The Effectiveness Principles

KOMM's principles for effective communication

Content

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Checklist

While the principles are presented in a logical order, it is important to note that the following list should not be treated as a strict working procedure. In practice, effectiveness work is rarely linear but rather an ongoing and constantly shifting process. Each principle must constantly be revisited, revised and refined.

1. Define the benefit of communication

- Ask the question: How will this action benefit the client's organization?
- Prioritize objectives to ensure effect, all activities can't solve all problems.
- Isolate the role of communication – what can and can it not do compared to other tools.

2. Write up an effectiveness chain with the following steps

- <u>Business effect</u> **–** Define how the communication should contribute to the client's organization.
- <u>Behavioral effect</u> **–** Define what the communication should make people do, in order to achieve the desired business effect.
- <u>Attitudinal effect</u> **–** Define what the communication should make people think and feel, in order to achieve the desired behavioral effect that will lead to the business effect.
- <u>Communication activity</u> **–** Define how the communication needs to influence people in order to get the desired attitudinal, behavioral and business effect.

3. Define the current situation and set prioritized objectives

- Before launching any communication activity, conduct a zero measurement as a point of reference.
- Analyze the past in order to set reasonable objectives.
- Revisit the zero measurement after the communication activity has been executed.

4. Base your actions on both short-term and long-term effects

- Separate your communication efforts into those that aim for short-term impact and those that strive for long-term impact.
- Always keep this timing in mind when planning and setting objectives – is the objective short-term or long-term impact?
- Be sure to establish measurements and methods that can pick up both short-term and long-term effects.

5. Solidify the role of communication within the organization

- Before new or more extensive communication activities are planned, make sure to talk to several business functions within the organization to understand what their major business issues are.
- Bring the effectiveness chain to these conversations and be prepared to modify it.
- Ensure a clear mandate from executive management to establish the role and the business value of communication.

6. Match the effectiveness measurements to the activity

- Every brief and debrief should clearly specify what the effects of the communication should be.
- Set up a meeting to establish which methods and measurements are most commonly used.

7. Evaluate the effect in the light of the conditions

- When presenting the results, also present the resources invested.
- Take competitor investments during the same period into account. For investments in bought media, calculate ESOV (Extra Share Of Voice).
- Consider what has – and hasn't - been done by the organization overall.

8. Measure the right things and measure often

- Always set a budget prior to evaluation.
- Put a smaller team in place who interprets the results first and has the mandate to draw conclusions and decide on implications. Create an environment of learning.
- Set up annual meetings to review communication effects from a broader, overall perspective.

Introduction

By following KOMM's Effectiveness Principles we can play with the odds in our favor.
The question of effectiveness can prove quite frustrating in day to day work. There is a wide range of models, methods and measurements to consider. Some of them new, others established. Some of them accurate, others unreliable. Different groups of thinkers defend their own points of view, all the while claiming their own version as unrefutably true. This might give the illusion that effectiveness is just a matter of taste, that there is no evidence-based foundation to rely on. But that is not the case. A significant amount of general knowledge has been generated on the subject. Not only regarding how communication generates business value, but also regarding how we should work in order to increase our chances of generating effect.

There is not one magic recipe to ensure effect, no universal solution. However, there are a series of principles that increases our chances to succeed and play with the odds in our favor. That is what this document is all about, a series of principles that we at KOMM endorse, based on what we know regarding how to think about and work with communication effect. These are principles that both we at the communication agencies and our clients can follow in order to create – and demonstrate – effect.

Communication agencies and their clients are all in the same boat.
The question of the business effect of communication is hardly a new one, but it remains acutely relevant. Executive teams and company boards are increasingly demanding systematic accounting of the communication effects. Those who can't demonstrate how they contribute to business effect find themselves hard pressed for further funding.

This in turn, increases the pressure on communication agencies. Not only to create actual effect but also to support clients with methods, arguments, analytics and data in order to facilitate internal alignment. This is why we, the communication agencies represented by KOMM, and our clients are all in the same boat.

We know communication is a critical business contributor, we just have to prove it in our day to day work.
It's actually pretty simple. If we fail to demonstrate how we bring value to the business, we all risk losing our right to exist. This would be a great shame, to say the least, considering how critical communication is for the success of businesses and organizations.

Thanks to a range of systemic research studies, including several meta-studies, we today have robust evidence for how investing in communication improves company sales and shareholder value (a selection of these studies is listed at the end of the report under the headline "Further reading suggested by the Effectiveness Committee"). Apart from the direct effect, i. e. how communication drives sales, studies also show a range of indirect effects, such as investors being more likely to invest in companies that invest heavily in advertising and are publicly visible. In addition, we know that communication has other benefits, such as motivating employees and attracting talent.

We also know that creative communication is particularly beneficial. The business effects of communication increase when we communicate in unexpected, interesting and relevant ways that cut through the noise and touch and influence people. The effects increase when we, thanks to a deep understanding of humans and society, create value for both receiver and sender. So, the mutual task before us is clarifying those business-related effects of communication that we all know exist. Not by referring to general research studies, but by systematically and thoroughly working with effectiveness in our daily work. Every day, in every project.

