influence on a target audience. Of course, an in-depth interview with a typical representative of a target audience could offer more exact data. The method proposed here is more of a system for measuring and forecasting the ability of marketing communications to influence. In circumstances where various resources (personnel, finances etc.) are in short supply, this approach is by far the most optimal.

References

1. Baker, S. (2000), "Getting the most from your intranet and extranet strategies", *Journal of Business Strategy*, Vol. 21, No. 4, pp. 40-3.
2. Bauer, C. and Scharl, A. (2000), "Quantitative evaluation of web site content and structure", *Internet Research: Electronic Networking Applications and Policy*, Vol. 10, No. 1, pp. 31-43.
3. Chaffey, D., Mayer, R., Johnston, K. and Ellis-Chadwick, F. (2003), *Internet Marketing: Strategy, Implementation and Practice*, Prentice-Hall, Harlow.
4. Chakraborty, G., Lala, V. and Warren, D. (2003), "What do customers consider important in B2B web sites?", *Journal of Advertising Research*, Vol. 43, No. 1, pp. 50-61.
5. Hoey, C. (1998), "Maximizing the effectiveness of web-based marketing communications", *Marketing Intelligence & Planning*, Vol. 16, No. 1, pp. 31-7.
6. Phairor, K. and Hanmer-Lloyd, S. (2002), "Rethinking channel communications: an emerging role for the extranets within distribution channels", *Marketing Theory and Applications*, American Marketing Association, Winter 2002 Educators' Conference, Vol. 13, pp. 16-22.