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AN EVALUATION OF PERFORMANCE INTEGRATED MARKETING COMMUNICATIONS: USE OF THE “FUNNEL EFFICIENCY” METHOD

I.O. Башинська. Оцінка ефективності інтегрованих маркетингових комунікацій: використання методу “воронка ефективності”. Розглянуто, в чому полягає суть “ефективності” інтегрованих маркетингових комунікацій (ІМК). Проаналізовано якісні і кількісні критерії оцінки. Запропоновано метод “воронка ефективності”, представлено практичний приклад використання запропонованого методу.

Ключові слова: “воронка ефективності”, інтегровані маркетингові комунікації, кількісні і якісні критерії, ефект, ефективність.

I.A. Башинская. Оценка эффективности интегрированных маркетинговых коммуникаций: использование метода “воронка эффективности”. Рассмотрено, в чем состоит суть “эффективности” интегрированных маркетинговых коммуникаций (ИМК). Проанализированы качественные и количественные критерии оценки. Предложен метод “воронка эффективности”, представлен практический пример использования предложенного метода.

Ключевые слова: “воронка эффективности”, интегрированные маркетинговые коммуникации, количественные и качественные критерии, эффект, эффективность.

I. Bashynska. An evaluation of performance integrated marketing communications: use of the “funnel efficiency” method. The “efficiency” of integrated marketing communications (IMC) is discussed. The quantitative and qualitative evaluation criteria are analyzed. The method of “funnel efficiency” is offered, the practical example of using the proposed method is presented.

Keywords: “funnel efficiency”, integrated marketing communications, quantitative and qualitative criteria, effect, efficiency.

In today's economy with a high level of society informatization, a very important role is played by complexes of integrated marketing communications (IMC). Performance evaluation of the integrated marketing communications in the modern terms of hypercompetition should be perceived as one of the most essential directions of activity of enterprises, aimed at providing stable and steady functioning.

The problem of evaluating the economic efficiency of a complex of marketing communications (MC), being widely discussed in scientific society, presently attracts constantly increasing attention from the side of representatives of business environment.

The methods of economic evaluation of integrated marketing communications can substantially differ depending on a studied market, life cycle of a commodity, brand awareness of the company. For different industries of the national economy, it is necessary to work out adapted methods for evaluating IMC economic efficiency, taking into account all features of business processes, products, factors of external and internal environment of organizations.

The problem of evaluating by economic efficiency in marketing communications is the article of study of many Ukrainian and foreign scientists. In connection with the IMC which was proposed comparatively recently, in the middle of nineties of the 20th century, the theory of estimating economic efficiency of a complex of marketing communications facilities is being developed only. Major contributors to the theory of the integrated marketing communications, as well as estimating of efficiency of a complex of marketing communications facilities are John Burnett, Sandra Moriarty, Don E. Schultz [1], Kenneth Clow, Donald Baack [2], Philip Kotler [3], Jean-Jacques Lambin, Gillian Doyle, Barry Berman, Joel R. Evans [4].

Any enterprise at development of a marketing plan chooses a certain set of resources of communication with the target groups of customers. To get a maximal return from them, it is foremost needed to pick up an optimal communicating tooling for the target audience, and to choose evaluation criteria and performance indicators. But in order to save on communications, it is necessary to find that part of them that is ineffective, and to reject it. This begs the question of evaluating the effectiveness of marketing communications. In order to talk about the methods of evaluating the effectiveness of IMC, at first let's analyze the concept.

“Communication” (from Latin “communis”, meaning to share) is an activity of conveying information through the exchange of thoughts, messages, or information, as by speech, visuals, signals, writing, or behavior [5].

“Effect” is an action resulting from something, a consequence of something. In this sense it is more appropriate to talk about a sales effect of marketing communications, than about a communicative one, because the last does not always give a visible effect.

“Efficiency” in general describes the extent to which time, effort or cost is well used for the intended task or purpose. It is often used with the specific purpose of relaying the capability of a specific application of effort to produce a specific outcome effectively with a minimum amount or quantity of wastes, expenses, or unnecessary effort. Thus, efficiency of communications is some action of customers like investigation of reception and/or perception of information and/or some cogitative maintenance, correlated with expenses on motivation/stimulation of these actions. Thus it is not necessary to accept/to perceive information and to accomplish purchases by the same man. It is important that accomplished purchases are a result of incurred marketing expenses. Thus, in a wide sense, using the efficiency term of marketing communications it is possible to understand not only the sum spent by consumers under influence of communications of money, divided into expenses, but also, for example, such indices as the amount of new customers appearing at an enterprise under influence of communications or percent of increase of the desired category of consumers in the general amount of consumers (even if the total number of consumers and sums of the money expended by them on our commodity did not change), correlated with marketing expenses. That is, the efficiency of communications can be expressed by quantities of different dimensions, including people/UAH, percents/ UAH, but also they are to be dimensionless.