Two important starting points for the principles

Effectiveness is a matter of culture.
Discussions concerning effectiveness tend to quickly get caught up in technicalities. In questions regarding data sources, measurements, metrics, methods, calculations and figures, or specific reports and studies. There is nothing wrong with this, quite the opposite. Anyone who wishes to take effectiveness seriously should be thorough in matters of details and methods. However, one also risks losing sight of the big picture. Especially since new methods and metrics to consider are constantly surfacing.

From KOMM's perspective, we want to encourage all agencies and clients to view communication effect as a question of perspective and culture. Those who view effectiveness from the right perspective will navigate more easily among available measurements and methods. Once this way of thinking is part of the culture it will be easier to demonstrate the benefits of communication, since the question of effectiveness is already integrated into the work process. It becomes a central aspect in strategy and planning, rather than an analysis and research question that comes in to play only after an activity has been executed.

Meanwhile, it is important to ensure that effectiveness does not become just a philosophy but is applied in concrete actions in daily work. That it becomes a part of the culture, at both agencies and clients. With that in mind, this document attempts to demonstrate how various principles of thought can be translated into concrete actions.

The human brain is complex.
Communication in this context deals with an ambition to influence people, by attempting to predict how they will think, feel and act. This is far from easy, considering we humans are complex, irrational and busy with a multitude of other things here in life. We hardly even know exactly what we are thinking or feeling, or why we do what we do. We are not the rational, calculating creatures we've led ourselves to believe. To plan in detail and perfectly predict the effect of communication is hence impossible. What we can do however is to use the knowledge we have about humans to increase our chances of achieving the effect we desire. KOMMs Effektkommitté har arbetat systematiskt i flera steg med att ta fram principerna i denna rapport:

The work behind the principles

KOMM's Effectiveness Committee have worked in systematical steps in order to develop the principles presented in this report.

1. Interviews were conducted with a reference group of people on the client side who purchase communication services, in order to map their view of communication effect. The following people were interviewed:

Johanna Andrén, Deputy Marketing Manager, IKEA
Per Carleö, Marketing Director, Volvo Car Sverige
Ankie Cedergren Borg, Senior Global Communication Manager, SCA Hygiene Products
Stina Falklind-Gross, Head of Marketing and Communications and Johan Eriksson,
Head of External Communications, Swedbank
Malin Forkman, Head of Communication Development, Systembolaget
Björn Larsson, CMO, Coop
Mats Liedholm, former SVP Marketing, ICA Sverige
Mia Lund Hanusek, Marketing Director, Media Markt
Ida Mattson, Global Content Manager, Volvo Trucks
Per Nilsson, Corporate Communication and Marketing Director, Semcon
Hanna Riberdahl, Head of Brand & Marketing Communication, Telenor
Lina Söderqvist, Marketin Manager, Åhléns

2. Findings from current academic research as well as from industry studies were compiled and reviewed.

3. A preliminary gross list of principles and concrete actions was drafted, based on our input from step 1 and 2.

4. The principles were prioritized by the entire Effectiveness Committee. This entailed that certain principles were excluded due to conflicting research standpoints or the committee's empirical experiences not yielding enough specific evidence.

5. The final version consisting of eight principles, all with suggested concrete actions, was validified by the reference group. The draft was then examined by effectiveness expert Mats Rönne, who provided valuable feedback. Following this the report was finalized.

The Principles

1. Define the benefit of communication

Communication is not an end in itself. At least not from a business management perspective where clients pay for communication activities and expect some kind of return in the form of benefit or positive impact for the organization. To clearly define these benefits is the most fundamental principle for anybody seeking to seriously tackle the question of effectiveness.

The nature of the communication benefits varies from case to case, client to client and campaign to campaign. This enforces the importance of defining the benefits before each communication activity.

A few concrete examples of how we can work with this principle:

Before every communication activity, always ask the following question:
How will this action benefit the client's organization?
In some cases, the answer is clearly stated in the clients' brief, while in other cases it might be unclear. Either way, ask the question in order to ensure you are on the same page.

In addition, always ask follow-up questions in order to establish what the real problem or opportunity <u>actually</u> is.
In most cases, a bigger problem or opportunity lies behind the assignment presented. A brief for a summer campaign promoting the benefits of Product X might actually relate to the target group having lost interest in the category itself. Communication can in this case provide greater value by reigniting interest for the whole category, rather than highlighting the specific benefits of Product X over competitive Product Y. Similarly, an assignment to get the media to publish a debate article on Specific Issue Y, might actually just be an attempt at grasping the entire topic, to be seen as an industry leader and become the preferred choice for potential customers. And then a debate article might not generate the greatest effect.

Prioritize objectives in order to create effect, all activities can't solve all challenges.
When we ask ourselves what the challenge or issue actually is, the issue tends to broaden. Usually, clients and agencies realize that there are several benefits that the communication could provide, and suddenly we end up with a long wish list of all the things we would like to accomplish. The conclusion then should be that we need additional communication activities, rather than trying to have our one activity check all the boxes on our wish list. At least if we are to believe the extensive research studies that show how certain campaigns generate greater business effect than others. They demonstrate clearly that campaigns with a few, clearly prioritized objectives are the most effective.

