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Advertising and public relations efficiency measurement and control

Performance achieved by advertising directly and by PR indirectly could be seen as "the communication power" which can be clearly attributable to this communication tools. Through this communication effect in conjunction with other policy instruments could be achieved the planned sales (market share, profit), because the ultimate goal is, of course, the economic effect. As the sales is achieved by the combination of all tools of communication mix, the finding of advertising and PR efficiency in terms of increasing sales from above mentioned reason is very difficult. The paper points at the possibility of application the measurement methods of the non-economic as well as the economic efficiency of advertising and PR.

Introduction

In the economic practice are the tools of the communication policy used to reach the target and at the final point to attract the attention of customers to buy the product. Advertisement should inform and influence those, which favor applies for and support their purchase decision. The role of public relations (PR) is to create and maintain the relationships with relevant segments of society in order to create a goodwill and reputation of the enterprise. Advertising and public relations costs belong to the important items of marketing costs in the practice of the enterprises. It is a natural need of each enterprise to identify the effectiveness and efficiency of the expended costs. It fully applies to the cost of advertising, although quantification of this task is difficult.

Advertising

Advertising is part of our social and economic system. Within the economic system, advertising has evolved into a communication system for both consumers and enterprises. The ability of publicity in addressing the prepared messages to the target groups through the advertising and other promotion methods assigns its important role in the marketing programs of most enterprises. Enterprises are actively oriented to promote their products and services on the market. Consumers have learned to rely on advertising and its forms with respect for information that could be used in their purchase decisions.

The increase in advertising expenditure reflects the fact that marketers recognize the value and importance of advertising.

Advertising is essentially impersonal and indirect form of market communication, whose role is to support the identified market offer in order to obtain and then also to accept the purchase of as many customers as possible.¹

Advertising is essentially aimed at maximum efficiency. Decisions about advertising should be directed to make its efficiency even stronger, deeper and broader. All measures from the advertisement planning to its implementation must include an element of efficiency. Efficiency is considered to be the dominant principle of all advertisements. And to efficiency are subordinated all matters related to the choice of advertising carriers, advertising resources, deployment time and released funds for advertising².

Public Relations

Public relations constitutes the creation of planned and systematic relationship between enterprises and the external and internal public, in order to obtain understanding and confidence. When communicating with the public it is an important two-way flow of information and feedback.³

Modern PR is the bidirectional communication, often the dialogue influencing the public opinion and attitudes, because of its strategic objective in the positive change of the audience behavior. The feedback is needed for evaluation of the communication effectiveness and its potential for tuning in the next process. The basic tactics of PR should inform and persuade the public, as well as improve the relationships and shape the behavior of the public through the targeted communication and by disseminating the targeted information. Long-term strategic goals of PR are understanding, harmony of interests and favorable image of enterprise in the public perception.

In the practical activities, PR is essentially about two basic things:

- activities that create trust,
- and the care about contacts with certain relevant groups of society.⁴

In order to gain the trust of the public, the enterprise has to be credible. When the enterprise thanks to well kept and understood PR enjoys the public trust, the this will be reflected not only in understanding and success on the market, but also when the problems and difficulties penetrate to the public. Taking care of understanding and maintaining the public trust is a permanent role. The principle of continuity, constant and sustained efforts is crucial. Understanding and trust is need to be verified, reproduced and treated every day.⁵

¹ JEDLIČKA, M. : Propagačná komunikácia podniku, 2000

² KRETTNER, A. a kol.: Marketing, 2010

³ MATUŠ, J. : Interakcia externej a internej komunikácie, 2009

⁴ HES, A a kol.: Chváni spotrebiteľa pri nákupe potravín, 2008

⁵ KÁDEKOVÁ, Z.: PR a ich dôležitosť pre úspech spoločnosti na trhu, 2009

Efficiency of Advertising and PR

Monitoring the efficiency of advertising and public relations is a specific problem of business costs efficiency control. This finding is based on that fact that efficiency of advertising and PR is based on a comparison between the desired effect and the actual effect.