“Evaluation” is a determination of subject's value, level, quality, degree or importance of something.

“Method” is a way of theoretical research and practical realization of something, a way to act.

Thus, methods of estimation are methods of practical realization of judgment about a value of something.

And, finally, methods of estimation of efficiency of marketing communications are methods of practical realization of judgment about correlation of actions of population, e.g. investigation of in-

formation reception and perception and/or some cognition maintenance, taking into account expenses on motivation/stimulation of these actions.

For estimating of efficiency of marketing instruments of communication use two criteria - quality and quantitative.

Quality criteria and methods

Qualitative assessment of efficiency is based on marketing research of behavior of real and potential customers by interviewing (focus groups, deep interviews, creation a consumer panel, etc.) or on use of expert methods [6]. These methods include study of looks, relations, opinions and interests of consumers. Such qualitative data are gathered if straight measuring is impossible.

Systematization of an obtained information in some standard form is difficult, therefore the best approach is realization of similar researches in a company. For this purpose it is needed to create early special forms for data gathering and to prepare clear instructions on their filling. Using this approach, an information to obtained from consumers can be conditionally systematized and transformed into a quantitative form. For example, positive, negative or neutral responses about company/product/good/service, it is automatically possible to get the amount of positive, negative and neutral responses. Plugging of the closed questions (with the variants of answers) in questionnaires for the survey of consumers facilitates systematization of information.

Under the qualitative estimation of efficiency of marketing communications we can understand if certain level of such indices criteria is achieved, considering awareness of a company/product/good/service or image of a company/brand. If a company does not have possibility to conduct such research, then the qualitative estimation of efficiency of marketing communications can be expressed by the presence of responses on the action of communication influence. Among similar responses there are: comments in mass media (including comments on specialized forums and in social networks), phone calls, letters/queries etc. Responses acting directly from a target audience, it is possible to study a sum of the reserved demand and really realized. Coming from the primary purpose of marketing are forming a demand, efficiency of marketing influence can be estimated by achievement of a certain level and amount of responses after realization of corresponding campaign.

Quantitative criteria and methods of estimation

Foreign companies prefer quantitative criteria. According to one study of the Institute of professional advancement (IPA) and KPMG, "volume of sales" is used by 55 % of the polled companies, "level of awareness" — by 40 %, "market share" — by 30 %, and "image and brand" — by 10 % [3]. When estimating efficiency of the applied instruments of communication influence, the ukrainian companies are also oriented today on the volumes of sales. Thus it is important to understand that responsibility for sales in a greater degree carries subdivision of sales, but not subdivision of marketing, as, even at an ideal marketing campaign failures are possible in business processes responsible for sales.

Separate marketing communications can be estimated by means of the method of "funnel of efficiency". By means of this method the following effects can be appraised:

- effects from realization of two different advertisement campaigns;
- effects from placing of advertisement in different printed editions, on different Internet resources or other carriers;
- effects from the use of different layouts (other things being equal);
- efficiency of work of every manager or different offices (branches).

The "funnel" is a statistical model, reflecting efficiency of any business or any of his levels separately (department of sales, web-site, postal dispatches or company in whole). Outwardly it is a geometrical figure with a narrow neck at the bottom and with a wide edge at the top. Craters are situated high-level attempts, on more subzero — results.

A possible list of analysis criteria is shown in Figure 1.