Isolate the role of communication – what can and can't it do compared to other tools.
It is equally important to define what communication can do to generate business effect, as it is to define what it can't. For example, communication can make IT-executives like and want a certain IT provider, but the final decision will be more dependent on the IT providers service agreements. Likewise, weather will always be the determining factor in ice cream sales, no matter how distinct and good looking the package design is. And communication can position a retail chain in a favorable way, but without a large number of stores in the right locations, the number of customers won't grow. Seen from an effectiveness perspective, isolating the role of communication is demanding, but vital.

2. Draw up an effectiveness chain

Something that often proves useful is drawing up an effectiveness chain, a model that visualizes the connection between the communication activity and the benefit for the client. This model drawing serves a dual purpose. Firstly, it promotes a cause-and-effect way of thinking that is integral to predicting and measuring effectiveness. Secondly, the chain provides a solid foundation for discussion. Marketing executives who can explain the business benefits of their activities in a pedagogical manner, often gain greater influence within the organization and an increased mandate internally.

There are a wide range of models that can act as templates for an effectiveness chain. These models vary slightly but share a common theme of clarifying how a communication activity leads to a specific objective.

| Communication activity | Attitudinal effect | Behavioral effect | Business effect |

It is important to always begin with the business effect and finish by defining the role of communication, be it for the whole assignment or a specific activity. There are advanced methods of analysis that help clarify what leads to what, but sometimes common sense will get you far enough.

Anyone working with a clear effectiveness chain will have an easier time planning, discussing and measuring the effects of communication. The chain also provides a simple method of testing your thinking. If you are unable to draw a clear effectiveness chain, you either haven't properly figured out how the communication will create business effect, or your thinking is so complex that it can't be visualized. In this case it is unlikely that others will understand you.

Always begin by defining what business effects the communication can provide the clients organization.

In this scenario, we use the term business effect as a catch-all term that covers all possible effects that relate to the objectives set by the client's organization. Most organizations have a range of objectives with different levels, timings and purposes. The task in this case becomes establishing which of these objectives is most relevant for the planned communication. Once we have figured this out, we can determine which "business effect" the communication should support.

Even though communication undoubtedly can provide business effects, it is important at this stage to remind ourselves what communication can't achieve (see point 1). Not even the most effective communication can be expected to pull a company from the brink of bankruptcy if that company has already committed a series of costly mistakes.

Business effects can roughly be divided into two groups:

Financial business effects.
such as sales, market shares, turnover, profit, margins and profitability. On an overall organizational level as well as on specific business units, products or services.

Non-financial business effects
Examples include a company seeking to become a more attractive employer, a union wanting to increase its negotiation power or a civil servant aiming to improve health in society. It is important in this case that the effect has a direct and clear connection to the organizations core objectives and reason to exist.

Define the relevant behavioral effect, i.e. what the target audience should do as a result of the communication, in order to achieve the desired business effect.

The success of most business effects relies on the target group acting in a specific way. The communication needs to have a behavioral effect, long-term or short-term. Sales won't increase if consumers don't buy, the number of members won't increase if no one applies for membership and legislation doesn't change if nobody forwards the motions.

The first step of this process is naturally to define the most relevant target group. This applies both to the overall stakeholder level (if it is the public, consumers, colleagues or lawmakers) and the more specific level (e.g. choosing which specific buyer segments to prioritize).

There are several behaviors that can be of interest when influencing various target groups. These can be divided into two categories:

<u>Purchase behaviors</u> are the most interesting ones if the business effect is of a financial nature. A few examples are:
- Get more buyers
- Get buyers to buy more frequently
- Get buyers to pay more for a product or service
- Get buyers to spend more each time shopping
- Get buyers to buy more expensive products or services
- Get buyers to buy more products or services
- Get existing customers to buy
- Get new customers to buy

<u>Other behaviors</u> are most commonly related to non-financial business effects and vary depending on the specific case. Examples include:
- Get more membership applications
- Get more job applications
- Get people to drink less alcohol
- Get more American tourists to visit Sweden
- Get more people to use a certain function of our products or services
- Get more visitors to our stores
- Get more people to visit our website to find information on a specific topic

These lists can be further extended, but the point is to identify the behavioral effect that contributes to the specific, pre-defined business effect. There is no behavior that in itself is better or worse, it all depends on what objectives the organization has prioritized as well as which business effect that needs support in the form of communication. A clear order of priority is also critical in order to increase our chances of successfully creating an effect. Should the list of desired behaviors become too long, you need to employ more activities, rather than have one activity trying to create all the desired behaviors.

Define the relevant attitudinal effect, i.e. what you want the target group to <u>think</u> or <u>feel</u> as a result of your communication, in order to achieve the behavior that benefits the business effect.

The attitudinal effects deal with various mental and psychological reactions from the target group. We want to get into the head of the target group. Attitudes that are of interest to influence are the ones concerning the organization, company, product, service or brand that the communication revolves around. In other cases, it might concern attitudes related to a certain type or category of product or service, or a specific societal issue.