This creates a close link between setting the goals and efficiency control, which compares the performance achieved by communication measures with given aims. In doing so, advertising goals are fundamentally communicative goals and can not be formulated as the direct economic objectives. It follows that efficiency control of advertising and PR should be oriented primarily to measure the microeconomic effects.

Detection of Non-economic Efficiency of Advertising and PR

The non-economic efficiency of advertising and PR is dealing with psychological categories, which appear in the target group in the form of a hierarchy effect after purchasing the product. Influence of PR and advertising on the target group should step by step led to know the producers and their products and in the final phase also to purchase these products. The best known is model of activity is AIDA (Attention-Interest-Desire-Action). PR and advertising should achieve that the target group will be prompted for a decision, respectively action.

As reflected in the phases of the psychological stage models, the non-economic effects of advertising and PR are measured on the basis of categories of action - the degree of knowledge, value of recollection, value of recognition and image.

Degree of recognition of the company and the brand is measured by questioning, which is determined with help or without it. Recognition of the brands without help is known as an active degree of recognition. The recognition of the brands with help means submitting a list of brand names. In practice is preferred the recognition without any help.

➤ *Recognition Test*

Recognition test is realized in a very simple way by using the test workbook, which will be presented to the tested person. Subsequently, the workbook will be rebrowsed again and found out if the tested person recognised the ads or not and what features of ads are remembered the best. However the recognition tests are not the final measure of advertising efficiency. In fact, recognition is very easy to achieve by using attention-getting devices like catchy visuals, unusual headlines, bizarre or odd shapes, flashy and vivid color etc. and recognition alone does not ensure purchase by consumers.

Although the recognition test is widespread in practice, the results must be interpreted with caution, because the values do not show whether the effect is possitive or negative.

➤ *Recall Test*

Recall test is a kind of a memory test that attempts to measure the impression or penetration made by an advertisement on the readers or viewers mind. It evaluates the

memo ability ads an advertisement by contacting audience members and asking them what they remember about it. As a test of memory, recall is more demanding and difficult than recognition. Various recall tests differ in the subject matter they deal with and the aid-to-memory they provide. Some deal with print ads while others deal with broadcast ads. Some recall tests use aids to help audience members to remember while others do not use such aids.

➤ *Image analysis*

Image analysis can detect the emotional strength and motivation effects of advertising and PR. Obtaining testimony on how the customer sees the manufacturer and consequently the product may stimulate and create the preference. Terms that could be used in research of image are: reputation, credibility, reliability, responsibility, and further in response to it are also words that suggest perception of communication announcement, its style and perceptions of users (eg. advertising was alive, boring , attractive, normal, interesting, nice, semantically empty, serious etc.).

➤ *Efficiency of PR campaigns*

Efficiency of PR campaigns can be measured only if they there are set measurable objectives. This means mainly short-term or long-term awareness building, change of opinions and attitude to the company, which has to be measured in the target group.

Results of PR can be based on three performance indicators: inputs, outputs and indicators of success:

- *Variable inputs*: measured PR activities, such as number of interviews, number of business meetings etc.
- *Variable outputs*: PR results measured in terms of media coverage and publicity.
- *Indicator of success*: measures the extent of achievement of predetermined objectives in relation to target group. This procedure is very similar to measuring advertising efficiency. Examples of measurement are: the proportion of the reached target audience, changes in knowledge and awareness, changes in opinions and attitudes, the development of image and reputation, the extent of changes in behavior.

Detection of Economic Efficiency of Advertising and PR

As regards the economic efficiency of advertising and PR, this could be expressed by the sales which is the volume of funds received from the sold products. Marketing and sales differ greatly, but have the same goal. Marketing improves the selling environment and plays a very important role in sales. If the marketing department generates a list of potential customers, that can benefit sales. A marketing department in an organization has the goal increasing the number of interactions between potential customers and the organization. Achieving this goal may involve the sales team using promotional techniques such as advertising, sales promotion, publicity, and public relations, creating new sales channels, or creating new products (new product development), among other things.

In quantifying the effect of advertising on the sales of the product acts the role the internal and an external insulation problems. Internal insulation problems stem from the fact that sales is a result of the combined influence of all marketing mix tools. Accurate determination of the sales, which was reached only by implementing advertising and PR is impossible.

