The Effectiveness System 2.0

A Swedish industry standard for measuring the effects of marketing communications

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Content

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. are 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 Annonsörer 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.

The content is divided into six sections:

1) Why do we do marketing communications?

An introductory section on the role marketing communications plays in a company's development and profitability, and which KPIs help demonstrate this.

2) How much marketing communication should we do?

If we can see that marketing communication creates value, how much value can we create? What are the options for calculating this? This section covers KPIs and effectiveness metrics that help put communication in a commercial context.

3) How well does our marketing communication work?

Are we reaching the people we want to target? Are they influenced by our communications in the way we want? Do we get value for money, i.e. can we recoup the costs? What do we need to do better/differently to improve the results of our activities? This section deals with the questions that are perhaps most frequently asked when it comes to marketing communication and its effects.

4) Situation-dependent priorities.

Not all KPIs and effectiveness metrics are equally relevant for all companies. There are often big differences between, for example, being a market leader vs being a small challenger, between mature markets and those that are growing rapidly, or between B2B and B2C. This section contains a guide on which KPIs to prioritize depending on the situation your brand is in.

5) Recommendations for higher effect.

The *100-wattaren* competition rewards communication that creates demonstrable effect. By analysing the cases entered into the competition in the last years, we can see some general principles that increase the possibility of creating the desired marketing communication effects. The recommendations here are fully in line with the conclusions of similar analyses and reports in other countries.

6) Definitions for the 36 prioritized performance indicators.

Each key performance indicator is defined based on five key dimensions:

a. Name – what is the KPI called?
b. Definition – what does the KPI measure?
c. Metrics – what result does the KPI show?
d. Source/survey question – how do you get the KPI?
e. Management language – how is the KPI described in a way that relates to the company's operations and goals?

For those who work with marketing communication, sections 3), 4) and 5) might look like the ones that may seem most important, as these cover how well marketing communication works and which metrics and KPIs are most relevant based on the company's specific situation and needs. But for those who do not have marketing communication as their area of expertise, sections 1) and 2) are probably more important, especially when it comes to making decisions about the marketing communications budget.

In almost every company, the chances of successful marketing communications increase when this is anchored in the management team, and therefore these two sections come first in the text. Before you can discuss *what* marketing activities to focus on, you need to agree on *why* they matter and *how much* activity and investment they merit if they are to achieve the defined business and marketing goals. If we want marketing communication to get both management's attention and their understanding, all of us who work in this field must be able to discuss and argue our case in the same way as other issues in the company are discussed.

1 Why do we do marketing communications?

A) Prioritized KPIs

The most common answer to the question of why a company invests in marketing communication is usually that it wants to sell more. **Sales revenue (5.1)** – and above all increasing it – is therefore an obvious measure in any company. But to only look at one's revenue development without comparing this with the rest of the market is too narrow an approach. A more important measure, not least in rapidly growing markets, is to see **market share (5.2)** as the priority measure for measuring sales development. *Long-term sustainable profitable growth* is usually a strategic goal for most companies. One criterion for this is to grow faster than the total market, i.e. to increase its market share, and therefore this should be the most important measure of sales in a company.

At the same time, it should be borne in mind that the most important task of marketing communication is often to preserve the status quo. In particular, this applies to larger players in more mature markets, but not only there. When plenty of hungry challengers want to enter the market, the first task of marketing communication is to act as a defence mechanism rather than trying to grow additional market share. *Maintaining market share* is thus the first and most important goal of marketing communication for many companies, although this objective is rarely as explicit as various growth targets.

But a company's most important business goal should be to create profit, not just increased revenue, and therefore marketing communication should also have this as a prioritized goal. One way to see this is to define the primary task of marketing communication as *increasing the perceived value* of what the company/brand offers, and thereby stimulating both sales and gross margin improvement. An important measure of this is to follow both the perceived **willingness to pay (4.7)** of intended customers and the actual **pricing power(5.7)**, i.e. how customers' willingness to pay evolves and how the prices of what the company/brand offers develop in relation to the market in general. For many, this should be the most important overall goal for measuring how successful a company's marketing and communication is. The combination of market share and price development thus becomes a simple but clear summary of how well marketing communication and sales work together to develop the company's business in a profitable way.

B) Deep-dive – how marketing communication develops sales

Att öka försäljningen och ta marknadsandelar kan ske på flera olika sätt. Enkelt uttryckt finns det tre olika komponenter som kan utvecklas, både var för sig och i kombination. Dessa tre komponenter är 1) att få fler kunder; 2) att få kunderna att köpa oftare; och 3) att få kunderna att betala mer när de köper. För den som vill gå lite djupare när det gäller nyckeltal och effektmått i diskussionen med såväl företagsledningen som med kollegorna inom marknadsavdelningen blir därmed dessa frågor viktiga att belysa:

- **To get more customers.** There is a natural development chain for increasing revenue this way: to get more **new buying customers (5.3)** and thus increase the overall **brand penetration (5.8)**, i.e. everyone who bought the brand during a certain period, marketing communication must help increase the sales potential of what the brand offers. Regardless of how the sales process looks, whether it is direct to the buying customer or indirect through distributors/resellers, there is a natural progression between being aware of a brand, viewing it as a possible choice and actually buying it.

This means that if you want to get more customers, more people need to **be aware that the brand exists (4.1)** and **consider buying/choosing it (4.5)** when they need the products/services offered. To create that kind of *increased sales potential* – which is a concept that is often easier to understand for people outside the marketing department than terms like ”brand awareness” and ”brand consideration” – we also need **to reach enough people (1.1)** with our communication to be successful. The more people we reach and the more people who know about us and will consider buying from us, the greater the **interest** in us and our products/services **on our site (2.1 to 2.4)** and in searching for our brand, i.e. **Share of Search (2.5)**. For many brands and categories, several steps in the customers' buying process exist that are not digital, and then it becomes important to measure how these **sales contacts (5.4)** develop, regardless of whether the KPI is about, for example, increasing the number of store visits or generating more sales meetings, depending on what is most relevant to measure for the company and the current buying process.

- **To get customers to buy more often.** It is difficult to create needs that do not exist, so this component is about getting customers to **increase the repurchase rate (6.1)** by getting them to buy our brand rather than competitor brands the next time they purchase. At the same time, research shows that customer loyalty is dependent on the brand's **market share (5.2)** and **penetration (5.8)**, according to what is called *the double jeopardy law*. The law implies that being a small brand carries two risks: the brand has fewer customers than large brands, and in addition, the customers you have are less loyal/have a lower repurchase rate than for large brands. The reason for the latter is that a large proportion of buyers tend to consist of infrequent buyers with limited knowledge of different players in the market. This gives big brands an advantage, as the chance that the infrequent buyer knows about a big brand is greater. In addition, big brands are also easier to buy as they tend to have broader distribution.

In other words, it is difficult in practice to increase purchase frequency and loyalty in isolation, without aquiring more customers. One should therefore see frequency/loyalty metrics as part of the evaluation of the previous goal, i.e. getting more customers is also a way to increase the repurchase rate. For products/services sold as different forms of subscription services, the corresponding measure will be to get these customers to stay in their subscription as long as possible, i.e. to have a low churn. An additional component of subscription sales is the possibility of additional sales to the existing customer base, i.e. that customers **spend more (5.5)** on each payment. Together, these changes also mean that each customer represents a **higher total value (6.2)**.

Just like in the previous section, we can also create a development chain that shows how marketing communication creates value in several stages, where increased penetration is the first step. If we want customers to shop more often from us, it is an advantage if we can make them like what we offer a little more and thus become even more **satisfied (6.3)** and **recommend us to others (4.8)** to a greater extent. If we want to develop this and become more relevant to customers' purchasing decisions more often, we also need to influence **how they perceive us (4.2, 4.3, 4.4 and 4.6)**, so that we site higher in the customers' priority list when they choose between different options.

A further dimension in this development is to broaden the category references, i.e. to be perceived as relevant for customers in more categories and thus be able to sell a broader range. One way to measure this is to make the categories narrower but more numerous, and/or to focus more on *situational awareness* (salience) when measuring **brand awareness (4.1)** and **purchase consideration (4.5)** so that it is easier to see where the brand can develop its attractiveness.

- **To get customers to pay more.** This part of the equation has (at least) two different components: that customers should buy more, i.e. **spend more (5.5)** when they buy from us, and that they should be less driven by discounts/be less price sensitive, i.e. how our **pricing power (5.7)** evolves. Together, this increases each **customer's economic value (6.2)**. This development chain, and how marketing communication contributes, is very similar to the previous one, i.e. to get more **satisfied customers (6.3)** who **come back as repeat customers (6.1)** because we represent **qualities that customers appreciate (4.2, 4.3, 4.4, and 4.6)** and thus both **buy a little more often (5.5)** and are **willing to pay a little more (5.7)** for this.

2 How much marketing communication do we need to do?

A) Prioritized KPIs

A theoretical answer to the question in the headline is ”enough to achieve the set goals, but no more”, but it is rarely that simple in practice. And there is no ready-made easy model for calculating exactly the relevant or recommended levels, because generally the answer is ”it depends”. But at least section 4 of this publication gives some guidance on this.

A starting point is to see market communication relative to the market as a whole and to the company's own goals and conditions. Looking only at the company's own investment should be avoided, as the effect one can expect will always be dependent on how much communication competitors are doing. The most basic metric is thus about comparing your brand's investments in (or expenses for, depending on the approach) marketing communication to your competitors' investments/expenses, i.e. **share of voice, SoV (1.3)**. Note that SoV is normally calculated on gross investment and not based on what each advertiser actually pays for the media space. A simple and well-documented principle is that if you want to grow your market share, your activities should have a higher share of the total investments (i.e. higher SoV) than your market share.

An increasing challenge for SoV, however, is which media are measured. Historically, there has been comprehensive SoV data for media such as TV, print, radio, outdoor and direct mail. But when it comes to digital channels, the data has been much more limited, although research companies are working to improve this. Today, with digital channels representing around 2/3 of all media investments, it is becoming increasingly difficult to get a clear picture of a brand's total SoV level. Still, with all its caveats, SoV is a fundamental KPI to look at, and even an educated estimation can be of great value when setting expectations for what effects the communication can achieve.

An alternative/complement to SoV can often be to see how searches on your brand on search engines such as Google develop compared to searches for competitor brands in the category, i.e. the metric called **share of search, SoS (2.5)**. If SoV focuses on the activity, SoS instead provides a picture of the outcome.

It is important to note that SoV as a KPI only measures the quantity of communication and not the quality. There is plenty of evidence to show that creativity and craftsmanship significantly increase the effectiveness of communication, i.e. when the communication is of high quality, the quantity of media bought can be reduced but still create the same effect. Recent research studies, including eye-tracking studies, show that the choice of media channels and platforms can also significantly impact how much attention a piece of communication receives.

A useful complement to SoV, i.e. measuring the volume and share of investments, is therefore to measure the volume and share of the recipients' actual contact with the communication units, i.e. the metric called **share of attention, SoA (1.3)**. With SoA, we focus on how many people that actually watched (or listened to for audio) the brand's communication, and for how long, compared to the corresponding figures for competitors.

The second relationship is about the internal conditions. What **percentage of sales revenue (1.4)** does the marketing communications budget represent? Has this proportion increased or decreased over time? Have investments in, for example, product development or support for partners and distributors/retailers, and the proportion of revenues that these activities represent, developed correspondingly, or what differences are there? It is also valuable to benchmark the marketing communication budget:sales revenue ratio against competitors or general industry benchmarks (the latter can often be found online).

Calculating the proportion of marketing communication vs sales revenue should of course be something that can be done easily with the information available in the company's financial system. However, it is much less common to split the marketing communication activities into two separate budgets. One budget for activities that primarily aim to create more long-lasting effects, i.e. develop the market position and make the brand more interesting/relevant to more potential customers over time. And a second budget for activities that primarily aim to capitalize on existing awareness and create much more immediate effects in the form of, for example, store visits, sales meetings, quotation requests and sales revenue in the near future. However, even if it is not so commonly used (yet), understanding the relationship between **marketing communication activities that focus on long-term effects and those that focus on fast effects (1.5)** is an important factor for assessing how much marketing communication is needed in total. The relationship between investments in marketing communication and the effects created is not only about how much is invested, but also about having the right focus and balance in marketing communication, i.e. how the budget is distributed.

B) Deep-dive – long-lasting vs fast

When Les Binet and Peter Field first published *”The Long and the Short of It”* in the UK in 2013, an important distinction was also made between long-lasting and fast marketing communication effects. Initially, the terms *long-term* and *short-term effects* were used, but these words risk being misinterpreted. Many people mistakenly perceive long-term as meaning that there are no effects at the beginning and that almost all effects will occur at some point in the future. In reality, successful long-term efforts also create short-term effects. In addition, many see long-term effects as being that these are only about developing awareness and attitudes towards the brand, i.e. that no effects are created on sales or market penetration. Instead, we have chosen to label the dichotomy as *long-lasting vs fast*, which is also in line with how Binet and Field reason today.

The implication is that initiatives that focus on *long-lasting effects* primarily aim to grow revenue and profitability over time by strengthening the brand and sales potential, which in turn will result in revenue growth and margin improvement. Initiatives that prioritize quick effects primarily aim to influence/convert people who are in a more active buying mode so that they select the right brand. However, there is no watertight distinction between what should be seen as long-lasting vs fast effects, or how to classify different kinds of marketing communication activities. Instead, it is often better to let the division be based on ”What is the purpose of the communication activity and when will it be measured and evaluated?”. A common time reference for the split is 6 months, which means that long-lasting effects are measured on a longer time scale than 6 months and fast effects on less than that. The parameters below provide further guidance in separating the two focus areas.

