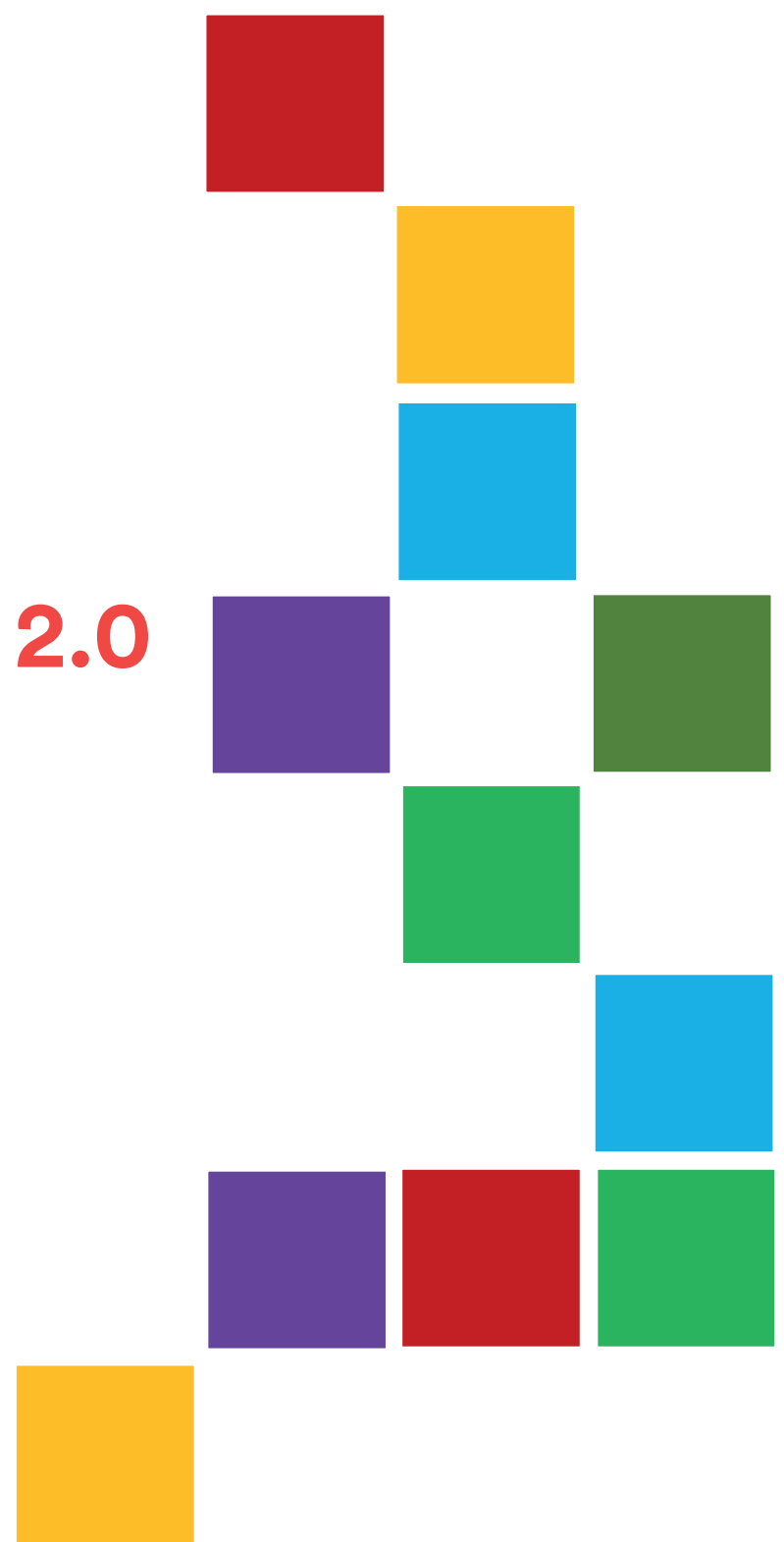




The Effectiveness System 2.0

A Swedish industry standard for measuring the effects of marketing communications

Sveriges
Annonssörer



Introduction

”What gets measured gets done” is a well-known saying. The need to measure and report the effects of marketing communication is constantly increasing, both to be able to show the value created and to create increased insights into how both communication and customers function. At the same time, we have an increasingly complex media world, with ever-expanding technological possibilities and new channels, which affects our ability to draw relevant conclusions and understand the context. Add to this the challenges of understanding how to influence how humans make decisions and what makes a person more positive towards a brand, more inclined to choose that particular brand the next time the person buys, and maybe even be prepared to pay a little more for that particular brand.