Some more specific examples of attitudes are:

<u>Awareness</u> on different levels, the target group is aware that something exists (this can in turn be divided into general awareness and more specific forms of knowledge such as recognition, spontaneous awareness or salience).
<u>Knowledge,</u> the target group understands something.
<u>Interest,</u> the target group is curious and wants to learn more about a specific topic.
<u>Associations,</u> the target group connects certain associations to something (e.g. a brand).
<u>Feelings</u>, the target group has emotions for something (joy, excitement, tension, calm, worry etc.)
<u>Opinions,</u> the target group has a stated or unstated opinion.
<u>Intentions</u>, the target group wants or has the intention to perform a certain behavior (e.g. intention to buy, preference or willingness to pay).
<u>Intuition,</u> the target group instinctively gets some kind of feeling or thought.

It should be noted that different communication activities require different focus on attitude and behavior, respectively. Certain activities are designed to influence a target group's behavior immediately and require little to no attitudinal effect. An example would be an activity influencing the target group to react to something as a routine, without any significant thought or feeling guiding them. Other activities require the opposite, they need the target group to process the communication, alter their way of thinking and then later behave accordingly.

Finally, define how the communication activity should influence the attitudes and behaviors that leads to the desired business effect.

There is plenty that can be said regarding how the communication should be designed, ranging from message, craft and creativity to budgeting and choice of channels. There is also plenty to say on what we want the receiver to think about the communication as such. For example, whether they find the communication interesting and relevant, whether it touches them emotionally or convince them, and whether they find it intrusive or beneficial. In many ways, this is what determines the final business effect.

Despite this, when drawing up our effectiveness chain, it is important that we view the communication as a means, not an end. What the target group thinks of the communication should not be seen as an effect of its own. Still, it's important to have a thorough discussion and align on how the communication should be designed in order to create the desired business effect.

A discussion regarding the design of a communication activity can, simply put, revolve around two factors:

Securing **exposure** through sufficient reach, i.e. ensure that as many as possible of the target group can experience the communication. This is largely a question of budget, format, timing, frequency and choice of channel. (How much money should we spend? Where and when should we communicate? How often and in what combinations of formats?)

Securing **processing**, i.e. that the target group notices and processes the communication as intended in order to contribute to the business effect. This relates largely to the choice of message, tactical positioning and creative execution.

A range of studies have shown that communication that inspirers emotional processing has the best chance of creating long-term behavioral and business effects. This is partly due to the fact that emotional communication is more often noticed, sticks better in the memory and has a greater tendency of being shared in the target group (through social media, for example). In the short-term however, more rational communication (focused on arguments and tangible benefits), can often yield a greater effect.

The right exposure and processing are without a doubt critical for effectiveness but should never be defined as an effect or an end result in their own right, at least not for somebody seeking to demonstrate how communication brings business value.

3. Define the current situation and set prioritized objectives

A prerequisite for defining the role of communication is to clearly define the current situation, meaning the situation and status of the organization (brand/product/service etc.) before launching a communication activity. Creating a shared view of the current situation helps establish what kind of activities are required and simplifies the following effect measurements.

It is easy to get careless when trying to define the current situation. Getting the communication out in the market is often a time-pressured process, and it is not uncommon to forget or neglect to map the current situation. Other times each party involved have their own clear idea of the current situation, and don't see a need to discuss the matter further. Not until later does it become apparent that they had vastly different views of the situation. What one party view as an enormous step in the right direction the other party regard as hardly noticeable, because they had different views of the starting point.

A few concrete examples of how we can work with this principle:

Conduct a zero measurement in order to get data on the current situation.
This data can represent hard metrics such as financial statistics (sales, market shares, margins) or different kinds of behavior (number of visits to a store, number of users of a specific service, amount of leads). They can also be soft metrics reflecting attitudes (awareness, associations or intentions). Usually existing data can be used as a frame of reference, but sometimes additional studies are required (especially when soft metrics are needed). Apart from aiding an aligned view of the current situation, the zero measurement also helps prove the effectiveness of the communication through commparisons of before and after measurements. If possible, the zero measurement should also cover competition, since this helps set relevant and realistic objectives.

Prioritize objectives relating to the current communication activity.
Choose one, or a few, metrics from the zero measurement that the communication should aim for and put a number on it that represents the intended increase. In extensive studies covering thousands of communication campaigns, the ability to prioritize and quantify objectives has proven to be one of the key factors in explaining what business effect the campaigns actually achieve. The basic principle is clear: the fewer the objectives, the larger the impact.

Look back in order to set realistic objectives.
Setting objectives tends to result in a wish list of everything we would like to achieve in a perfect world. In order to set more realistic objectives, look a past data. What have our previous activities accomplished during the past five years or so? What is the greatest effect we have achieved? What is our average effect? If our best campaign ever increased preference by 7%, is it reasonable to aim for +20% this time?

Don't forget to revisit the zero measurement after the communication activity is conducted.
For instance, when presenting the results after a campaign, always start with a slide that reminds people of the situation before the campaign.

4. Base your actions on both short-term and long-term effects.

The research studies are very clear on the fact that communication can generate both short-term and long-term business value. Influencing the long-term revolves around creating attitudes that generate behaviors and business effects in the future. Long-term in this case refers to at least six months after the activity, even though studies show that effects can be seen several years later if the activity was powerful enough to cut through the clutter and made a lasting impression. Influencing the short-term is all about triggering an instant behavior or direct business effect, during the activity period. Depending on market and category, effects can also be viewed as semi-short-term and semi-long-term.