Marketing communication for long-lasting effects	Marketing communication for fast effects
The focus is on goals that are at least 6 months ahead, but can be much longer	The focus is on goals that are less than 6 months ahead, but can often be significantly shorter
Often also create fast effects, but these are smaller than the long-lasting effects.	Will seldom create long-lasting effects beyond 6 months.
Focus on developing brand awareness and brand associations in the target audience – so that this can influence their purchase behaviour at a later stage	Focus on influencing behaviour, i.e. getting the target group to act now/soon
Want to influence all potential buyers, irrespective of when they are likely to buy	Want to create conversion/activity among those who are in the market and have a need now/soon
Create conditions for long-term, profitable growth in line with the business's strategic goals	Create conditions for near-term sales boost in line with the business's sales/revenue targets
Focus on metrics such as awareness, consideration, preference, loyalty, recommendation and willingness to pay	Focus on metrics such as test/sample, visit, buy, register, increase revenue (total/per customer/per purchase), "upsell" and new customers
Usually more emotional communication activities that aim to increase the potential customer base by increasing liking and positive associations	Usually more rational communication that wants to stimulate action/activity and support the feeling of having made a good choice
Increase potential buyers' perceived value of what the brand offers	Convert the perceived value of what the brand offers into sales revenue

Table 1: Differences that impact whether a communication activity should be seen as something that focuses on long-lasting effects (builds brand and sales/profits over time) or fast (stimulates those who are already in the market to choose a particular brand).

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C) Deep-dive – what value does our marketing communication create?

An important issue for anyone in marketing communications is the ability to calculate some form of return on the communication activities, i.e. what is the relationship between what we do and the pay-back we get in the form of increased sales and profit? Calculating correctly and fairly how marketing communications adds value is a much more complicated equation than the mathematical formula suggests. To begin with, there are some key definitions to consider:
- What revenue should be included in the calculation?
- What costs should be included in the calculation?
- What time period should be used, i.e. what lag effects (i.e. that the effects continue for some time after the activities end) should we expect?

But perhaps even more important than the definition issues above are the two principles that the value created by marketing communication should be calculated on the increase in net contribution, i.e. that it is about

- **Gross margin, not revenue.** A common goal of marketing communication is to increase sales. But with increased sales also comes increased costs, as there are costs associated with manufacturing products or delivering a service. In addition, a common way to increase sales is to include some form of promotional offer such as a discount or incentive. Thus, we need to include both pricing and the cost of what we sell when calculating the value that marketing communication has created, and not just look at the total sales value.
- **The incremental value, not the absolute level.** Most brands have some form of base-level sales, i.e. sales that occur because the brand is already present in the market and has customers, distribution channels, etc. and not because of any specific sales or communication activity. Much of the revenue created, and the corresponding gross margin, would thus be created even without any communication activities. Conversely, this means that if we are to calculate the value that the communication adds, we need to look at the increase in gross margin, not the entire value. Another way of describing what we want to show is ”What incremental contribution/how much more gross margin have we created with the communication compared to if we had not done these?”.

We can then use these definitions to calculate two different values, **net contribution** and **ROI, Return on Investment (5.6)**. The concepts are closely connected:

- **Net contribution** is calculated as the value created minus the cost of creating the value, i.e. the net contribution is the gross margin (sales revenue minus costs for products/services) minus the cost of the communication activities.
- **ROI** is calculated as the net contribution divided by the costs of the communication activities.

C.1) Effect/effectiveness or efficiency?

From the definitions above, it follows that net contribution is an *effectiveness metric* while ROI should be seen as an *efficiency metric*. Another consequence of this is that net contribution measures and rewards *total value generated*, i.e. as long as the gross margin is positive, it makes sense to continue with the activities and perhaps do even more. The margin delivered on each additional invested krona may decrease, but as long as the margin is positive it is economically sensible to continue with the activity as the total gross margin increases. The opposite is true for ROI, as this metric rewards *the relative relationship*. This means that strictly mathematically, the ROI metric tends to reward doing as little as possible and only focusing on the areas or customers where you get the highest outcome. The efficiency will be high, but the value created for the company will be lower than if you prioritize margin supplements.

Thus, there are challenges with the ROI concept. For those who want to see a return metric, i.e. ”Return on X”, it may be wise to consider *ROCE* (Return on Capital Employed) as an alternative/complement to ROI. The difference between ROI and ROCE is that ROI focuses on the cost of the activity while ROCE focuses on how the activity impacts the company’s working capital and the relationship between these two. Thus, a change in communication activity has a significantly greater impact on the ROI measure than on ROCE. One (simplified) way to see that difference is to say that ROI sees marketing communication as a cost while ROCE sees it as an investment. However, both share the problem of defining the terms on the equation based on what revenues and costs should be included and over which time should the calculation be made.

The difference becomes even clearer if you make operational comparisons. Let's rank all new customers based on the gross margin they represent and the marketing communication costs needed to get them to buy. We also make it a little easy for us and assume that no new customers would have bought from us if we had not done any activities. To calculate ROI and rank the customers we look at the ratio between gross margin and marketing communications. For each additional customer in the list, the total ROI level will decrease because each customer added to the calculation represents a slightly lower ROI (higher cost relative to gross margin). The risk of sub-optimisation and focusing on the low-hanging fruits is obvious, which does not benefit the long-term development of sales and profit.

To calculate ROCE, the ranking is instead based on each customer's gross margin in actual funds. Each additional customer will increase the total gross margin, and thus the ROCE ratio, until the cost of acquiring an additional customer equals or exceeds the gross margin that the customer represents. ROCE is thus a KPI that rewards a broader marketing focus. For those who want a "return metric", *Return on X*, as a complement to the KPI net contribution, ROCE thus in many ways represents a more relevant KPI than ROI. At the same time, ROI is such a well-established concept that it would be difficult not to include this as a prioritized KPI in this type of compilation.

ROAS (Return on Advertising Spend) is another KPI that is sometimes used. The most common formula for calculating ROAS is ”sales revenue divided by ad campaign costs". Thus, this calculation does not take into account the profitability or contribution margin of the activity but only looks at the revenue. It is therefore at the same time both the simplest return-on-activity calculation and the least relevant for calculating the contribution of marketing communication to the company's profits. Since the value in the ROAS metric is both questionable and can easily be misinterpreted, ROAS should be avoided as an endpoint.

The table on the next page shows the difference in outcome if you evaluate based on effectiveness or efficiency, i.e. if you prioritize ROCE or ROI/ROAS as KPIs. In the calculations in the table, all customers/sales are assumed to be a net addition and all customers are assumed to be equal/buy for the same amount. In the efficiency case, the focus is on being as accurate as possible and primarily communicating with those who can be identified as being in the market, while in the effectiveness case, the focus is on reaching as many potential buyers as possible. The conversion percentage is thus higher if the focus is on ROI, while the total revenue is higher when the focus is on ROCE. The ”best" outcome for each KPI is highlighted in green in the table.

	Efficiency	Effectiveness
Focus	ROI	Net contribution (ROCE)
Strategy	Focused – reach the "right" audience	Broad – reach many
Range	100 ("targeting")	**1,000 ("shotgun")**
Conversion - units	10	**50**
Conversion %	**10%**	5%
Revenue (50 SEK/each)	500	**2 500**
Gross margin (60%)	300	**1 500**
Cost per contact (1 SEK/each)	**100**	1 000
Net contribution	200	**500**
ROI	**2 (=200/100)**	0,5 (=500/1000)
ROCE	200/CE	**500/CE**
ROAS	**5 (=500/100)**	2,5 (=2500/1000)

Table 2: Different "best" outcomes depending on the strategy and evaluation metrics chosen. Focusing on effectiveness (net contribution/ROCE) provides higher revenue and gross margin than focusing on ROI (efficiency) or ROAS.

C.2) Attribution vs Econometrics

An additional complication when calculating the value created by different communication activities lies in what is called *attribution modelling*, i.e. trying to calculate how much an individual channel or activity has contributed to the desired outcome and thus distribute (attribute) the result between activities based on how much each individual activity has contributed. The more we try to break down the contribution in detail, i.e. questions like ”How much does this particular channel or activity add to the total result?”, the more difficult it becomes to make a fair analysis. A common mistake is that the outcome is distributed based on which channel or activity that led the customer to the purchase (or other desired outcome, such as booking a meeting). But the fact that something is the *last link in a chain* of activities that have led to the desired effect rarely means that that particular link has created the *entire* effect. Often there is a much more complicated correlation where different activities and channels interact over time and reinforce the effect of each other in multiple stages and combinations.

An alternative to attribution modelling is instead to work with *Marketing Mix Modelling (MMM)*, a method where you compare the time series data for a large number of variables and see how changes in these variables correlate with the desired outcome, the dependent variable, such as sales, number of new customers or store visits. An MMM analysis includes both own parameters such as communication activities in different media channels, price and distribution levels, and external factors such as weather, macro economic indicators and competitor activities. This gives you a greater perspective in the analysis than in attribution modelling, as a large number of variables and their dependencies are evaluated. Performed correctly, it can also bring to light and prove the long-term effects of communication that are difficult to see with other methods. To do so, the model need to take mathematical consideration to long-term effects, and preferably analyse both sales lifts and baseline sales. It is also important to secure that the results reflects causal relationships rather than correations. The fact that increased communication activity correlates with, for example, more store visits does not automatically mean that we can say that it is the communication activity that caused the increase in in-store visits.

Another problem with overly detailed analysis is that there are often differences in the type and amount of data available for different activities in different channels. There is a risk that more granular data is rated as more important for the outcome and that more analytical effort is devoted to these data sets, instead of focusing on understanding the total outcome and the variables influencing this, i.e. we rather look for the lost key underneath the lamppost, regardless of where we lost the key. More detailed/granular data does not automatically mean that something is better or creates a higher effect.

C.3) Challenges in analysing value creation

Experts such as Les Binet and Peter Field advise *against* granular analysis of net contribution/ROI at, for example, specific channel or activity levels, and instead recommend analysing on a more macro level for the outcome over a longer time horizon, such as a year. Thus, the measure of contribution/return is primarily an evaluation of the overall marketing communication activity. However, refraining from calculating the contribution/return on individual activities/media channels does not mean that you should not analyse the outcome of individual activities and how well these activities perform. But it is more important to create an understanding of what the relationships look like and how, for example, the tactical allocation can be improved than to try to put a separate monetary value on each activity.

One risk of analysing returns and value creation is that the focus tends to be on near-term revenue and margin development, while the impact on future developments is overlooked. In many categories, only a fraction of the number of possible customers are ”in the market” at any given time. Marketing communications can influence those who have a need and are in, or about to enter, a buying process so that they choose a particular brand over others. However, the possibility of getting those who do not have a need and who are not in a buying process to become active buyers is significantly more limited. At the same time, there can often be significant economic benefits in strengthening the brand, because the more people who know, like and want to buy the brand when they have a need, the higher the potential for future sales and margin development. Unfortunately, the potential that those who are not in the market now – and who tend to be by far the largest group of customers – represent often risks being overlooked in the analysis. See also section C.4.

Another challenge with the ROI metric is the risk that this leads to sub-optimization by too much focus on the ”low-hanging fruit”. In other words, if we use the marketing budget to target individuals who would most likely have bought from us even without our campaign, we can be fairly certain to get high conversion ratios. It then becomes easy to (incorrectly) interpret this as synonymous with high ROI, and thus to want to put more focus on this type of activity. The error with this calculation is that you look at the *total* sales and conversion percentage instead of focusing on the *incremental level*, i.e. you should only count those who would not have responded had the campaign not taken place.

A similar problem often arises if the increase in sales is a result of discounts or other promotions. There is a high risk that much of the increase in sales is in fact just a revenue shift in time or assortment. A promotion offer can stimulate customers to shop earlier than they otherwise would, or choose the discounted product instead of something else in the range that they would otherwise have bought at full price. The result in both cases is primarily an internal redistribution of revenue, since the increase in sales during the campaign largely stems from reductions in future sales and/or sales of other products in the range. And since the reason behind the change lies largely in the discount/offer, there is a great risk that the net effect will be a lower margin overall.

C.4) Complementary metrics to understand value creation

It is wise to support the value creation calculation with a broader analysis of the longer-term/long-lasting effects on brand and future business potential in the analysis. In addition to seeing how the gross margin has changed, it is often good to try to understand what components that have contributed the most to the development. Some examples of this include analysis of whether the revenue and gross margin developments primarily come from more **new customers (5.3)**, increased **purchase frequency (6.1)** or increased **pricing power (5.7)**, and how the activities have impacted **the brand (4.1 – 4.8)** and stimulated more activity in the customers' **physical and digital buying processes (2.1 – 2.3, 5.4)**. All of these represent useful and valuable insights for future development of both marketing communications and business prospects.

D) Deep-dive – alternatives to ROI / ROCE / ROAS

If you want to avoid getting stuck in the boundaries and definitions when calculating the return on investment in marketing communication, you can instead choose to look at how some important KPIs develop over time, and what relationships these KPIs have to the investments. These approaches can in many cases be more rewarding because they often lead to a desire to go a little more in-depth and not only understand what the development looks like but also why the development is as it is.

The starting point for the first two analyses is to compare the brand's **share of voice/share of attention, SoV/SoA, (1.3)** with the brand's **market share (5.2)** and how these two have evolved over time. The first analysis then compares this with how **brand awareness (4.1)** develops over the same period. Some examples of outcomes can then be:
- ”SoV has grown steadily, but there has been no real change in awareness” indicates that the communication does not have an impact on the brand and that it would be wise to evaluate the campaign in more depth, such as with the campaign evaluation KPIs, to see what can be improved. Changes in e.g. messaging, clarity of branding or channel mix can likely result in greater effects from the same share of voice.
- ”SoV is increasing and our awareness has also increased, but we have not increased our market share” indicates that there are problems in the conversion, regardless of whether this is through e-commerce, in physical stores or through personal sales visits.