The idea of this guide is to help you understand how your marketing communication works and be able to demonstrate the value and opportunities that the activities create by measuring the right things, and in the right way.

There are hundreds of KPIs used to measure communication activities in different ways, and in addition, many of these have slightly different definitions of what they mean depending on who uses them. With the Effectiveness System, we wanted to create a common standard and a reference framework for the entire industry for measuring and reporting the effects of marketing communication. The entire industry – advertisers, media, communication agencies and research companies – has participated in the development of the Effectiveness System and is working together to educate users and implement the system on the market. The starting point has been to focus on the metrics that have the greatest relevance for presenting marketing communication effects in a business context. With this comes the objective of being able to have a good dialogue with both the management team in the company and with colleagues in the marketing department who may be specialized in a certain type of marketing communication.

By marketing communication, we mean all forms of communication activities an organization makes to support the business by influencing the knowledge, attitudes and/or behaviour of different target groups in a desired way. It does not matter if it is in bought, owned or earned channels, or if the purpose is to strengthen the brand, drive sales or influence opinion, as all of this is covered in our definition. The same applies to the target groups and audiences that the initiatives are aimed at: in addition to customers and potential customers, it covers everyone who in one way or another is relevant for a brand to develop its position in the market, such as influencers, opinion leaders, suppliers, distributors, government officials, media/journalists, “the public” and, not least important, existing and new employees. Some of the KPIs also partly relate to other parts of the marketing function, such as pricing, product and

distribution, but the focus of the Effectiveness System is to measure and report the importance of marketing communication.

The goal of the selected KPIs is to measure and report the effects of marketing communication. In this lies an important distinction between effect and efficiency. Effect/effectiveness is about developing business benefits in both the short and long term by getting more people to buy more from us now, and at the same time developing the brand so that more people want to buy from us in the future and also pay a little more for this. This is what the KPIs in this document focus on. Efficiency, on the other hand, is about how well we invest our resources and how well different media channels/activities deliver against the measured effects.



The KPIs are divided into six different areas

The numerical references in the text refer to the 36 prioritized KPIs and effect metrics that Sveriges Annonssörer recommend for each area – see the summary at the end of the document for more details on each KPI.

1. Media/investment

(5 KPIs). These are not formal measures of impact, but they provide the conditions for what impact the marketing communication activities can be expected to have. Since they thus mainly reflect investment levels and the spread of activities expected/have received, these goals are also related to efficiency, which can be seen as the relationship between the KPIs in this area and the KPIs in other areas.

2. Digital metrics

(5 KPIs). There are many digital KPIs in use today, but most of these are tactical/operational metrics for measuring the efficiency of specific activities/channels. The chosen metrics within this section are more general and focus on the effects created through a brand's digital presence.

3. Communication/campaign metrics

(7 KPIs). The seven KPIs in this area are the most important for measuring how well individual communication activities or campaigns work and how these contribute to developing the desired position in the market for a brand.

4. Brand metrics

Strong brands create increased opportunities for profitable sales development. The KPIs here help assess the strength of a brand and how this changes over time, and thus how business opportunities can be expected to develop.

5. Business metrics

(8 KPIs). The KPIs here show the link between marketing communication and the company's business goals.