If the business effect in question concerns sales, the terms "long-term sales" and "short-term sales" can be used, in order to clarify the difference in timing. It is also common to use the terms "sow" and "harvest".

Each single activity doesn't have to achieve both short-term and long-term effect, but anyone determined to maxime the totalt effect of communication must have both time perspectives in mind. An organization's total communication effort usually gives the largest effect when it succeeds on both short and long-term level by integrating different messages, channels and disciplines.

Usually, short-term effects are easier to measure compared to the long-term ones. In particular, the digital communication channels have brought a range of tools for measuring effectiveness, providing instantaneous information on how target groups and segments are acting and reacting at any given moment. However, what is easily measured isn't necessarily the right thing to measure. A too narrow focus on the short-term will inevitably reduce the total effectiveness over time. Some short-term, positive effects can even cause considerable damage in the long-term. For instance, campaigns that aggressively push sales might increase current numbers, but will inevitably erode consumers' willingness to pay, resulting in lower margins for the future. Five dollars earned today could easily become ten dollars lost tomorrow. The communication that works in the opposite way, i.e. generating greater effect tomorrow compared to today, are more difficult to accurately measure. This is due to the effects being generated gradually, sometimes over several years. It has also been shown that short-term actions rarely give any long-term effects, while long-term activities can create certain short-term effects.

Unfortunately, we see a gradual decline in terms of long-term focus. During the past 5-10 years, we have witnessed a move towards a short-term focus. Fewer activities are aimed at building long-term effects. This trend must be disrupted if we are to optimize the full business potential of communication. Both short-term and long-term effects must be kept in mind when planning activities as well as when planning for effectiveness evaluation.

A few concrete examples of how we can work with this principle:

Divide the communication activities into the ones that aim for short-term effects and the ones that aim for long-term effects.
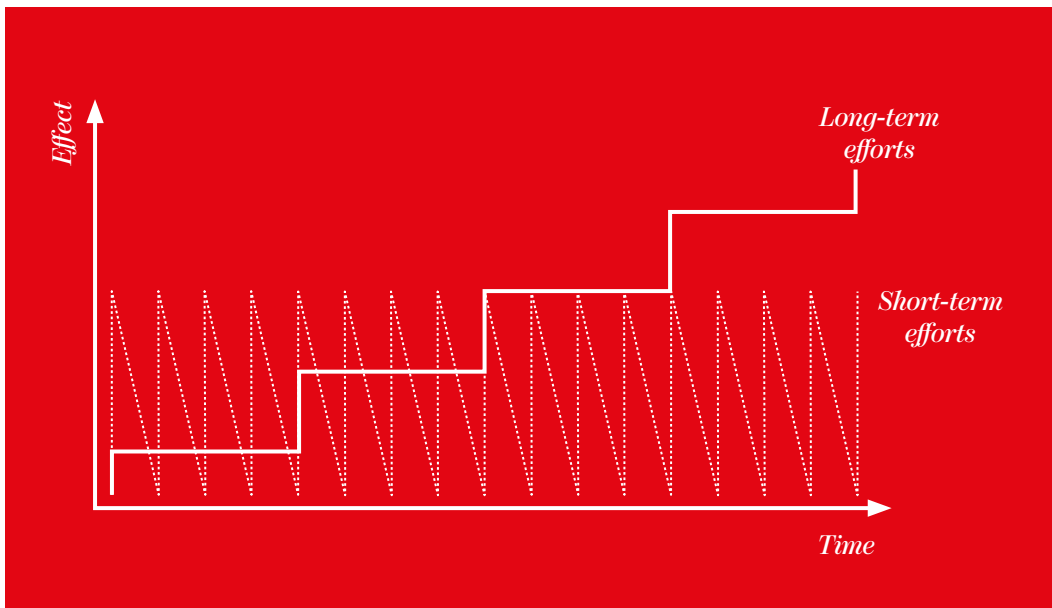In a marketing budget, such a division could complement other categorizations (such as bought, owned and shared channels).

Always acknowledge the time aspect when planning an activity and setting objectives.
Detail when an activity should have generated effect and what specific actions should create long-term and short-term effects, respectively.

Make sure there are methods and effect metrics that address both ends of the time spectrum.
How do we measure our success in long-term sales compared to short-term sales? With today's methods we should be able to answer both questions with tangible financial data.

5. Spread the role of communication within the client organization

The increasing demand for communication effects is a result of organizations wanting their resources to be put to good use. The marketing and communication departments are not alone in wanting to increase their budget, sales and IT are after the same thing. Therefore, increasing your budget and influence is not only a matter of convincing top management, but also about establishing relationships with other departments in the company. They need to see how communication can benefit the entire organization.

Successful clients have prioritized spending time outside their own department. They have clarified their role within the company and how they contribute to business value by actively engaging in dialogue with other business functions. This in turn has made them better at buying communication services. Greater internal trust and mandate allows them to act with greater patience and continuity when engaging their agencies. They also face less internal resistance towards the content of their proposed communication. Communication agencies have a lot to gain from supporting their clients' internal endeavors.