A similar analysis is to look at **willingness to pay (4.7)** and **pricing power (5.7)** rather than awareness. There are two advantages to these metrics, compared to measuring brand awareness. The first is that willingness to pay/pricing power are KPIs that senior management – and other non-marketers – relate to more easily than brand awareness, since willingness to pay/pricing power is generally seen as being ”closer to the business”. The second is that willingness to pay has a broader meaning internally, and is also a relevant KPI for, for example, product management and customer service. Thus, more of the four marketing Ps are activated with such a metric, while awareness is often seen as a KPI that only applies to marketing communication. The disadvantage of pricing power , measured as the true prices chaged, is that it sometimes can be a little more difficult to measure than brand awareness. On the other hand, a large part of the data needed for this, such as on-invoice prices, discounts, etc. comes from a company's financial systems. Willingness to pay is, is however, easier to measure as it is an attitudinal metric that can be included in tracking and survey studies.

A further possibility when analysing marketing communication effectiveness, and thus how much to invest, is to compare **campaign observation (3.1)** with the communication investment levels for the brand and the **share of voice/share of attention, SoV/SoA (1.3)** this represents. It is an analysis that in many ways is similar to the comparison between SoV, market share and brand awareness, but in this case the focus is on the communication activity and campaign observation rather than brand awareness.

The last option to evaluate investment levels in marketing communication is to look at **share of search, SoS (2.5)**. SoS is a KPI that can be said to be halfway between investment and sales. On the one hand, it is an indicator of how well the marketing communication activities perform: does our SoS develop in line with how our investments in marketing communications are changing? On the other hand, it is an indicator of how sales should develop: if the SoS increases, and it is mainly thanks to our activities to generate more positive attention and not due to negative publicity, there is a high probability that over time this development will also deliver a similar increase in the number of visits, customer enquiries and sales. The time horizon for this depends largely on how purchase decisions are made and how long the buying process is. For capital goods and similar investment decisions, there is a longer time lag between a change in SoS and a corresponding development in sales, often in the order of 6-12 months, while it can be considerably shorter for consumer goods, where a change may be noticed within a few months.

Although SoS is a metric with many advantages – it is an ”intermediate step” that shows both the development of awareness/interest and an indicator of future sales development, and a metric that can generally be easily obtained without having to do any proprietary research – there are also some limitations. One is that it works best when there are clear category ¬players, i.e. when the brand and its main competitors are primarily active in the same category, so that the searches made are for similar needs/within the same areas of interest. Another limitation is to judge the reasons that underlie the development of your brand's SoS vs the competition: is it only a positive interest or are there negative vibes that have caused the change? It should also be remembered that the general starting point is searches on Google, but in some categories, other platforms may also be important for customers, e.g. where social media plays a high role or when customers search for suitable products/services on e-commerce platforms such as Amazon. On the other hand, SoS is a KPI based on relative numbers in a time series, i.e. it looks at how a brand's share of search interest increases or decreases over time, which means that it is the development *within a platform* that forms the basis for the KPI.

Last but not least, SoS requires you to do your homework. The KPI will only be as good as the frame of reference used for the comparison. Therefore, it is important to, for example, include as many potential competitors as possible, as customers are often less structured in their view of the category than those who operate in it. In many cases, this means that it is also wise to look outside the main category and consider alternative solutions, rather than just narrowly looking at the direct competitors within the category.

3 How well does our marketing communication work?

A) Prioritized KPIs - communication metrics

In many ways, the question in the chapter heading has already been answered in the previous section, since the most important measure of how well the communication works should be what effects it generates. But in many situations, there is a need to go a little deeper in the analysis, make it a little more operational and focus on how well the various communication activities deliver towards set goals. This section aims to provide some guidance in that kind of evaluation.

A basic separation is to distinguish between the KPIs, studies and reports that are used to *evaluate a specific campaign or unit*, and those used to *evaluate the development of key metrics over time*. Although there are common overall business objectives that each communication activity or campaign should contribute towards, there are differences between evaluating a campaign and the development of key metrics over time. The KPIs for the campaign will help us understand how well these units worked and what can be improved for the next activity, while the development of key metrics over time is more about seeing how different activities and initiatives interact, but also to see how factors other than the brand's communication activities can affect the outcome.

There are seven recommended KPIs in the group of **communication/campaign metrics (3.1 – 3.7)**. Of these, three KPIs should be seen as slightly more important than the others, as they have a slightly bigger impact on identifying how well a communication activity works overall. This does not mean that the remaining KPIs are unimportant, but if the choice is between doing a simple survey or not measuring at all, there is a clear priority. All campaign measurements and follow-ups that aim to provide more insight than, for example, just measuring the number who clicked on a link should include the following three KPIs:

- **Observation (3.1)**, i.e. how many people say they saw/heard the unit or campaign. Note that the measure is just as relevant for measuring, for example, PR, events or social media presence as for advertising. There is also a difference between **reach (1.1)**, i.e. those who technically had the opportunity to see/hear the campaign, and those who claim to have observed it.
- **Liking (3.2)**, i.e. how many people say they like the unit/campaign. Many studies show that this is the single-most important parameter to explain how well the campaign/device will work in terms of strengthening the brand and influencing sales long-term. It is especially important when evaluating activities that mainly aim to influence the audience through emotional marketing communication.
- **Sender (3.3)**, i.e. how many people can identify the correct sender for the unit/campaign. This is probably the KPI that most activities score badly on, which can have major consequences. This is especially true for smaller brands, because if the audience is unclear about who the communication is for, they are likely to perceive it as advertising for the category rather than for the advertised brand. This means that it is likely to be seen as advertising primarily for the category leader rather than for the brand that is behind the activity.

These three fundamental KPIs together provide a good overview of how well a unit or campaign is likely to deliver the
desired results, as they answer the three important questions:

- Did they see the campaign/unit?
- Did they like it?
- Did they understand who the sender was?

One way to increase the likelihood that the campaign will be observed and liked is that the recipients see the campaign as relevant (3.6) to them, i.e. that they believe the campaign is aimed at them. This makes this metric a good diagnostic measure for evaluating how well the communication works.

But a campaign or individual unit should have a higher purpose than just being liked. If the content is more rational and the desire is to convey something specific about the brand, it helps if the audience **understands the message (3.4)**. If the brand is a category challenger, it is extra important that the audience understands who the **sender (3.3)** is, in which case it can be beneficial to have a communication concept/style that **differentiates (3.5)**. However, in addition to understanding and differentiation, the most common campaign goals are:

- **to increase interest in the brand (3.7)** and thereby also **strengthen and position the brand (4.1 – 4.7)**, i.e. to increase **awareness, purchase intent** and **willingness to pay**, both among those who have a current need and those who will have it later on, and
- to stimulate **sales (5.1 – 5.3)**, directly or indirectly through generating **more sales contacts (2.3; 5.4)** and by getting more people interested in what the brand offers and therefore **visit the brand's website (2.1 – 2.2)** and enhancing the contacts and interest there. More on these areas will be found in the following sections.

In addition to these general metrics, there are often specific KPIs for each campaign, and sometimes even for individual units in a campaign. Many of these KPIs are tactical and/or specific to different media channels or forms of communication, such as number of clicks or shares generated by the activity. It also means that we need to be clear and distinguish between which measures are about *effect/effectiveness*, i.e. KPIs that are about long- and short-term development of revenues and revenue opportunities, and which focus on *efficiency*. The latter are KPIs that deal with how well we have deployed our marketing resources and how well different media channels/activities have contributed towards the effects created.

Other objectives focus less on sales and revenue development but can still be important goals of marketing communications. Some examples include influencing public opinion on a certain issue, or making the company more attractive as an employer and supporting recruitment needs. Almost every KPI in the Effectiveness system can also be used for these needs. Influencing public opinion is about getting the public to understand and agree on something in a specific issue, which makes aspects such as **liking (3.2)** and **understanding (3.4)** important KPIs. *The employer brand* can be measured with the same principles as the customer brand, and all brand measurements in section 4 are thus applicable here as well, although the questions used in the surveys may need to be adapted slightly. For example, the metric **willingness to pay (4.7)** which measures the perceived value of what the brand offers instead becomes an assessment of the attractiveness of the brand/company as an employer. Even here, however, the basics are similar, i.e. the three KPIs **campaign observation (3.1)**, **campaign liking (3.2)** and **sender identification (3.3)** give a good indication of how well the activity is working.

B) Prioritized KPIs – development over time

If marketing communication does its job, it will impact both the brand and sales, i.e. we should be able to measure this in terms of brand effects, behavioural effects, and business effects. However, there are some differences between these areas when it comes to the time frames that are relevant for evaluating the effects.

In the introductory section *Why do we do marketing communications?* there is a comprehensive discussion of sales metrics and how different growth and revenue strategies determine which KPIs are most important. An additional dimension here is the time frame we use to evaluate the KPIs. If you only look at measures such as the increase in **sales revenue (5.1), the number of new customers (5.3)** or the **development of sales contacts (2.3; 5.4)**, this is something that basically can be measured and evaluated from the day the campaign starts. If, on the other hand, you also focus on aspects such as **willingness to pay (4.7)**, **recommendation (4.8)** and **price development 5.7)** or relationship measures such as **churn/repurchase frequency (6.1)** and **average customer value (6.2)**, we need to have significantly longer time for the evaluation, usually 6-12 months or more.

The timing also governs our reference for measuring and evaluating how marketing communication has impacted the brand. As it takes time to sustainably build awareness and change attitudes, these activities should also be evaluated over a time of at least six months. On the other hand, all research shows that inertia goes both ways; if we have been able to create a positive development, it is likely to remain at roughly the same level for some time even if we were to put our communication activities on hold for a short period.

In the same way that some KPIs are a little bit more important than others when evaluating a campaign, some specific KPIs should be prioritized among the eight KPIs that measure **how the brand is perceived (4.1 – 4.8)**. The basis for all brand development is awareness (4.1). There are several different ways to measure this, depending on the category and the type of brand, but regardless of how you measure, there is a clear correlation between awareness and (potential) sales revenue. Increased awareness means both more potential customers (the more people who are familiar with a brand, the more people who will consider buying it) and higher mental availability (the brand I mainly think of when I am about to buy something in the category).

The second priority brand metric is **purchase intent (4.5)**. Here, too, there are different ways of measuring, where *consideration* is the broader definition and preference is the narrower. In the deep dive, there is a discussion about the differences between these measures and in which situations one should choose one or the other of the two.

Making the brand more familiar is one thing, making it known for something specific is quite another matter. Often there is a desired position for the brand and a defined strategy that means the brand should be associated with some **specific characteristics/attributes (4.6)**. This can often be done in combination with one of the more general attributes **brand relevance (4.2)**, **brand liking (4.3)** and/or **trust (4.4)**. A key issue here is to ensure that the attributes chosen for the brand are based on real market insights so that they are relevant to the target audience and represent important criteria for their buying decisions. Simply asking the target group about what is important to them rarely provides a relevant basis for positioning a brand.

Another KPI that shows the development of a brand is **Share of search, SoS (2.5)**. It is an indicator that demonstrates how interest in a brand, relative to competitors, changes over time. The same KPIs are also an indicator of how sales and market share will develop in the near future. More about SoS as a KPI can be found in the deep-dive section C) *Alternatives to ROI / ROCE / ROAS* in part 2) *How much marketing communication do we need to do?*

C) Prioritized KPIs – digital KPIs

Digitalisation and digital channels have led to an increased focus on measurement and data, but at the same time this has in many cases become an illustration of the saying ”you can’t see the forest for the trees”. Since so much can be measured, it is easy to feel lost among all the KPIs, buzzwords and abbreviations. In this compilation of prioritized KPIs, we have therefore focused on the figures that are primarily about effect and that are not specifically related to digital campaigns/channels and how these are managed and optimized. Campaign metrics are primarily efficiency metrics rather than effectiveness KPIs. An important note here is to always look at both the absolute number and the percentage when evaluating different forms of conversion metrics. The focus of this compilation is thus primarily on KPIs for evaluating the development of a company/brand’s website and the content on it, and how this contributes to the development of the brand and sales revenues.

The most general KPIs are thus about how much traffic the site has and how interesting the content is, i.e. the KPIs **site visits (2.1)**, **activity (2.2)** and **content interest (2.4)**. Eventually, over time these interactions should also lead to increased business opportunities, and then the more general interest in the site content can evolve into the steps of a buying process, i.e. **digital sales contacts (2.3)**.

However, there is an increasing challenge in the KPI *”unique visitors”*, i.e. trying to refine the visits metric to identify how many individuals the volume of visits come from. To begin with, there is a challenge in that a site visit can occur in different ways – the same individual can use their personal computer, a work computer, a tablet or a smartphone. In addition, there is also the risk that the ”visitors” are bots of various kinds or represent a technology solution rather than real people.

But there is also a deeper challenge. In most cases, the metric “unique visitors” does in fact represent the number of ”unique” *browsers*, or rather the number of cookies placed on browsers over a certain time. The starting point is that the site places a cookie on the visitor’s browser during the visit so that they can be identified on the next visit. If there is already a cookie, it is a returning visitor. If there is no cookie, it is a new/unique visitor. Today, we see clear developments from both regulators and technology providers putting more emphasis on user privacy. In response, leading players such as Apple, Google and others have introduced various technical solutions that either block these cookies entirely or delete them automatically after a short time.