There exist also the external insulation problems, caused by changes in fashion, changes in demand, behavior of competition, etc. Accurate determination of the effect of advertising on sales is also impossible for the above mentioned reasons.

The exposure time of advertising and PR can not be clearly determined. The duration of advertising action is not identical with the time of deployment according to its plan of spreading. In practice, ad permorms relatively long, while the durations of the various advertising media (advertisements, TV commercials, poster) vary when compared with each other. The situation is similar in the case of PR activity exposure time, which is a tool for long-term influence and on the exact measurement of its efficiency pertains deeper problems than in the advertising efficiency measurement. PR efficiency is not measurable.

In the enterprise which has wide range of products, while the advertisement is made just for one particular product, it is important to investigate the effects of advertising not only on the sales of this product, but also to other products of the company. Effect on other products is manifested mainly in the substitution and complementary relationship. In the substitution relation the advertising affects the sales of non advertised product in the negative way, while the complementary connection has a positive effect on sales of advertised and non advertised products as well. But even if there is no substitution or complementary links between advertised and non advertised products, there may be the impact on other parts of the range. It can be assumed that advertising on a single product creates a general "goodwill effect". Quantification of these effects is difficult.

As methods of measuring the advertising efficiency on sales may be used the method of direct interview or the test method of the regional sales. Their results are only approximate quantification of the level of real findings.

In direct interviews are buyers of the advertised goods asked whether their purchase is stimulated by the appropriate advertising, or whether they buy the product for other reasons. However, in the answers may arise the problems because some buyers are not willing to give the real motives of purchase and may not admit that they have purchased the product because they have seen the advertising on the product. The buyers will then deny the ads as the reason for the purchase and instead will look for the other reasons, those that seem more rational and ensure them more prestige.

The companies that sell their products through "written way" can used relatively easy and inexpensive method of control of advertisement efficiency: an order with regard to advertising. Those assumptions are met particularly in the catalog business. Here could be found out the effects of efficiency of advertisements without higher costs on control. The advertising means (advertisements, promotional letters, etc.) are fitted with ordering coupon. For a catalog advertising the coupons are replaced by the number of products. Similarly it is in the sale through the internet. When analyzing the advertising efficiency in the regional sale, attention should be paid to the two or even more regions with the equivalent market structure. The advertising efficiency on

the sales can be find out from the difference between the sales on the test market, where we have used advertising and the sales on the control market where we have used no ads. An important element to identify the structure of the markets is mainly that the situation in demand, competitive behavior and the use of marketing tools (other than advertising) is identical.

In theory of monitoring the economic efficiency of PR and advertising on the revenue growth are developed some methods based on the mathematical knowledge. Even when using some of these algorithms, we must take into consideration the fact that the increase in sales is not the result of promption as well as the wide range of other internal and extrenal factors that enterprises can not directly measure. And therefore this mathematical calculation can be regarded as indicative.

Conclusion

Measuring and monitoring the efficiency of advertising and PR is difficult and multidimensional role, which results can not be exactly determined. Searching the methods for the most accurate answering on the given question is the actual role in the area of the theory of marketing tools efficiency quantification. This is the task which further development would be welcomed in the enterprises' practice, because the advertising costs represent a significant item in the total cost of the product. Methods applied to measure the efficiency of PR and advertising provide the information for the corporate management for decisions making and also for evaluating this decisions.

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Summary

Public relations and advertising are important tools of marketing activities in meeting the business objectives, contributing the building of reputation and image of the enterprise and the customer's awareness about the products. PR and advertising help to

activate the customer's interest in buying the product. Implementation of advertising and PR is a cost item for the enterprise. The amount of funds entered into advertising and PR is based on a comparison between actual and desired effect. Monitoring the efficiency of advertising and PR should be oriented primarily on measuring of microeconomic effects. Through this communicative effects in conjunction with other tools of marketing mix can be measured impact on sales (though not exactly) because the ultimate goal is obviously the economic impact of business activities.

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