A few concrete examples of how we can work with this principle:

Prior to planning new or more extensive activities, make sure to communicate with other business functions within the organization.
The key here is to venture outside the sphere of marketing and communication and meet with key people from sales, product development, customer support, finance and HR. This can come naturally when appointing a new agency or when major changes in positioning or marketing strategy are being planned for. Conduct interviews, hold joint meetings or conduct a small-scale survey study. The method of communication is less important, the key is to listen to what other business functions have to say. What challenges do they face? What do they consider to be the organizations' key objectives? What KPIs are they pursuing? What are their thoughts on how communication has been handled within the organization? How do they judge what communication is good or bad? By understanding their point of view, and showing that you care about it, it usually becomes easier to explain the role of communication. It also helps build a compelling argument regarding the communication effects.

Speak like a human.
Just like any other industry, the world of communication is filled with industry lingo and buzzwords. We use a wide range of phrases that we feel are appropriate for our work. Both established terminology and newer, trending phrases are constantly being thrown around, ranging from "preference", "tonality", "USP" and "OBS-value" to "always-on", "conversion" and "influencers". This is no problem when we are talking amongst ourselves, but it can become problematic when communicating with others such as executive management or someone in sales and product development. It gives the impression that we operate in our own bubble – disconnected from the rest of the organization and from the business. Due to this, it is advised to discuss communication and its business effects in a way that is easily understood. An example would be switching a phrase like "driving top of mind awareness" to "become well known".

Introduce the effectiveness chain to other business functions and be prepared to modify it.
The chain itself doesn't do the job, but it clarifies how communication contributes to the organization's mutual success ("business value") and helps structure this discussion.

If you are head of marketing, increase the understanding between marketing and other departments by organizing work place rotations and intern days.
It is particularly important to have a good relationship with sales, so let a couple people from marketing work a few days in sales and vice versa. It might sound odd and complicated, but workplace rotation specifically has proven to be a great way to increase understanding between departments. This sets the foundation for cooperation and alignment regarding communications effects.

Dedicate time to understanding what the <u>major</u> business issues are, as seen by the executive team.
Which 3-5 business issues are top management dedicating their time to right now? This can refer to either an opportunity or a problem. It could relate to decreasing profitability and margins, increased growth targets, a planned geographical expansion or a merger. Regardless of what it is, it presents a great opportunity for whoever can identify these issues, since it provides a chance to link their own communication investments to these issues. This doesn't mean that every single campaign should target these major issues. On the other hand: if we focus only on the small day to day tasks, without ever looking at the bigger picture, we risk losing the connection to the bigger business issues and so become less business relevant in the eyes of top management.

When the view of the role of communication and its business benefits has become clear, secure a mandate from top management.
This entails a decision, or a sign-off, from top management regarding what function communication should fill in order to contribute to the organization's success. This does not refer to every single task, but rather to the communication as a whole, during the coming year for instance. In addition to defining specific effect objectives and KPI:s, this can entail prioritization of target groups or business areas. The communication proposal that waiting to be presented usually has a greater chance of being granted when it is based on such serious pre-work and internal alignment.

Continuously ensure that the organization is aware of and understands all activities performed.
In particular, explain why the communication is being used and how it is creating business value. Once again, this is a matter of going beyond the marketing and communication departments. In particular the sales department, but also those in charge of customer service and the web can benefit from knowing how a particular communication activity might impact their work (customers calling for more information, sales people getting questions, website visitors looking for specific information). If you enable co-workers to see how the communication provides business effect, it reduces the chances of them growing skeptical to the effect of the work of the marketing and communication departments.

6. Match the effectiveness measurements to the activity

There are no standard solutions when it comes to designing and executing communication. What kind of message, influence, tonality or channel that is best suited depends on the assignment's purpose and objective. Due to this, it is important to measure the effectiveness in a way that reflects the intended effect of that specific activity. Failing to take this into account can result in misjudgment of the effectiveness.

A clearly emotional activity should be evaluated on how it made the target group feel. Not on message understanding, a rational measurement that reflects the target group's cognitive understanding. Similarly, a new packaging design intended to facilitate a price increase should be evaluated based on this, not on whether the target group found the packaging appealing or not.

A few concrete examples of how we can work with this principle:

Every brief and debrief should clearly specify the desired type of effect.
Clearly prioritizing which effect-objectives are being pursued simplifies the choice of method and measurement. If the initial brief is unclear, formulated in vague terms like "strengthen the brand", "create engagement" or "increase sales", it is necessary to dig deeper in order to get more specific. Which are the exact attitudinal or behavioral effects that you are looking for? What exactly does "strengthen the brand" mean?

Set up a meeting to review the methods and metrics usually employed by the client.
This is done in order to determine what kind of methods matches each specific activity, as well as to establish any missing methods or metric. The question we need to ask ourselves is; do the methods and metrics we use reflect our collective view of how the communication is intended to work and what effects we want to see? The purpose is to have a broader, overall discussion on effect measurements. Otherwise it is easy to fall into habit, ordering the same evaluations as usual and looking at the same old KPI:s even if they are not at all reflecting the intended effect of the activity.

7. Evaluate the effect with the input and prerequisites in mind

When discussing effect, one quickly realizes that what is considered "good" is highly subjective. A common reason for these differing views is the people involved having completely different views regarding what effect could be expected when taking the input and prerequisites into account. We have already covered a few ways of avoiding this, such as having a clear effectiveness chain (principle 2) and by being thorough with the zero measurement (principle 3). In addition to this, taking into account the resources invested is crucial in order to properly evaluate effectiveness.