6. Relationship metrics

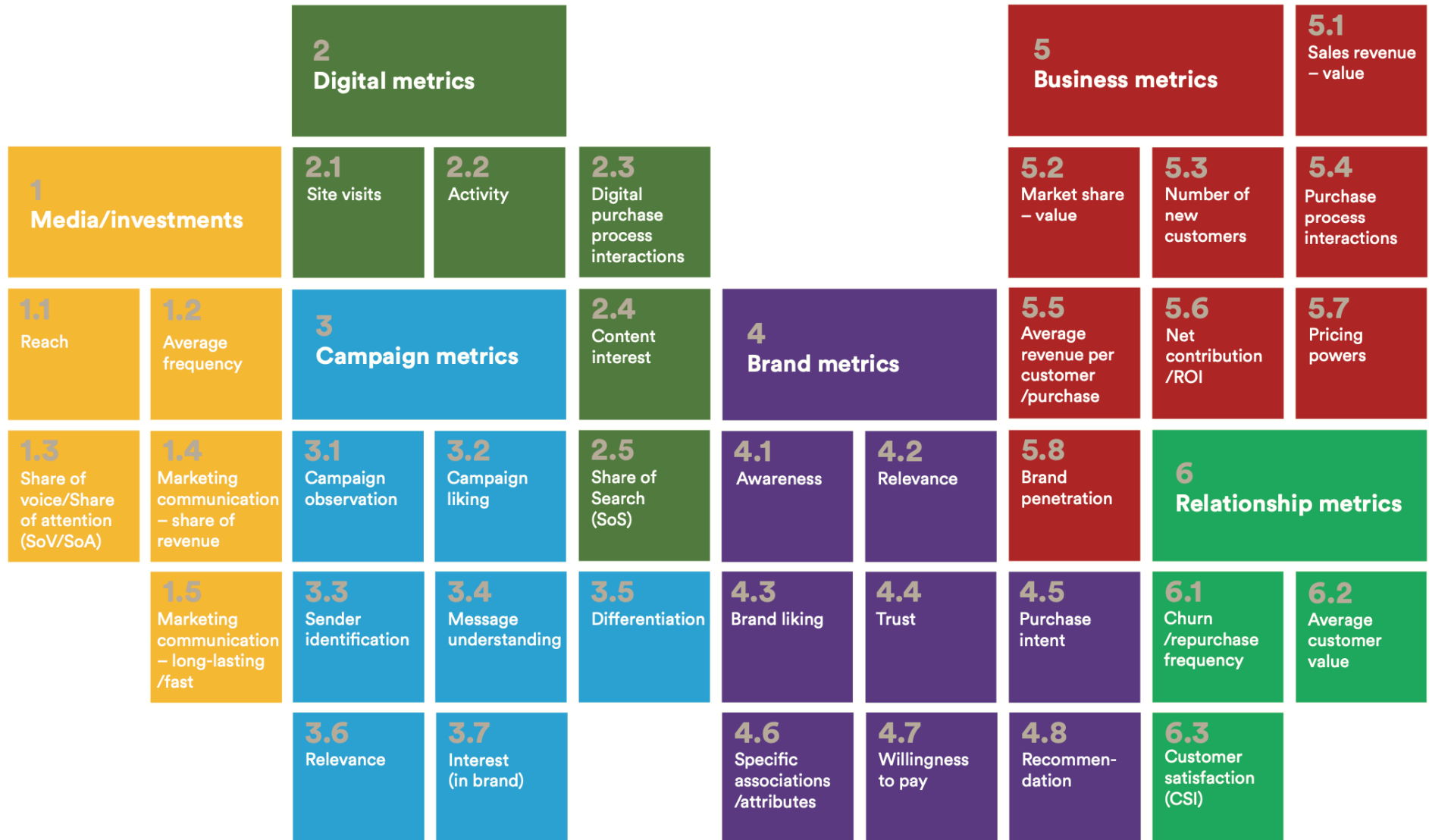
(3 KPIs). The relationship between customer and brand is affected by many other things than just marketing communication, but marketing communication can have a major impact on the outcome of these KPIs.

The recommendations are based on international studies of successful marketing communication, as well as on the significant practical experience of the committee that managed this project, consisting of both advertisers and experts in market research and analysis. Note that the 36 KPIs constitute the prioritized KPIs for analysing and evaluating marketing communication at an overall level. In addition to these KPIs, there are a large number of specific KPIs for tactical evaluation of different media channels and individual activities. The difference is that the 36 prioritized KPIs are metrics that everyone who works with marketing communication needs to know, understand and be able to discuss with their management team and colleagues outside the marketing department. The more specific KPIs for individual media channels and activities are, by their nature, much more specialist knowledge for each function, and not something that colleagues in other fields should be expected to be familiar with.



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Collection of metrics



A guide from Sveriges Annonsörer/ the Association of Swedish Advertisers

Questions?

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