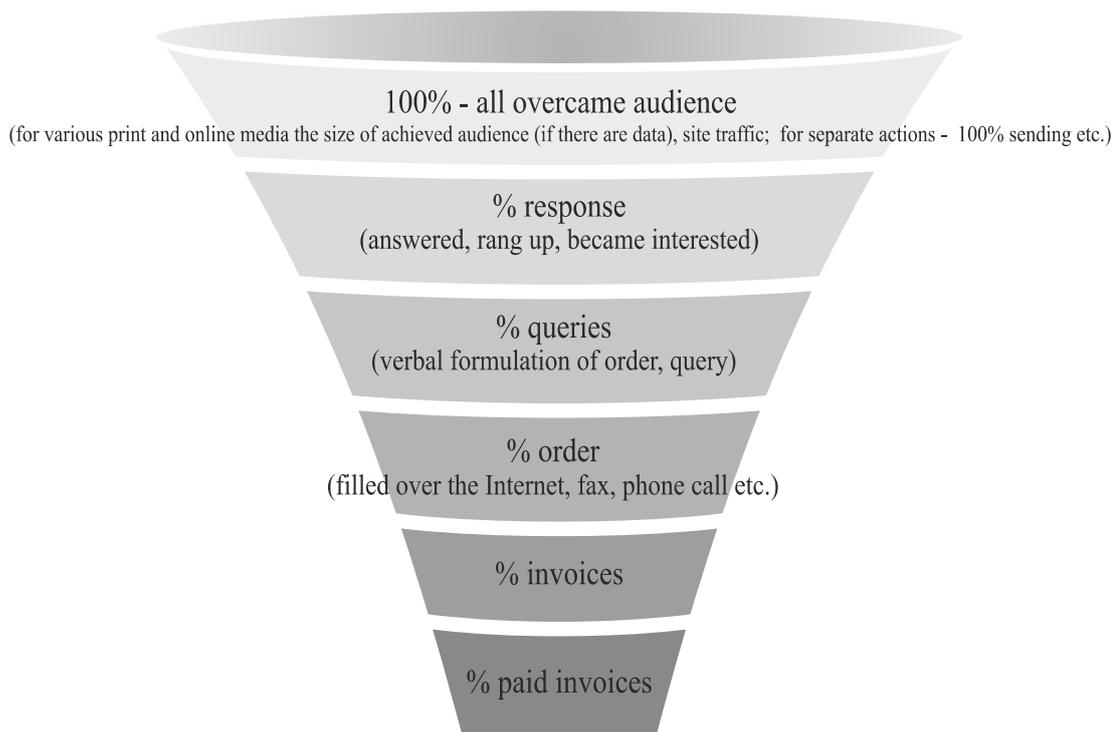


Fig. 1. Use of the “funnel efficiency” (source: own development on the basis of [1; 6; 7; 8])

Thus, if we suppose that the total number of sent messages in the mailing list, the total number of successful calls during telemarketing campaign for print and online media coverage data of the target audience (if available) is 100 %, otherwise — the circulation or site traffic.

The next stage of the assessment is estimating how many companies are interested, called or otherwise responded to the advertising appeal. Further the total number of requests (verbal or written queries) is estimated. However, not all requests result in an order. So the next step is the number of orders (order forms filled out online or by any other way). The last level of the “funnel” is the number of paid accounts.

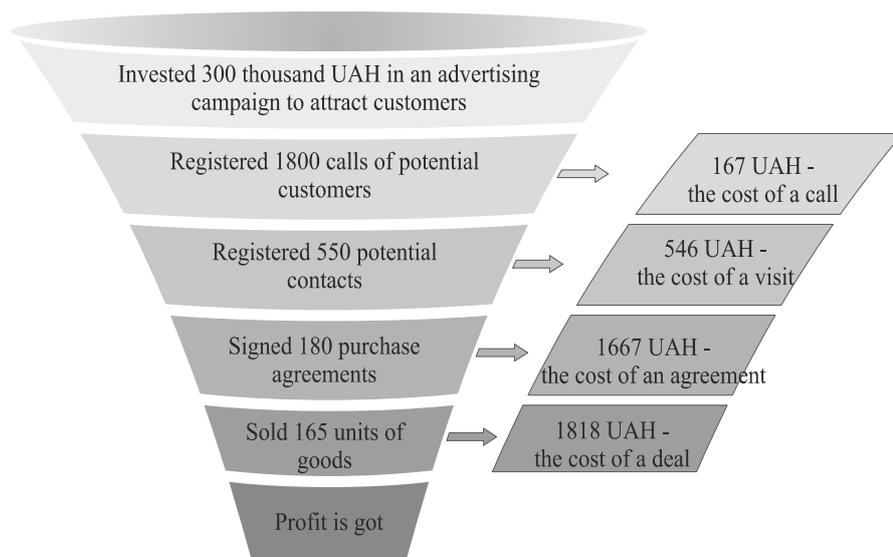
Analysis of these data will give an idea about the effectiveness of the marketing communications complex. Based on this analysis, decisions can be made to change the strategy, in other words, about further use of specific tools of marketing communications, considering as possible increase of investments.

In addition to this method, you can use the method of evaluating the effectiveness of advertising (so-called “A/B testing”). It is used for advertising layouts, and for other promotional materials for different phone numbers (if technically possible), tracking incoming calls to these numbers during the promotion.

Data on the knowledge of potential buyers and their attitude to the Company “X” may be obtained during telemarketing.

The value of telemarketing as a tool of marketing communications is that it can be used not only to create an actual target database with detailed information about potential customers and stimulate sales activity, as well as conduct market research, but also to find out the needs and preferences of potential customers, estimate their level of awareness about the company, etc.

It is useful to conduct this type of research on a regular basis to monitor the dynamics of changes in the level of awareness of the company and the attitude to the company.



*Fig. 2. An example of a practical application of the “funnel efficiency”
(source: own development)*

Having made the foregoing analysis, it is possible to draw conclusion, that the method of “funnel efficiency” is an effective tool of evaluation of integrated marketing communications. It is necessary to mark that it is also possible to use it for analysis of separate instruments of marketing communications, both for calculation of an introduction effect and for grounding the necessity of including it in the integrated marketing communications. A further research of this aspect which can be conducted inside of the funnel is a study of the causes of its “narrowing”. Maybe, there is a considerable divergence in the amount of contacts on two close levels of funnel, so-called “weak points”, so that by a careful analysis it is possible to decrease and remove the cost of call/visit/agreement/deal by a careful analysis.

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