A few concrete examples of how we can work with this principle:

When presenting the results, also present the resources invested.
Resources can be defined as money (production, bought media etc.) or time (hours spent, timespan between brief and activity etc.). The resource perspective is particularly important from an internal client perspective. If a third party like a research agency is responsible for the evaluation, ask them to include a slide in their report outlining the resources.

Take competitor investments during the same period into account.
Most clients know their own budget, but unfortunately few organizations exist in a communicative vacuum. Quite the opposite, competing for people's attention is a fierce competition with others. Therefore, always evaluate your actions in the light of those of your competitors, in order to properly asses effectiveness. What might internally be perceived as a "big bang" might actually turn out to be small in comparison to your competitors, if they happen to have increased their investing and spent four times your amount.

Consider what has – and hasn't – been done by the organization overall.
It is easy to believe that a single change will have a huge effect, especially if considerable time has been dedicated to planning and achieving that change. An example would be the creation of a new communication concept or message. However, if the other aspects of the communication strategy remain unchanged, we should not expect that large of an effect compared to before. This would be true for instance if we reach the same target group and use the same mix of channels during the same periods of time.

Consider what external factors could have influenced the effect.
Sales and interest in particular products and services are largely affected by weather, for instance. Newsworthy events can also influence the effects that the communication can achieve.

For investments in bought media, calculate ESOV (Extra Share Of Voice).
There are multiple studies that demonstrate robust connections between a brand's advertising investments relative to the competitors (SOV: Share Of Voice) and a brand's market share in sales (SOM: Share Of Market). Of special importance is the relationship between these two, called Extra Share of Voice (ESOV). When the ESOV is positive, i.e. when the brand's investment in advertising is larger than the current market share, then the market share will probably increase in the coming year. Likewise, if the ESOV is negative the market share will probably decrease. In conclusion, this means that over time you will benefit from spending, while being punished for scrimping.

ESOV (Extra Share Of Voice)

SOV (Share Of Voice) is a measurement of how large the share of investment in advertising is within a select category by a specific brand. The calculation is based on amount of exposure or, which is usually easier, the investment in money.

SOM (Share of Market) is the brand's market share in terms of sales.

Both SOV and SOM are presented in percentages and must be based on the same defined category (for instance "ketchup", "insurance companies") and the same competition.

ESOV (Extra Share Of Voice) is calculated by subtracting SOM from SOV.

Example:
A brand that has 20% of the advertising investments in a certain category (i.e. have a 20% SOV) and 30% market share of the sales within the category (30% SOM) means: SOV 20% - SOM 30% = -10% ESOV (negative).

If the same brand instead invested what would equate to 40% SOV, with the same 30% market share of the sales within the category (SOM) it instead means: SOV 40% - SOM 30% = +10% ESOV (positive).

8. Measure the right things and measure often

Communication can be measured in many different ways. Before and after an activity. Quantitatively or qualitatively. Based on attitudes, behavioral data or economic data. On a brand level or a campaign level. Among consumers, decision makers or co-workers. Conclusively, we are convinced you should measure as much and as often as possible. At least if we manage the communication in accordance with principle 1-7 in this document. Then we will measure the right things and understand why we measure what we do. Those who measure more often and measure the right things tend to learn more about why they succeed or fail. Measurements present an opportunity to diagnose and understand why an activity succeeds or fails, which provides valuable information for the next activity. Those who measure frequently also have an easier time building a strong effect case, since they have a more solid foundation and more data points to build on.

A few concrete examples of how we can work with this principle:

Always set a budget for evaluation.
The budget is usually the client's responsibility, but it should be set in close co-operation with the agencies involved in the communication work.

Use more than one (1) method in order to make a collective assessment of the effect. For example, employ both qualitative and quantitative methods.

Put a smaller team in place who interprets the results first and has the mandate to draw conclusions and decide on implications.
Then communicate these, along with the results, to the involved parties. Avoid presenting the results in front of large groups, where interpretations run free and risk not resulting in any clear learnings.

Create a culture of learning driven by curiosity, where both success and failure are dissected in order to gain knowledge for the next activity.
The key is trying to understand both what happened and why it happened, or why it didn't happen. This way we can find an explanation and build a hypothesis as to how we can increase the effect of our next activity. By systematically working with constant learning, we gradually create a considerable bank of knowledge.

Schedule annual meetings to gain an overall view of the communication effects.
The point of this is to gather all the key measurements, KPI's and results from the past year and review them together. This usually helps clarify the big picture and long-term trends, compared to analyzing single, isolated activities. This enables us to see connections and patterns regarding what generates effect and what doesn't.

Finally: celebrate!
Following these eight principles will help us all in our quest to increase the business potential of the communication we all work with. However, the work of planning, measuring, evaluating and proving the effect of communication is a constant process without a clear beginning or end. It is a big part of our daily work, every day. That is why our last piece of advice to you is to take the occasional brake and celebrate what you have accomplished. The occasional cake doesn't just make our work more fun, it also further proves the positive effect of communication. Good luck!

Further reading suggested by the Effectiveness Committee

<u>Highly</u> read-worthy books and reports that constitute the backbone of the principles in this report.