These limitations mean that unique visitors (or unique browsers) will be more difficult to measure in the future. On the other hand, it is not unlikely that new technical solutions will emerge to meet this need, as there is a constant balancing act between users’ desire for privacy protection and marketers’ desire for information about visitors and visitor behaviour. Regardless of the technical challenges, however, it is important to get information about how the visitor volumes develop, in the same way that we want to know both how many people we reach with our communication and how often we reach them, i.e. **reach (1.1)** and **frequency (2)**.

D) Deep-dive - communication metrics

Although the metrics of **understanding (3.4)**, **differentiation (3.5)**, **campaign relevance (3.6)**, and **brand interest (3.7)** are not quite as prioritized as the first three communication activity KPIs, there are some situations where these metrics are important.

One difference lies in whether the communication has an emotional focus or if it is a more rational argumentation, such as presenting functional arguments for a product or explaining a price offer. For more emotional communication, i.e. getting more people to feel more positive towards a brand, **campaign liking (3.2)** is the most important measurement, but the more the communication focuses on rational messages, the more relevant it becomes to measure audience understanding and acceptance of the messages. This applies to both **message understanding (3.4)** and **brand interest (3.7)**, where the latter measure can be seen as a way of
clarifying and deepening the measure that **campaign liking (3.2)** delivers. Together, these metrics provide answers to whether the communication makes the brand slightly more attractive and interesting the next time there is a need to buy something in the category. The nuance difference lies in the fact that there are plenty of brands that we like but do not buy, just as there are brands we buy without being very fond of them - but then also do not see any reason for paying more for them.

Both **differentiation (3.5)** and **campaign relevance (3.6)** can be seen as communication metrics that are a little more relevant for brands that challenge a clear market leader. As a general rule, all marketing communications that mainly contain generic category messages tend to mainly benefit the market leader, regardless of who is the sender. The reason is that most audiences have a low interest in marketing communications, and if it is not clear what makes the advertised brand different, the receiver will interpret the communication as most likely coming from the category leader. The question of the right **sender (3.3)** is thus a be-all and end-all for all communication activities, but especially for brands that are not category leaders.

If you want to differentiate your brand, it often helps if the marketing communication is also seen as different and separated from the category norms. The same applies to the desired brand position: to create clear brand associations with the audience, say something distinctive – and in a distinctive way. At the same time, there is a risk in such a strategy, since all communication takes place on the receivers" terms. Ensuring that the communication is seen as **relevant (3.6)** by the audience thus becomes extra important for these brands. In addition, you need to make sure that the **brand associations (4.6)** are relevant to the buyers' purchase decisions and **willingness to pay (4.7)**. To successfully take a profitable position in the category and challenge the market leader, the communication needs to deliver on virtually all of these KPIs.

D.1) Communication vs brand

Measuring and evaluating a communication activity is not the same as evaluating how a brand develops, but at the same time there are several common denominators. For example, if there are specific **associations/attributes (4.6)** that the brand wants to own, these associations should of course be included in the campaign evaluation study. It is also common to include questions about interest and **purchase intent (4.5)** in a campaign evaluation, i.e. has the recipient become more interested in the brand's products/services and is the brand among those the respondent would consider choosing/buying?

Two important details when evaluating different marketing communication activities are first to segment the answers from the respondents based on what relationship they have with the brand, and second thereby also making sure you avoid what is called the *Rosser Reeves fallacy*.

The first involves separating the responses between different respondent groups, such as customers/non-customers or users/non-users, but other splits can also be used, e.g.
- buy mostly
- buy sometimes
- does not buy, but could consider buying
- will not consider buying

The reason for this segmentation is to get a better insight into how well the activity works. Does it inspire new customers to try/buy, or is it just something that attracts those who already use the brand? This also means that we want to avoid the Rosser Reeves fallacy, perhaps the most common error made in a campaign evaluation. Rosser Reeves was a senior manager at the Ted Bates agency in the 50s and 60s (and is also the originator of the concept of USP, Unique Sales Proposition) and the Rosser Reeves fallacy is about the need to keep *correlation and causality* separate when evaluating a campaign.

If you compare ”those who have seen the campaign” with ”those who have not seen it”, it is common that those who have seen the campaign are more positive about the advertised brand than those who have not seen the campaign. Thus, there is a correlation between **observation (3.1)** and **brand liking (4.3)**. But this does not mean that it is the campaign that *created* the liking, i.e. that those who have seen the campaign become more positive towards the brand because of the campaign. Instead, the relationship is the reverse. Most people generally don't care much about advertising. Even if you regularly use products in a category, only a small percentage of all possible buyers have an active purchase need at any specific time and could, because of this need, be assumed to be more interested in the communication in that category.

On the other hand, we humans have a basic psychological need for confirmation, not least for the choices we make. Thus, the person who has bought a certain brand would like to be assured that they have made a good choice. This means that if you bought a certain brand, you are also more likely to see advertising from that brand because you already have a relationship with it. The phenomenon tends to be stronger if the purchase took place recently, involved a large amount of money or was otherwise a purchase where there were clear risks associated with making a bad decision. The same phenomenon of selective perception exists in many other contexts: for example, if you have visited a certain destination or restaurant, you will notice articles or recommendations about that destination/restaurant to a greater extent than articles/recommendations about places you have not visited.

E) Deep-dive – development over time

There are (at least) five different ways of measuring awareness (4.1), and each has its own merits. Which awareness measure to use depends on several parameters, of which two of the most important are:

- What is the current position of the brand in the category?
- What does buying behaviour look like in the category?

Some examples of what this means for the choice of awareness metrics:

- *Aided awareness* can be seen as the default option, i.e. something that is okay to use for most brands and categories. For brands with low market share or a niche position, this is particularly relevant, as the proportion of respondents who know a brand is higher with aided awareness than with spontaneous, which simplifies the work of getting enough respondents to ask additional questions about the brand in a brand study.

- Brands with a high market share should instead prioritize spontaneous awareness, as it will be interesting to see if the market share is reflected in how the market perceives the brand, i.e. what is also called *mental presence*.

Some other aspects to include in the choice of question methodology are, among other things:

- In categories where customers are normally exposed to many brands in the buying situation (e.g. on the shelf in grocery stores), *aided awareness* is more important than spontaneous. The aided awareness can be seen as representing the customer's associations, i.e. ”Which of these brands/products in front of me do I recognize?”.

- For categories where customers shop infrequently, have low knowledge of the category, or have low involvement in the buying process, *spontaneous awareness* becomes more important, as the willingness to explore different options is low. For categories where customers shop frequently, have good knowledge of the category or have a high level of involvement in the buying process, *familiarity* may be a more relevant measure than spontaneous or aided awareness as customers often have a good basic awareness of many different brands, but the level of familiarity can vary and can therefore be more discriminating.

- In broad categories, e.g. where there are several different sub-categories and/or different usages, customer groups, applications or the like, *situation-based awareness* (salience) is often a more relevant measurement. It can also help create deeper insights into the structure of the market and opportunities/challenges for the brand. For example, a brand may be very well-known at an overall category level, but not at all relevant/conceivable in a particular situation, for a certain area of use or a certain type of product. The situations used can be seen as something often called *category entry points*, i.e. which situations represent ”entrances” to the category where potential customers see the brand as a possible contender.

- Always use the same methodology and KPIs for all brands being compared.

Two other areas where there is a certain choice between different KPIs are **brand relevance (4.2)**, **approval (4.3)** and **trust (4.4)**, as well as the choice between brand consideration and brand preference within **purchase intent (4.5)**. Here, too, the choices are governed by a few parameters, where some of the most important are:

- What is the current brand position in the category?
- Which criteria are important for the purchase decision?
- What does the purchase process look like in the category?

In the choice between **brand relevance, brand liking and trust (4.2 – 4.4)**, some general recommendations are:

- *Liking* (positive feelings) is the most universally applicable measure, i.e. can be used in most contexts regardless of brand position or buying process. Thus, you can see this as a ”default” value and something that can always be included in a brand study. At the same time, it should be borne in mind that there is not an absolute correlation between liking and buying decisions. There are brands we like but do not buy, perhaps because the price level is too high or the product does not meet our specific needs. Correspondingly, there are brands we buy without any sense of liking or commitment, especially if there is low interest in the category itself or see the purchase mainly as a necessity rather than something desirable.

- For brands with low market share, *relevance* becomes a relatively more important measure, as this can be seen as an indicator of how large the brand's potential (theoretically possible) target market is. Relevance thus becomes a first step in the ladder that leads to **brand consideration/preference (4.5)** and eventually to actual sales leads and purchase volumes.

- For buying processes where there are considerable negative consequences of a bad decision and where risk reduction thus becomes more important, measuring trust becomes more important. However, trust is a complex concept and it is often desirable to go into some depth to understand the different dimensions of trust and what it means and matters to customers, e.g. is it that the brand enjoys a good reputation, that the products/services are of high quality/is a risk-free choice, etc. Similarly, high trust can be seen as a measure of ”low perceived risk”, where the concept of risk represents the consequences of a bad decision. The negative aspects of this can in turn be divided into a tangible/monetary part and a more emotional/psychological part, where there can be both internal aspects (disappointment) and external (loss of reputation/status).

Correspondingly, for the choice between *brand consideration* and *brand preference* in **purchase intent (4.5)**, the following principles can be used:

- Brands with a high market share should focus on *preference*, as it can be assumed that these brands represent possible/acceptable choices for a large proportion of buying customers. Brands with a low market share should focus on *brand preference*, as you need to start by establishing your brand on the mental list of possible choices before you can start to focus on *preference*. Niche brands should primarily measure *preference* within their niche, as this is where you want to have a strong position, and look at *consideration* within the entire category as this shows the total potential for the brand to grow further.

- Categories where customers have low knowledge of the category and/or where the purchase has a high trust/risk component (i.e. where there are major negative consequences of making a bad choice) should focus on *consideration*. Categories where customers have a high knowledge of the category and/or where the purchase decision is mainly about high opportunity factors (the “right” choice offers perceived benefits) should put more focus on *preference*. It is important to note that in most categories there are significantly more buyers who are what is called *satisfiers*, i.e. people who are not very familiar with the category and primarily look to buy something good enough to ensure they do not become disappointed, than there are *maximizers*, i.e. those who are more knowledgeable and interested in the category and want to buy something that is better/newer/more unique, and who therefore also often invest more time and energy into the buying process to make sure they make the ”right” choice.
- Categories where communication has a high impact on the purchase decision and/or leads directly to the transaction point should prioritize *preference*. In categories where communication creates sales opportunities, but where there are many other stages and interactions in the sales process before a final decision is made, e.g. where contacts with sales representatives are important for the purchase decision, *brand consideration* is often a more relevant KPI for communication.

F) Deep-dive – digital metrics

The KPIs for **activity (2.2)** show the degree of interest in the brand and can be seen as steps towards sales/**digital sales contacts (2.3)** in cases where a purchase is not made directly on the site. Entering your contact details in a form, signing up for mailings of various kinds, or downloading different types of information material are all examples of the first kind of activity. Using a product selector, making a request for quotation or adding goods to a digital shopping cart can be seen as examples of the latter group.

There is no clear priority ranking *bounce rate*, *time on site* and *page views* to assess **content interest (2.4)**, so instead the recommendation is to evaluate all three metrics in parallel. It is also wise to make supplementary measurements where you can deepen the analysis and ask visitors about how they experience the site, what interests them most, etc. In addition, you should also break down the numbers and see how these measurements look for different parts of the site, types of content and for different types of visitors.

It is important to remember that there are no specific KPIs for digital campaigns, i.e. communication activities in different digital media channels, in the Effectiveness System. Digital communication activities should be measured and evaluated in the same way as other communication activities, i.e. with the KPIs available in the Effectiveness System for measuring communication activities, brand development, business results and customer relationships and how these measures develop over time. At the same time, it is important to look at the need to evaluate the initial conditions for being able to succeed with these goals in digital channels.

In parallel with the Effectiveness Initiative, the Swedish Association of Advertisers also runs a parallel and extensive *Cross-Media Measurement (CMM) project*. The aim of the CMM project is to create common reference frameworks for media purchases and media performance, regardless of media channels or media platforms used. For digital channels, there is a special focus on understanding what the relevant/visible **reach (1.1)** and **average frequency (1.2)** numbers are, for both the media itself and for the specific campaign in that channel. The basic principle is for these measurements to represent the number of people who have had the physical possibility to see the elements in question during the campaign period. More information about this work can be found at Sveriges Annonsörer and the CMM project.

Similarly, it is highly advisable to evaluate and compare your activity with your competitors. Although it is generally impossible to get any level of overall *Share of Voice* data for digital channels, this can be compensated for by looking more deeply into analysing how the communication is received, such as looking at **Share of Attention (1.3)**.

G) In-depth – relationship metrics

How much a customer likes a brand or supplier, and how loyal to that brand/supplier they therefore are likely to be, is influenced by many different factors. Marketing communication is one of these, but rarely the most important. However, marketing communication can help to both increase and decrease the outcome for these KPIs.

It's important to remember that none of the KPIs in this category are *loyalty* metrics in the formal sense of the word. Strictly interpreted, loyalty means that the customer chooses a certain brand over other brands every time they buy, but does not say anything about how much or how often the customer buys. **Churn/ repurchase rate (6.1)** and **recommendation (4.8)** are often (incorrectly) seen as measures of loyalty, but the repurchase rate only shows the degree to which customers come back and shop more, not what percentage of the customer's in-category purchases the brand receives. The recommendation metric shows the level of recommendations given to a brand but does not show how loyal someone is to the brand in their purchase behaviour. Also note that this metric is positioned as a brand metric in the system, and not as a relationship metric. The reason is primarily that someone can have perceptions of a brand and how good the brand is even as a ”spectator”, i.e. without the person being a customer/user. This means that the recommendation measure is more relevant as a brand measure, where we include a larger group of respondents, rather than as a customer relationship metric.

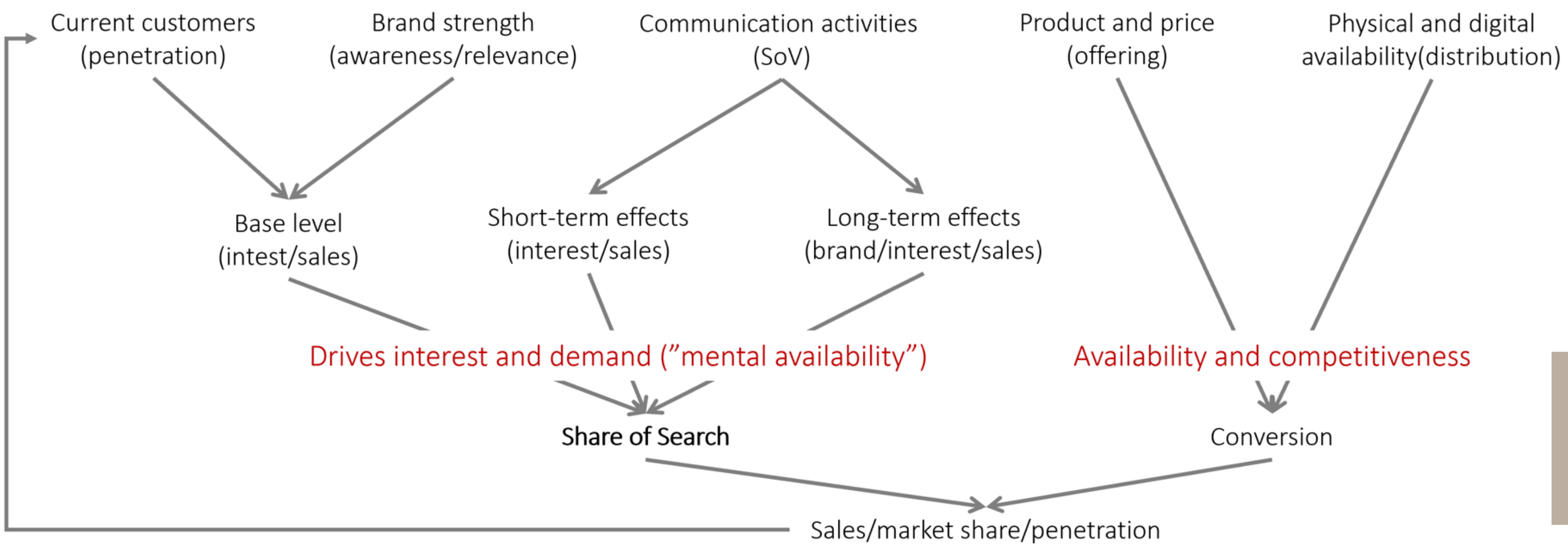
However, these limitations do not mean that these KPIs are without relevance. On the contrary, all KPIs in the group, as well as the recommendation metric, are both common KPIs in many companies and measures that can give important signals about how successful the brand and marketing communication are. However, none of these KPIs, not even **customer satisfaction, CSI (6.3)** or **recommendation (4.8)**, are universal metrics that provide instructions on how the business should be managed or what a brand needs to develop/focus on to create (continued) sustainable profitable growth.

4 Situation-dependent priorities

Admittedly, the Effectiveness System's 36 KPIs are the result of a prioritization among the more than 400 KPIs identified by the French advertiser organization UDM. But even so, it is also reasonable to assume that few advertisers need to use all 36 KPIs in the Effectiveness System. The question then becomes how to think when prioritizing and choosing among the KPIs in the system.

Some general priorities apply to all brands. But there are also some real differences that depend on, among other things, the category the brand operates in and what position the brand has in the category. In this section, the intention is to help the user prioritize between the different KPIs in the Effectiveness System based on the specific conditions that exist for the brand and the category/market the brand operates in.

A first step for this, before we compare and prioritize KPIs in different categories, brand positions and buying processes, is to create a general reference model. The model on the next page can help provide some structure when analysing and discussing the brand's strengths and challenges, and where to focus your efforts.



The original model comes from Les Binet and James Hankins in their work on Share of Search

The base level is the starting point for measuring and setting goals. Here we specify the brand's initial values from its current business and the sales figures, customers, distribution forms and other things that this represents. These are the baseline values of the KPIs that the brand focuses on.

The communication activities should be split into *fast/temporary effects* and *long-lasting*, in line with the dichotomy that exists in **market communication – long-lasting/fast (1.5)**,

Together, these provide a measure of the ambition that is expressed in terms of the i**nvestment levels (1.1 – 1.5)** for building interest in and demand for the brand and the products/services offered. These levels also set the corresponding targets for the prioritized KPIs for **digital metrics (2.1 – 2.5), communication metrics (3.1 – 3.7) and brand metrics (4.1 – 4.8)**.

But for these activities to generate the desired business effects, two other areas need to be taken into account: first, how attractive the **offer itself** is in terms of the combination of **product and price**, and secondly, how **accessible** it is to the customer, regardless of whether the purchase is made in digital or physical channels. Even the best and most impactful marketing activity cannot develop the business unless the product is competitive in its performance, priced at a level that reflects the perceived value, and easy to buy in the desired way for the buyer. In other words, with marketing communication we can increase the *opportunities* for new and better business, but this development must be met by a corresponding level of *the offer* itself and how *accessible* it is for interest in and demand for the brand to be translated into increased sales, market share and brand penetration. But when this happens it also represents the start of a positive loop, where growth in market share and increased penetration mean that the current situation is gradually strengthened. The new starting point for the next iteration of the market and effect measurement cycle is now at a higher level than before.

A) General priorities

Regardless of which industry a brand is in or what position it has its the market, the list below is intended as a first set of priorities of the KPIs that everyone should include as a first selection when setting goals and evaluating their marketing communication activities, i.e. what can be called ”KPIs for alle”. For each KPI there is a comment on why the KPI is important.

To set the right expectations and goals

1.1) Reach	*How many people we reach determines our ability to achieve every important KPI*
1.3) Share of voice	*To compare your activities with what the competition in the market does*
1.4) Marketing communications – share of sales	*To compare your activities with other activities in the company*
1.5) Marketing communications – long-lasting/ fast	*To compare your activities with the prioritized business and brand goals*

To measure campaigns and individual marketing communication activities

3.1) Advertising observation	*Only those who see the communication can be influenced by it*
3.2) Campaign liking	*The single most important metric to explain how well a communication activity works*
3.3) Sender identification	*If the recipients do not know whom the communication is from, everything else is irrelevant. This is what most campaigns get bad ratings for.*

To measure brand development

4.1) Awareness	*The single most important measure of marketing communication's contribution to developing revenue and profitability*
4.3) Brand liking	*A simple summary/"universal KPI" that shows whether the brand is attractive to recipients*
4.5) Purchase intent	*The step before the purchase takes place*
4.6) Specific associations/attributes	*To know if the brand claims the desired position in the market that the strategy has indicated*
4.7) Willingness to pay	*To see what level of perceived (higher) value the brand represents and how it thereby contributes to developing the company's commercial opportunities*
2.5) Share of Search	*A KPI that measures actual action, unlike the previous five in the table that measure attitude towards the brand based on respondents' answers to survey questions*

To measure how marketing communications contribute to the company's business goals

2.3) Digital purchase process interactions	*The site is the hub for almost all brands. Here, many steps are taken to get closer to a purchase decision, regardless of how the actual purchase takes place.*
5.4) Purchase process interactions	*For many brands, marketing communication is an important step on the way to increased revenue and profitability, but the actual conversion is done by the sales department. In this situation, you need to measure how marketing communication creates better conditions for increased sales, not just the actual revenue development.*
5.1) Sales - value	*Almost always the company's most important business goals (together with profitability).*
5.2) Market share	*The most relevant revenue target – as it combines your sales with how the market developed.*
5.6) Margin contribution/ROI	*ROI is a KPI that is demanded in many contexts, but also a KPI with many real challenges in how it is calculated and applied – so be careful about what is included in your calculation and the interpretations made. Use net contributions (increase in gross margin) rather than ROI as a measure of the value that marketing creates.*
5.7) Pricing power	*Often the single-most important KPI to show how marketing (i.e. a broader definition than marketing communication) contributes to developing revenue and profitability.*

The six KPIs in the last group can be divided into three pairs:

- **Digital purchase process interactions (2.3)** and **purchase process interactions (5.4)** can be seen as the *path towards the business goals*.
- **Sales (5.1)** and **market share (5.2)** represent the actual *business goals*.
- **Net contribution/ROI (5.6)** and **pricing power (5.7)** show how marketing and marketing communication *contribute to the business goals*.

B) Market position – market leader/challenger/new entrant

i. Market leader

When you are the market leader, i.e. have the largest market share, the first and most important goal of marketing is often to maintain/defend your market share rather than to try to increase it. Another difference is that the relationship between SoV and market share can often be below the equilibrium curve, i.e. you can defend and even increase your market share with a SoV that is lower than the market share. The reason for this is that a clear market leader has other advantages from its dominant position, such as greater awareness thanks to more buying customers and wider distribution (mental and physical presence), which means that there is less need to remind the market of the brand's presence and offer through communication activities than for brands with smaller market share and lower market presence.

The KPIs in A) are of course still important, but with a couple of important nuances: The most important measures for **awareness (4.1)** should be *top of mind* and/or *situation-based awareness (salience).* Top of mind because as a market leader, you should also be the one with the greatest mental presence, and salience because as a market leader you want to understand in which subcategories, buying situations or customer segments there are challenges and/or opportunities to grow.

Correspondingly, the KPI for **purchase consideration (4.5)** should focus on *preference*. If you are the largest brand in a category, you are usually a both possible and easily available choice thanks to high awareness and strong distribution channels, but then it is also important to be the preferred choice.

A third priority area should be to evaluate how the market leadership and market shares can be defended through different pricing strategies/offers and how these will affect profitability. Thus, business metrics/KPIs such as **market share (5.2), average revenue per customer/purchase (5.5), price development (5.7), churn/ repurchase frequency (6.1)** and **average customer value (6.2)** should be studied extra carefully, as well as the brand KPI willingness to pay (4.7). An important component of this is also the balance between long-lasting and fast marketing communication activities (1.5), where the market leader should continue to invest in the brand to defend its price level.

Last but not least, as a market leader, you should monitor your share of search, SoS (2.5), customer satisfaction, CSI (6.3) and recommendation rate (4.8). These KPIs provide the opportunity for some foresight into how well you can be expected to defend your leadership. If the SoS or recommendation rate shows a downward trend, it is a clear signal that you should step up your marketing activities, and if the CSI – or by extension churn/repurchase frequency – starts to go in the wrong direction, you should review your customer care activities.

ii. Challenger

For a challenger, i.e. an existing player with a significantly lower market share than the market leader, a few other KPIs instead become more important. If we assume that the strategy is about growing and taking shares, **market share (5.2)** will of course be a prioritized KPI, together with the **number of new customers (5.3)** and the total **brand penetration (5.8)**.

To succeed in this, there are some important steps along the way. Before there even are any customers at all, you need to create the conditions for selling. This means that the steps in the buying process, i.e. the **purchase process interactions (5.4)** and the corresponding digital metrics, such as the increase in **digital purchase process interactions (2.3)**, and the steps before that in the form of **website visits (2.1)** and **activity on the site (2.2)**. To grow, an investment strategy for marketing communication is needed, i.e. that **the share of voice/share of attention (1.3)** for the brand is higher than the brand's market share. Similarly, the priority campaign metrics in A) should be complemented by **understanding (3.4)**, **differentiation (3.5)** and **campaign relevance (3.6)** – do you have a message and expression in the communication that appeals to many potential buyers and helps to create your position?

For the brand metrics, it becomes more important here to focus on *in-mind* and *aided brand recall* for **awareness (4.1)**, while the metric for **purchase intent (4.5)** is primarily governed by the category. It is also extra important to measure how well the brand succeeds in differentiating itself, i.e. to track the **specific associations/attributes (4.6)** that the brand wants to own and in what way the brand manages to be both differentiated and clear in its appearance.

Note that the outcome for the brand's prioritized associations/attributes that form the basis for the chosen position can in many cases receive worse ratings than for the market leader, even though these associations/ attributes are not included in the market leader's brand position. The reason is that awareness creates what is called *the halo effect*. Since many customers do not have a close relationship with many different brands, nor do they seek to have this, they do not have very deep knowledge of the different options in a market. People have different degrees of knowledge and will have a certain perception of the position based on dimensions such as modern/traditional, premium/low price, etc., which in turn affects aspects such as **brand relevance (4.2)** and **purchase intent (4.5)**, but people have rather limited insights into the more detailed aspects of the brands in the category. If you then ask the market how well different players deliver on a range of specific characteristics and associations, the best-known players will receive disproportionately higher ratings in many areas. This generally applies even when you follow the basic premise that you should only ask questions about a brand and its associations to people who are familiar with the brand in question.

The basis for this is what behavioural economists call *cognitive bias*, i.e. that we prioritize things that we are already familiar with and value this higher. One example of what such reasoning might look like is therefore ”something that I and many others know well must automatically be better than something else that far fewer people know of, because if the lesser-known alternatives had been better than those we already know, we would already have known about them”. The effect is thus that if you ask someone about how good a brand is at different things, a brand with high awareness will almost automatically be considered the best on most of the positive qualities evaluated.

iii. New entrant

If you are new to a market, the choice of KPIs is fairly straightforward. It's about **sales (5.1)** and acquiring **new customers (5.3)**. The first obstacle that needs to be dealt with is that as a new entrant, you are not known by many. Therefore, building **awareness (4.1)** should be the most important marketing communication objective, where *aided brand recall* is the most relevant measure, often focusing on a selected segment of the market. Until a certain level of awareness has been reached, measures that focus on differentiation or owning a position are fairly irrelevant. A natural step along the way, however, is to drive traffic to the brand site, which means that **site traffic (2.1)**, and then **site activity (2.2)** and **digital purchase process interactions (2.3)** are important early metrics. This also applies in the physical world, i.e. growing the number of **purchase process interactions (5.4)** when the customer's decision-making process involves contact routes beyond just digital ones.