Barta, Thomas & Barwise, Patrick (2016) *The 12 Powers of a Marketing Leader: How to Succeed by Building Customer and Company Value.* (book)

Binet, Les & Field, Peter (2013) *The long and the short of it: Balancing short and long-term marketing strategies.* (report from Institute of Practitioners in Advertising)

Binet, Les & Field, Peter (2017) *Media in Focus: Marketing effectiveness in the digital era.* (report from Institute of Practitioners in Advertising)

Binet, Les & Field, Peter (2018) *Effectiveness in Context: A Manual for Brand Building.* (report from Institute of Practitioners in Advertising)

Cassidy, Fran (2017) *Culture First: How Marketing Effectiveness Works in Practice.* (report from Institute of Practitioners in Advertising)

Sharp, Byron (2010) *How brands grow.* (book)

Additional books also of interest on the effectiveness perspective:

Ariely, Dan (2008) *Predictably Irrational: The Hidden Forces That Shape Our Decisions.*

Barden, Phil P. (2013) *Decoded: The Science Behind Why We Buy.*

Binet, Les & Carter, Sarah (2018) *How not to Plan: 66 ways to screw it up.*

Feldwick, Paul (2015) *The Anatomy of Humbug: How to Think Differently About Advertising.*

Ferrier, Adam (2014) *The advertising effect.*

Heath, Robert (2012) *Seducing the Subconscious: The Psychology of Emotional Influence in Advertising.*

Hoffman, Bob (2018) *Laughing@Advertising.*

Kahneman, Daniel (2011) *Thinking, fast and slow.*

Kukral, Jim F. (2010) *Attention! This Book Will Make You Money: How to Use Attention-Getting Online Marketing to Increase Your Revenue.*

Lannon, Judie & Baskin, Merry (2007) *A Master Class in Brand Planning: The Timeless Works of Stephen King.*

Modig, Erik (2017) *Bang for the buck: kommunikation som skapar resultat.*

Rosengren, Sara & Sjödin, Henrik (2011) *Reklam: förståelse och förnyelse.*

Shotton, Richard (2018) *The Choice Factory: 25 behavioural biases that influence what we buy.*

Silver, Nate (2012) *The signal and the noise: why so many predictions fail – but some don't.*

Snijders, Wiemer (2018) *Eat Your Greens. Fact-based thinking to improve your brand's health.*

Sutherland, Max (2008) *Advertising and the Mind of the Consumer: What Works, What Doesn't, and Why.*

Söderlund, Magnus (2005) *Mätningar och mått: i marknadsundersökarens värld.*

Thaler, Richard H. (2008) *Nudge: Improving decisions about health, wealth, and happiness.*

Additional reports of interest on the effectiveness perspective:

Measurement Strategy – getting to best-in-class effectiveness (repport from Gain Theory https://www.gaintheory.com/wp-content/uploads/2018/10/Gain-Theory-Measurement-Strategy-White-Paper-2018.pdf).

Measurement Strategy in the Digital Era (repport from Effweek - Institute of Practitioners in Advertising, https://effworks.co.uk/green-paper-measurement-strategy-digital-era).

Profit Ability: the business case for advertising (repport from Ebiquity and Gain Theory, https://www.thinkbox.tv/Research/Thinkbox-research/Profit-Ability-the-business-case-for-advertising-Download-the-full-report).

Re-evaluating Media (repport from Ebiquity, https://www.radiocentre.org/re-evaluating-media/wp-content/uploads/2018/03/Ebiquity-Radiocentre-report-A4-web-singles-1.pdf).

System1 - Unlocking Profitable Growth (e-book from System1 Group, http://pages.system1group.com/s1g-book-v2).

Large-scale academic studies that have demonstrated how communication creates direct and indirect business effects:

Ataman, M. B., Van Heerde, H. J., & Mela, C. F. (2010). *The long-term effect of marketing strategy on brand sales.* Journal of Marketing Research, 47(5), 866–882.

de Vries, L., Gensler, S., & Leeflang, P. S. (2017). *Effects of traditional advertising and social messages on brand-building metrics and customer acquisition.* Journal of Marketing, 81(5), 1–15.

Edeling, A., & Fischer, M. (2016). *Marketing's impact on firm value: Generalizations from a meta-analysis.* Journal of Marketing Research, 53(4), 515–534.

Eisend, M., & Tarrahi, F. (2016). *The effectiveness of advertising: A meta-meta-analysis of advertising inputs and outcomes.* Journal of Advertising, 45(4), 519–531.

McAlister, L., Srinivasan, R., & Kim, M. (2007). *Advertising, research and development, and systematic risk of the firm.* Journal of Marketing, 71(1), 35–48.

Sethuraman, R., Tellis, G. J., & Briesch, R. A. (2011). *How well does advertising work? Generalizations from meta-analysis of brand advertising elasticities.* Journal of Marketing Research, 48(3), 457–471.

Spotts, H. E., Weinberger, M. G., & Weinberger, M. F. (2015). *How Publicity and Advertising Spending Affect Marketing and Company Performance: Print Media Publicity about Durable-Goods/ Services Brands Has a Stronger Impact than Advertising.* Journal of Advertising Research, 55(4), 416–432.