C) The nature of the market – stable/mature or expanding?

i. Stable/mature market

In a stable/mature market, marketing communication is primarily about defending existing sales, especially for larger brands in the category, and the goals should thus be set with a defensive mindset – to preserve rather than grow. The growth that may nevertheless be possible is mainly about taking market shares from other players, but it may even be the case that in a declining market you can increase your **market share (5.2)** while total **sales (5.1)** decrease.

The basics of sales development and (relative) growth were discussed in section 1 B), but to summarize the conclusions, KPIs such as the **number of new customers (5.3), average revenue per customer/purchase (5.5), pricing price (5.7), brand penetration (5.8)** and **churn/repurchase rate (6.1)** are important to establish more depth to the market share developments. The number of new customers and brand penetration levels both indicate how well you succeed in taking customers from competitors, while the average revenue, price level and churn/repurchase rate show how well you manage the existing customers. Some additional KPIs for the latter area are **customer satisfaction, CSI (6.3)** and **recommendation rate (4.8)**.

ii. Expanding market

As the market grows, it is important to grow at least as fast as the market. It is easy to be excited about a rapid **increase in sales (5.1)** with many **new customers (5.3)** and **increased brand penetration (5.8)**, but you always remember to compare this with the market's total development. If the **market share (5.2)** stays put or even decreases, you go backwards vs. the competitors even though turnover is growing, and perhaps even growing rapidly. The need to create conditions for growth also makes it important that marketing activities are presented **relative to the desired revenue increases (1.4)**.

In a rapidly growing market, it is often extra important to be among the well-known players, which makes *top of mind* and *in mind* more important as a measure of **awareness (4.1)**. At the same time, such a market is rarely particularly mature in its behaviour, so customers rarely have particularly long or deep experience of different players. This means that *consideration* is often the most relevant key indicator for **purchase intent (4.5)**, simply because customers have not yet developed clear preferences or evaluation criteria for their purchases.

Correspondingly, there are not always clearly defined positions with relevant **associations/attributes (4.6)**, but a step along the way may be to focus on the brand being **liked (4.3)** by, and **relevant (4.2)** for, as many people as possible.

B2C vs B2B

i. B2C (Business to consumer)

Most marketing communication principles and recommendations tend to be based on consumer marketing practices to start with and then these become elevated and equated to general principles/recommendations. That situation also applies to this compilation of effectiveness metrics. Thus, there are no specific KPIs that stand out as unique to B2C marketing.

ii. B2B (Business to business)

Most KPIs in the list are (at least) as relevant in a B2B context as for B2C. At the same time, some KPIs are particularly important for B2B brands. One difference between B2B and B2C is the greater complexity associated with most B2B categories and products. In other words, B2B often involves more complex products and decision-making processes, involving many people in different roles and departments, and with a high degree of personal selling, at least in the final stage of the purchase. The entire decision-making process thus often takes much longer and is rarely completely linear or consistent. This means that it becomes particularly important to evaluate the steps on the way to a purchase decision, and thus KPIs such as **site visits (2.1), site activity (2.2), digital purchase process interactions (2.3), share of search, SoS (2.5)** and the number of **purchase process interactions (5.4)**, in the form of ”qualified leads” or the value of the outstanding offer backlog become important metrics to track. Although **sales (5.1)** and **market share (5.2)** are important KPIs in any company, in B2B these are greatly influenced by the combination of personal sales, customer relations and product development/performance. The **number of new customers (5.3)** and, in some cases, **brand penetration (5.8)**, can sometimes be more important business metrics for evaluating B2B marketing activities, as these metrics are largely the result of activities targeting new potential customers. This is an area where marketing often has a more important role relatively speaking than in developing and strengthening the relationships with existing customers.

Another aspect of B2B markets is that buying decisions can have major consequences for both those who decide on them and the companies they work for. A bad decision creates problems for both the career development of those who made the decision and for the competitiveness of the company that made the purchase, and thus many B2B decisions are about minimizing risk. This means that **trust (4.4)** is often an important brand metric in B2B, but it is also useful to deepen the analysis and understand what trust really means in this situation. In B2B, the customer often buys both a product/solution and a long-term future relationship with the supplier, where the question of ”will the supplier deliver what they say they will do in the years to come” often is as important as how good the current solution is. Hence it is wise to think a little extra about what trust means: is it the company's reputation, the quality of the product, the responsive service or something else that lies at the heart of this?

A third consequence of complexity is that the emotional aspects become even more important for the decision itself. The reason for this lies in the fact that the more complex an issue is, the more difficult it is to make a completely rational evaluation of the alternatives. There are simply too many parameters, metrics, uncertainties, internal agendas and so on to include when trying to make a rational and objective ”best” choice. Instead, aspects such as **brand liking (4.3)** and **awareness (4.1)** complement the trust KPI. Together, these qualities create the basis for an emotionally anchored purchase decision – which is then supported and qualified by a range of rational arguments. This also makes it extra important to ensure that the desired **specific associations/attributes (4.6)** you want to establish for the brand are those that differentiate and drive purchase decisions and willingness to pay and are not just rational hygiene factors. Merely asking the decision-makers and influencers about what is important for their buying decisions rarely provides an accurate or complete picture of the decision-making process.

Yet another consequence is that when evaluating communication activities, the emotional dimensions often become even more important, i.e. KPIs such as **campaign liking (3.2), campaign relevance (3.6)** and **interest in the brand (3.7)**. The more complex a buying process is, and the more risk a wrong decision represents, the more important the brand becomes in the decision-making process, which means that the more emotional communication activities focusing on strengthening the brand also increase in importance. You can summarize the relationship as *"We listen more to facts about brands we like/prefer, but just presenting facts rarely makes us like/prefer a brand."*

Finally, it is also important to keep in mind that for most B2B brands there is a general challenge in survey-based KPIs, and that is who, i.e. which person(s), have been contacted and have responded. Understanding the customer's internal decision-making processes: who is the formal decision-maker and who are the different informal decision-makers and influencers, matters greatly in the analysis. In addition, in some cases, it can even be a challenge to find enough respondents within these different groups (at a reasonable cost) to obtain reliable data in the survey.

D) Singular vs. Subscription/Contract Purchases

i. Singular purchases

Just as for B2C, the reasoning around the KPIs in the Effectiveness system is based on singular purchases, i.e. each customer's purchase decision in the category is independent of previous purchases. This means that for **churn/repurchase frequency (6.1)**, only the latter is meaningful to measure for this type of buying behaviour. Likewise, it is important to define **brand penetration (5.8)** based on a specific period, where the length is influenced by how often people buy in this category, i.e. how many people have bought the brand in, for example, the last 3 or 12 months. For **average customer value (6.2)**, the calculation is also based on a certain time interval, i.e. the average length of time between purchases can be used to calculate the average number of purchases during the period. This number multiplied by the average value of a purchase delivers an average customer value for that period. In many cases, it can be wise to separate different customer types or market segments: large customers, infrequent buyers, etc. and see how the average purchase frequency and purchase value vary, and hence also the average customer value for this customer segment.

ii. Subscription/contract purchase

Here there is an ongoing relationship where the customer is billed regularly for a subscription or the right to use a particular product or service. Although this has historically been the norm in certain industries, such as media, telecom and financial services, it is becoming increasingly common with ”X as a service”, i.e. a rental agreement for the use of the product/service as an alternative to buying and owning it.

Since it is a continuous customer relationship there is also generally a possibility to communicate directly with customers, and hence *churn* becomes the key measure in **churn/repurchase rate (6.1)**. This KPI should then be measured and evaluated together with the **average revenue per purchase (5.5)**, **customer satisfaction, CSI (6.3)** and **average customer value (6.2)** to calculate the financial contribution created by marketing communication.

An important difference for this type of customer relationship is also that it is one of the few situations where the marketing communication budget should contain a higher proportion of **activation (1.5)** to bring in more customers. This is because the ongoing relationship provides good opportunities to increase the perceived value thanks to both the product/service delivered and the communication about these.

An important KPI is to follow the **pricing power (5.7)** for different products/services and different customer groups. A key objective of the communication activities should be to get as many people as possible to test the product/service. It also follows brand consideration is a more relevant metric than preference for measuring **purchase intent (4.5)**, and that **brand penetration (5.8)** should be a natural complement to **market share (5.2)**.

E) Purchase amount – Consumer products vs investment products

i. Consumer products

Just like in D) and E), it can be said that consumer products are the basis for the KPIs in this compilation. But remember that even though we often call the category *fast-moving consumer goods (FMCG)*, this does not automatically mean that the average customer buys these products very often. Sure, there are basic foods that we buy almost every week and chain stores in the grocery trade that we sometimes visit even more often, but in many categories the purchases only take place once or a few times a year and the average number of visits to different store chains is not much higher. At the same time, the average measure hides that the range can often be large, from people who visit the store/shop every week to those who do it less than once a year.

ii. Investment Products

When the average price of a purchase increases, the buying process also changes, which also affects the choice of KPIs most relevant for evaluating marketing communication activities. In many ways, these types of buying decisions become increasingly similar to B2B decision-making processes. The consequences of the purchase decision are greater, decisions take longer and are often preceded by several steps, each of which can be measured and evaluated.

This means that KPIs such as **site visits (2.1), site activity (2.2), digital purchase process interactions (2.3), share of search, SoS (2.5)** and the development of **purchase process interactions (5.4)** are often important for understanding the relationship between marketing communication activities and how **sales (5.1)** and **market share (5.2)** develop. On the other hand, purchases often occur less frequently, which makes a KPI such as **repurchase frequency (6.1)** less relevant to focus on.

Another similarity with B2B markets is that a bad purchase decision can have major consequences for the buyer, and thus **trust (4.4)** is often an important brand metric. Likewise, the size and complexity of the decision make the emotional aspects more important for the decision. The more complex an issue is, the more difficult it is to make a completely rational evaluation of the alternatives. Instead, aspects such as **awareness (4.1), brand liking (4.3)** and **willingness to pay (4.7)** become important complements to the trust KPI.

An additional dimension of marketing communication is that the more complex a purchase decision is and the more the buyer analyses and evaluates different alternatives during a long and extensive buying process, the higher the proportion of marketing communication that should allocated to **long-lasting communication activities (1.5)** that focus more on brand communications. The reason for this is that brand metrics such as **awareness (4.1)**, primarily *top of mind/in mind*, **brand liking (4.3)** and *consideration* in **purchase intent (4.5)** determine which brands we will explore in more detail in our purchase process. Investment products are normally categories where customers buy less often and thus have fairly shallow knowledge of different vendors. This means that the starting point becomes that brands a person is aware of and has positive attitudes towards probably also have products/services that are good enough to satisfy the person's needs.

A further consequence is that when evaluating communication activities in this area, the emotional dimension becomes especially important, i.e. KPIs such as **campaign liking (3.2), campaign relevance (3.6)** and **brand interest (3.7)** become more important, after meeting the basic KPIs of **observation (3.1), liking (3.2)** and **sender identification (3.3)**. Since these types of products often represent more specialist or niche products and services, it is also important to remember that most likely only a small part of the total market is in the market during a campaign period. Studies show that of the entire captive market, only around 5% of all possible customers are in a buying process at any one time. It is primarily this small proportion of the total market that will respond to more activation-driven activities, while the entire market can be influenced by more long-term brand activities. This also means that the balance between **marketing communication focusing on fast vs long-lasting effects (1.5)** needs to correspond to how the communication is evaluated.

F) Relative price tier – Premium/Intermediate/Low price

i. Premium

A premium brand represents something that the market thinks is worth paying a higher price for. Two obvious priority KPIs should therefore be **willingness to pay (4.7)** and **pricing power (5.7)**, but the results for these KPIs should also be compared to KPIs such as **customer satisfaction, CSI (6.3)** and the **specific associations/ attributes (4.6)** that are important factors that help increase willingness to pay.

For someone to be prepared to pay a (significantly) higher price, there is often also a higher commitment and involvement on the part of the buyer. It is often a product/service that is important for the buyer and which they therefore have both a great interest in the product and significant knowledge about the category. This makes it more important to measure **awareness (4.1)** based on the *level of awareness/familiarity and/or situation-based awareness (salience)* and **purchase intent (4.5)** using *preference*, since the buyer is knowledgeable about the different options and brands available on the market. Correspondingly, campaign metrics such as **liking (3.2)** and **brand interest (3.7)** become important for evaluating communication activities.

ii. Mid-price

For players in the middle segment, the challenge is often to find the right position in the market. Being ”good enough for sufficiently many people” is a challenge, but it also makes it important to develop a clear position with **specific associations/attributes (4.6)**, especially if you are not a market leader. It also means that when evaluating campaigns, extra emphasis should be placed on the KPIs **campaign liking (3.2), sender identification (3.3), differentiation (3.5)** and **campaign relevance (3.6)**.

Another challenge is to be sufficiently interesting for enough people when they are making a purchase. This means that for the purchase process, it becomes extra important to look at the relationship between **purchase intent (4.5)** on one hand – and then to look at both *consideration* and *preference* – and on the other hand look at **sales (5.1), market share (5.2)** and **brand penetration (5.8)**.

Even if brands at this price level are not able – nor desire – to charge a premium price, the **pricing power (5.7)** is still an important metric, but then mainly with a focus on the customer's perception of *value for money* in what is offered. Likewise, one should carefully observe how customer relationships evolve, both in what customers say **customer satisfaction (6.3)** studies and what their actual buying behaviour looks like in terms of **average revenue per customer/purchase (5.5)** and **churn/repurchase frequency (6.1)**.

iii. Budget/Low price

Brands that primarily compete on price should have a higher proportion of their marketing budget devoted to activation messages (5) than other brands. The challenge for these brands often lies in the balance between being both interesting, i.e. offering attractive low prices, and at the same time being able to justify the relative quality of the products given the low prices offered. In other words, the brand needs to be a *possible/considered choice* when measuring **purchase intent (4.5)** and hence also be a **relevant brand (4.2)** for the intended customers. *Low prices/value for money, good range/assortment* and similar characteristics are also appropriate **brand associations/attributes (4.6)** to measure.

Since price is a competitive tool in this segment, *willingness to pay* is not a priority business metric. However, **pricing power (5.7)** can still be important to measure, but then with emphasis on *perceived value for money*. Instead, more focus should be on KPIs such as **sales (5.1)**, number of **new customers (5.3)**, **average revenue per customer/purchase (5.4)** and **brand penetration (5.8)**. These KPIs can then be related to **churn/repurchase rate (6.1), customer satisfaction, CSI (6.3)** and **recommendation (4.8)**.

5 Creating effect with communication

The Effectiveness System focuses on the most important KPIs for measuring the effects of marketing communication activities, how these effects can/should be measured and how to prioritize these KPIs for different types of categories and brand positions. At the same time, there is a growing knowledge base about what types of communication that generate the best effect in different situations. Much of this knowledge comes from various international studies, but when the *100-wattaren* marketing effectiveness competition was redesigned in 2020, this also created completely new opportunities to establish a well-structured Swedish knowledge bank. The new competition entry form is both more comprehensive and better structured to enable thorough analysis. Since 2022, annual reports have been published with the conclusions and recommendations that emerge when analysing the campaigns and entries that entered the competition.

Since each team behind every case submitted has chosen to invest a lot of time in their contribution, it is reasonable to assume that each entry in the competition represents successful marketing that has generated effects. Thus, the entries are not representative of all marketing/communication activity that takes place; instead, the cases submitted represent a segment that has been more successful than others. There is always a risk of survivor bias in this kind of analysis, i.e. you can see what you have done and how you measured the effects, but it is not certain that it is precisely the marketing activity and/or market behaviour that caused the success. On the other hand, it can certainly be argued that you are likely to learn more when studying an overview of successful examples than when analysing a cross-section of all projects, both good and bad.

The reports from 2022 and 2023 revealed seven key factors, each correlating with generating more successful outcomes. In the *100-wattaren* entry form brands can demonstrate both attitudinal, behavioural and business effects. Attitude effects show how the brand has developed on aspects such as liking, consideration and recommendation. Behavioural effects show how communication has created different forms of action/activity, such as store visits, downloads or product tests. Business effects are about the impact on commercial performance, e.g. in the form of increased market share, new customers, or the ability to command higher prices. For all effects, the contributor may, in addition to reporting the actual outcome, indicate whether these are large or small effects. This is done so that the jury can better balance the conditions for each entry in its assessment, and compare, for example, a market leader in a mature market that increases its share by a few percentage points with a challenger in a more dynamic market where growth is counted in double-digit percentages.

5

In the analyses of the contributions of *100-wattaren*, these seven conclusions have been identified for communication that has a greater chance of creating effect:

1. **Prioritize reaching new customers**
   Brands grow primarily by attracting new customers. This also increases loyalty. Since marketing communications have a unique ability to reach out beyond the existing customer base, ensure that a significant part of the communication budget is allocated to this target group. This increases the opportunity for marketing to generate business results.

2. **Use multiple channels—but not too many—and mix online with offline**
   More channels mean more effect. Aim for 4 to 9 channels, but avoid 10 or more channels unless the budget is very large. Otherwise, the investment per channel risks being too small to make an impact. Combine online channels (e.g. social media, search or online video) with offline channels (e.g. outdoor advertising, linear TV or radio) and especially avoid driving online only.

3. **Balance branding and activation**
   The greatest overall effects over time are achieved by allocating 40-70% of the budget to brand-building communication. Where the purpose is to influence the target group's attitudes towards the brand over time. Use this span as a starting point. Dedicate the rest to activating communication that will trigger quick direct response (e.g. purchase or visit). Each advertiser should analyse the exact best balance with their data.

4. **Invest in creativity – but with a clear connection to the brand**
   Creating creative communication that stands out usually requires extra thought and time. That investment pays off. The business impact will be greater. Both in the short and long term. Creative communication commands more attention and strengthens the brand more. In addition, it means that a smaller media investment is needed to achieve the desired effect. A prerequisite for this is that the communication is linked to the right sender, something which is too often neglected.

5

5. **Build brand with emotions**
   Communication that evokes emotions creates stronger memories and therefore has a greater effect on the brand over time than purely rational/informative advertising. Therefore, do not only focus on what the message should be in the brand-building communication. Invest time and resources on how to dramatize the message to capture people's hearts as well as their minds.

6. **Be patient – long-term campaigns are better at building brands**
   Building a brand is about creating and then nurturing the same associations over and over again. This is best done by being consistent within the same brand position and communication concept over several years. The effects will keep growing over time, as the target group learns to recognize the brand and its communication.

7. **Be newsworthy - keep the communication relevant**
   To maximize attention and shares, build a clear newsworthiness factor into the communication activities (but still within the framework of the long-term position and communication concept). Something that people voluntarily want to take part in, talk about and share with others. And which media thinks is worth paying attention to, too.

The reports can be downloaded from the Swedish Advertisers' website, www.sverigesannonsorer.se

The Effectiveness System 2.0

Collection of metrics

1 Media/investments
- 1.1 Reach
- 1.2 Average frequency
- 1.3 Share of voice/Share of attention (SoV/SoA)
- 1.4 Marketing communication – share of revenue
- 1.5 Marketing communication – long-lasting /fast

2 Digital metrics
- 2.1 Site visits
- 2.2 Activity
- 2.3 Digital purchase process interactions
- 2.4 Content interest
- 2.5 Share of Search (SoS)

3 Campaign metrics
- 3.1 Campaign observation
- 3.2 Campaign liking
- 3.3 Sender identification
- 3.4 Message understanding
- 3.5 Differentiation
- 3.6 Relevance
- 3.7 Interest (in brand)

4 Brand metrics
- 4.1 Awareness
- 4.2 Relevance
- 4.3 Brand liking
- 4.4 Trust
- 4.5 Purchase intent
- 4.6 Specific associations /attributes
- 4.7 Willingness to pay
- 4.8 Recommen-dation

5 Business metrics
- 5.1 Sales revenue – value
- 5.2 Market share – value
- 5.3 Number of new customers
- 5.4 Purchase process interactions
- 5.5 Average revenue per customer /purchase
- 5.6 Net contribution /ROI
- 5.7 Pricing powers
- 5.8 Brand penetration

6 Relationship metrics
- 6.1 Churn /repurchase frequency
- 6.2 Average customer value
- 6.3 Customer satisfaction (CSI)

Sveriges Annonsörer

6 Summary of prioritized key KPIs

1 Media/investment

KPIs	Definition	Measure	Source/question	Management language
1.1) Reach (target group)	Number of individuals, or percentage of the total, who have the opportunity to connect with (be exposed to) a communication activity in a certain channel. Can be specified for each piece of activity, for the entire campaign, or the media channel as a whole. See also the Swedish Advertisers' Cross Media Measurement initiative for further information on definitions and on the differences between measuring reach at the different stages of different media channels' supply chains to their recipients	- Number of individuals, total or in defined target group	The basic principle is to count this as the number of individuals who have had the physical possibility to be able to see/connect with the activity in question during the specified campaign period.	How many do we reach?
1.2) Average frequency	Average number of exposures for those who had the opportunity to see/connect with the specific activity/ campaign. Calculated per individual activity or for the entire campaign in the same media channel. Aggregation between multiple channels should be avoided. See also the Swedish Advertisers' Cross Media Measurement initiative for further information on definitions and the differences between different steps in different media channels' supply chains.	Average number of exposures, based on those who have had the opportunity to see/ connect with the individual activity/ campaign	The basic principle is to count this as the number of individuals who have had the physical possibility to be able to see/ connect with the activity in question during the specified campaign period.	How often can they see/hear our message?
1.3) Share of Voice/ Share of Attention (SoV/SoA)	Share of Voice is an advertiser's share of the total measurable communication investments in a particular industry, or in one or more media channels, over a given time. Normally compared at the gross price level. Share of Attention focuses on how well the communication investments reach the recipients, i.e. how many people that in different ways have focused their view on the communication units and for how long, and what proportion of the total this represents	% of total investments over a given period % share of all eye fixation time within the category during the relevant time, i.e. the total time that recipients focused their attention on the brand's communication compa-red to the value of the category total	Today primarily from RM (Kantar) and Nielsen Primarily based on eye-tracking, i.e. technical measurements of the recipients' eye movements and what a person looks at within each media channel and for how long	Do we have the right level of activity for our marketing communication for our size and ambitions? To what extent do recipients see our communication activities, compared to our competitors?

KPIs	Definition	Measure	Source/question	Management language
1.4) Marketing communications – share of revenue	An organisation's marketing/marketing communications expenditure as a percentage of the organisation's total revenue.	% of sales/revenue	Internal financial systems	Do we have the right level of activity for our marketing communication for our size and ambitions?
1.5) Marketing communications – long-lasting/fast	An organisation's investments in marketing communication, split into the activities that primarily aim to create more long-lasting/brand-building effects vs more rapid/activation and sales-driving effects.	% Allocation of investment in marketing communications	Internal financial systems	Do we have the right split of our activities in marketing communications to both drive current sales and develop our sales and profitability over a longer time horizon?

2 Digital metrics

KPIs	Definition	Measure	Source/question	Management language
2.1) Site visits	Measured by the terms visits and unique visitors*. - How many visits have been made to the brand's site? - How many unique visitors were registered on the brand's site? Both should be compared with the relevant reference period (previous period, or equivalent period last year) to see the development over time * Technically, "unique visitors" is measured as "unique browsers", i.e. counting the number of browsers used to visit the site that do not have a cookie from previous visits. In other words, the number of unique visitors to a site is not the same as the number of individuals who visit the site.	- Number of visits to the site - Number of unique visitors to the site - Increase in number, compared to the reference period - Increase in %, compared to reference period	Data from own analytics system (Google Analytics or equivalent)	How many more visits did we get to our site? How many more unique visitors did we get to our site?
2.2) Activity	Metrics that represent an interest from the visitor to deepen the relationship with, and/or interest in, what the brand is perceived to offer. Examples of measures/activities included include - registration for mailings/newsletters - download/reading of information or sales support material - use of various tools/service functions, e.g. product selector/configuration service, store search, etc.	- Number of persons who performed the activity - % of the number of visits/unique visitors who performed the activity	Data from own analytics system (Google Analytics or equivalent) and/or from content management systems	How much interest do we create around our brand?
2.3) Digital purchase process interactions	Metrics that show a development of the visitor's commercial interest in what the brand offers. This can be measured in different ways depending on what the purchase process looks like, but the common denominator is that these measures quantify steps in the purchase process. Examples of metrics/activities that are included/can be used include: - contact/request for meetings to present/discuss what the brand offers - requests for quotations for the products/services provided by the brand. This can be measured both in the number of requests and the total potential business value of these quotations. - activated shopping carts in the brand's e-commerce function/webshop, i.e. where the visitor has added something to the shopping cart but has not completed the purchase yet.	Depending on the definition used - Number of meeting requests - Number of requests for quotations and/or the number of validated requests, often referred to as Market/Sales Qualified Leads - The total potential business value that these prospects represent, or the business value adjusted for the estimated probability that the interest will lead to business - the number of activated baskets and/or the value of the goods and services contained in these baskets.	Primarily from own business systems	How much potential new business/revenue have we created? What is the calculated value of these?

KPIs	Definition	Measure	Source/question	Management language
2.4) Content interest	A more general interest in the content on the brand's site can be measured in at least three ways: - how many of those who come to the site continue/do not continue beyond their landing page on the site? - how long time does an average visitor spend on the site? - on average, how many pages does a visitor navigate to during a visit to the site?	- Percentage of visits that continue beyond the landing page, "Bounce rate" is the percentage of visitors that leave after the landing page, so the interest measure is 100% minus the bounce rate - Average time on site (minutes/seconds) - Pages (average number of pages downloaded)	Data from own analytics system (Google Analytics or equivalent)	How interesting is the content of our site for those who visit it?
2.5) Share of Search (SoS)	The proportion of organic brand searches (in the relevant category) that our brand represents, as a percentage of the sum of all organic brand searches (for all competing brands*) within the same category** over a given time. * It is important to include and evaluate as many alternatives/competitors as possible, as the total figure (base) needs to be created manually. N.B. The reason behind why there is a change in SoS for a brand also needs to be taken into account, as SoS can be affected by, for example, negative publicity. ** There are challenges/limitations in using this KPI when your brand, or one or more of the main competitors, is used in several different categories and where the competition might differ between categories.	- % of organic brand searches within the category - Change in the share over time	Primarily Google Trends, but also other search engines/platforms. There are commercial tools available that compile search data and various analyses/reports in this area.	How much interest does our brand generate in the market compared to our competitors? (Change in Share of Search can be seen as an indicator of future development of sales and market share.)

3 Communication/campaign metrics

KPIs	Definition	Measure	Source/question	Management language
3.1) Campaign observation	Share of target group/share of total reach who claim to have seen a specific piece of communication and/or campaign. N.B. It is important to distinguish between observation metrics for a specific communication activity and general communication or brand recall measurements – see also *#4.1 Awareness.*	% of respondents	Should be implemented as a prompted question: Percentage who say they have seen/heard a certain activity or campaign before when they were exposed to it. If asked as an open-ended question, there is a considerable risk of confusion between brand awareness and campaign observation.	How many people have seen our campaign?
3.2) Campaign liking	Percentage who say they like the piece of communication and/or campaign shown. N.B. Important to keep communication and brand metrics separate – see also *#4.3 Liking*.	% of respondents	Answer to the question ”What do you think of this ad/activity/campaign?”, where the scale is from ”Dislike a lot” to ”Like a lot”	How many people like our campaign?
3.3) Sender identification	Percentage that can identify the correct sender when a piece of communication and/or campaign is shown with the identity of the sender hidden/covered.	% of respondents	Share indicating the correct sender for the activity, when the activity is presented with the sender identity covered. Should be asked as an open-ended question where the respondent provides the brand.	How many people understand that we are the senders?
3.4) 3.4) Message understanding	Percentage that can define the message or content that the sender wants to convey. N.B. Always relevant for rational communication with concrete messages, but not always relevant for pure emotional communication. Instead, see *#3.2 Liking* for these activities.	% of respondents	Should be asked as an open question: ”What is the most important message/what do you think the brand wants to say/convey in this piece of communication/activity/campaign?”	How many people understand what we want to say?
3.5) Differentiation	Percentage who believe that the communication unit/campaign is different compared to the competition/other communications in the category. N.B. Important to keep communication and brand metrics separate – see also *#4.6 Specific associations/attributes*. N.B. This measure needs to be reviewed together with *#3.2 Campaign liking* and *#3.3 Sender*.	% of respondents	Answer to the question ”How different/distinctive do you think the communication activity/campaign is?”, where the scale is from ”Not at all different/distinctive” to ”Very different/distinctive”.	How many people believe we have a different way of communicating?

3 Communication/campaign metrics

KPIs	Definition	Measure	Source/question	Management language
3.6) Relevance - communication	Percentage who believe that the communication/ campaign is aimed at them and/or that it is a communication activity/campaign they can identify with. N.B. It is important to distinguish between communication and brand metrics; see also *#4.2 Relevance – brand*.	% of respondents	Percentage who agree with the statement ”This is a communication activity/ campaign aimed at people like me/that I can identify myself with.”	Is our communication relevant to those we want to reach?
3.7) Interest (in brand)	Percentage who state that the communication/campaign made them more interested in the brand and what the brand offers. N.B. The measure is about interest in the brand at a general level, i.e. increasing the possibility of the brand being considered/chosen when the respondent needs/wants what the brand offers, regardless of when or how this need exists/ arises. The measure should be seen as a complement to *#3.2 Liking* and the different brand metrics in section 4. See also *#2.3 Digital purchase process interactions* and *#5.4 Purchase process* interactions for behavioural metrics. This measure is primarily relevant for rational communication with concrete messages, but not always as relevant for pure emotional communication. Instead, see *#3.2 Liking* for these activities.	% of respondents	The KPI can be measured in two ways: 1) Percentage who agree with the statement ”This communication/campaign has helped make me more interested in the brand and what it offers”. 2) Comparison of the stated interest in the brand before and after the recipient has been exposed to the communication, to see what difference there is in the interest and which communication may thus have created.	Does our communication make more people interested in us and what we offer for the future?

4 Brand metrics

KPIs	Definition	Measure	Source/question	Management language
4.1) Awareness	Percentage of respondents who say they are aware of a brand in a given category. This can be measured in several ways: 1. Top of mind: the first brand spontaneously mentioned. 2. In mind: any other brands mentioned by the respondent. 3. Prompted: from a list of brands. 4. Familiarity – how familiar the respondent believes they are with different brands 5. Situational awareness (salience): If the question is reduced to which brand comes to mind in a specific situation, this is a sharper definition of the brand's strength. This is sometimes also referred to in terms of mental availability and category entry points.	% of respondents The share should be compared to the corresponding figures for competitors in the category. Which measure from 1-5 is depends on the category and the brand position.	For 1 and 2: ”In category X, which brands come to mind?” For 3: ”Which of the following category X brands do you know/have you heard of?” For 4: 'How well do you know the following brands in category X?' where the scale is: - Not heard of - Have just heard the name - Have some knowledge - Have good knowledge - Have very good knowledge For 5: Should be asked as an open question: ”Imagine that you (description of the situation/ use). Which brand do you think of/comes to mind for this?”	Sales potential
4.2) Relevance - brand	Percentage of respondents who believe that the brand fits/ relates to them.	% of respondents *#4.3 Brand liking* or *#4.4 Trust* can be an alternative to this metric in some cases.	Percentage who agree with the statement ”I believe this brand is aimed at/suitable for people like me.”	Total possible market for the brand
4.3) Brand liking	Share of respondents who state they have a positive attitude towards the brand.	% of respondents *#4.2 Relevance - brand* or *#4.4 Trust* can replace this metric in some cases.	Percentage who state they have a positive or very positive attitude towards the brand, on a scale from "very negative" to "very positive"	Total possible market for the brand

4 Brand metrics

KPIs	Definition	Measure	Source/question	Management language
4.4) Trust	Percentage of respondents who say they trust/have confidence in the brand. N.B. It is often advisable to try to deepen the understanding of what the term ”trust” represents for the brand and the aspects that can impact this for the respondent.	% of respondents *#4.2 Relevance - brand* or *#4.3 Brand liking* can replace this metric in some cases.	Percentage who say they have high or very high trust/ confidence in the brand, on a scale from ”very low trust/ confidence” to ”very high trust/ confidence”.	Total possible market for the brand.
4.5) Purchase intent	*Consideration:* Percentage of respondents who consider a brand as a possible choice in a certain product or service category or for a certain decision *Preference:* Percentage of respondents who consider a brand as their first choice in a certain product or service category or for a certain decision	% of respondents. Which of the metrics to prioritize depends on the purchase behaviour and decision-making process for the category and the brand's position.	*Consideration:* ”Next time you choose/buy something in category X, which brands would you consider choosing?” *Preference:* ”Next time you choose/buy something in category X, which brand would you prefer to choose/buy?”	*Consideration:* Customer/sales potential *Preference:* Customer/ sales potential and potential to increase customers' willingness to pay/the brand's margin
4.6) Specific associations/ attributes	Percentage who believe that the brand represents one or more specified associations/attributes. These can be both spontaneous and prompted associations/attributes. Should be made as a comparison between own and competing brands. The starting point can be either brand or association, i.e. the question can be asked for one brand at a time, or (in the case of an aided question) an association can be given to one or more brands. The definition also includes both differentiation (what the brand wants to be perceived as better at than its competitors) and ”distinctiveness” (ease of recognition, i.e. things that make it easy for the target customer to identify the brand) N.B. When calculating associations and attributes, it is important to take the so-called ”halo” effect into account. The starting point is that the customers/users in a market have limited knowledge of the different brands that exist in a category. The bigger/more well-known a brand is, the greater the chance that the brand will be associated with more of the positive associations/attributes included in the survey, even if the basis for the answer is only those who know the brand. This means that the results for how well a brand is linked to various positive associations and attributes should be weighted relative to the awareness and market position of the brand.	% of respondents	Percentage of people who associate these words (associations/attributes) with the brand, based on - Spontaneous: ”What words/ associations would you use to describe brand X?” - Prompted: ”Which of the following words/associations would you use to describe brand X?”	Are we known for the right things, i.e. associations and attributes that drive sales and willingness to pay?

4 Brand metrics

KPIs	Definition	Measure	Source/question	Management language
4.7) Willingness to pay	Percentage who state that they would be willing to pay a slightly higher price for the products/services offered by the brand. The measure can also be supplemented with a calculation of how much this willingness to pay represents in possible incremental revenue.	% of respondents Can be supplemented with a monetary value of what willingness to pay means if it were to be put into practice. However, the methods for calculating this are not included in the Effectiveness system.	Percentage who say they would choose the brand even if it has a slightly higher price than comparable alternatives. The price difference can also be given as a specific reference, e.g. 10% higher price.	What perceived added value does our brand represent, and how does this impact our pricing opportunities?
4.8) Recommen-dation	Percentage who, if asked, would recommend the brand to others. The measure replaces NPS, Net Promoter Score, from the previous version of the Effectiveness System. The differences are that: - The effect is measured on everyone aware of the brand, not just customers - The way the question is asked provides a different response setting, i.e. the question of recommendation is asked to the respondent, and hence it is not about spontaneously recommending something - The scale and grading of the answers is different	% of respondents	Percentage who answer "fairly likely" or "very likely" to the question "If someone were to ask you, how likely would you be to recommend the brand in this category to others?	Is our brand and offering so strong that our target groups want to recommend us to others?

5 Business metrics

KPIs	Definition	Measure	Source/question	Management language
5.1) Sales revenue - value	Sales revenue, measured in SEK (or other currency). Should be compared with sales in the corresponding/previous period, with any items affecting comparability removed.	- Change in sales in SEK (or other currency) - Change in sales in %	IInternal business systems	Sales
5.2) Market share - value	The value of own sales as a proportion of total sales within a given market/category. Should be measured as both the current level and as the change compared to the previous period.	- % absolute - % change compared to the previous period	Own business systems and joint industry reports/surveys. May need to be supplemented with external monitoring of the development of the most important competitors.	Market share - value
5.3) Number of new customers	Number of new buying customers added during a certain period	Number of new customers	Own business system/customer database	New customers
5.4) Purchase process interactions	Change in the number of persons/prospective buyers who have made a desired action, where this action represents a step in the purchase process that brings the recipient closer to a purchase decision, or which otherwise means the person should be classified as a prospective customer. This can be measured in different ways depending on what the purchase process looks like, but the common denominator is that these are measures that quantify steps in the buying process. Common metrics are, for example a) Store visits b) Demonstrations/trials/tests of the product/service c) Participation in sales meeting/presentation d) ”Qualified lead” e) Value of outstanding quotations See also KPI *#2.1 Site visits*, *#2.2 Site activity* and *#2.3 Digital purchase process interactions*.	Depending on the definition used (a) Number of visits (b) Number of individuals or occasions c) Number of meetings/ presentations d) Number and/or total potential business value that these prospects repre-sent. e) The total potential business value that these offers represent, usually weighted by the probability of closing the respective deal	a) People counter b) - e) CRM system or equivalent	How has the interest/business potential for what we offer developed?

5 Business metrics

KPIs	Definition	Measure	Source/question	Management language
5.5) Average revenue per customer/purchase	- Total revenue divided by the number of buying customers - Total revenue divided by the number of purchases made - Number of items/categories on average per purchase - The value of these for different types of customers/ purchase types/channels etc.	- Average sales receipt in SEK - Number of items (mean)	Internal business systems	Revenue per customer/purchase
5.6) Net contribution/ROI	A calculation of the business value that the investment in marketing/communication generates. Margin contribution = Increase in gross margin minus marketing/communication costs. This is a measure of effect. ROI = Margin contribution divided by marketing/ communication costs. This is a measure of effectiveness. N.B. Note that the value should be calculated on - contribution in margin, not on total sales or sales increase - the total activity, not for individual communication devices or media channels.	- Value in SEK - % of resources invested in marketing/communication	Internal business systems. Note that many trade-offs must be made for what should be included in the calculation of value created, what investments to include and for/over what time the calculation is made.	How does marketing/ communication contribute to creating value?
5.7) Pricing power	Increase in the perceived value that the brand represents to its customers and thus a corresponding increase in the ability to command a desired price level. This can be measured in several ways, such as: 1) Average price obtained compared to previous period 2) Average price obtained compared to average in the category 3) Average discount (in percentage) 4) Proportion of sales made at list price 5) Percentage of potential buyers who consider the brand to offer good/very good value for money	- For 1: Average price in SEK, development/increase in SEK and % over time - For 2: Average price in SEK, relative level to category average in % or as index - For 3: % - For 4: % of the number of purchases and/or % of total sales value - For 5: % of respondents who agree	1-4: Internal ERP systems 5: Survey, Percentage stating that ”the brand offers good/very good value for money”	Willingness to pay and value for money, margin development

5 Business metrics

KPIs	Definition	Measure	Source/question	Management language
5.8) Brand penetration	Share of all buyers in the market who are customers/users of the brand or who purchased it during a given period, regardless of the number or value of purchases. The period used should relate to how often purchases are made in the category but is normally between 3 and 12 months. For contract/subscription sales, brand penetration is instead measured as the number of customers the brand has at a given time, calculated as a proportion of all customers in the market at a given time. The metric represents a combination of new sales and installed base.	% of the buyers/users within the category who purchased the brand during a certain length of time/ who are customers of the brand at a certain time. Note that the sum of brand penetration for all brands can be different to 100%, as the metric is primarily about the relation of the brand to the total market rather than to the competition.	Own business systems and joint industry reports/surveys. May need to be supplemented with own market research.	Total customer base and market penetration.

KPIs	Definition	Measure	Source/question	Management language
6.1) Churn/ repurchase rate	*Churn* is used for ongoing customer relationships, whereas repurchase rate is for separate/independent purchases. Churn is the percentage of buying customers who stop being customers of a brand during a specific period. *Repurchase rate* is the percentage of those who have purchased a brand who make at least one more purchase of the same brand within a specific time after the first purchase. N.B. Repurchase rate is primarily a frequency measure, not a loyalty metric, as it does not say anything about how much customers buy from other brands in the same category.	Both churn and repurchase rate are measured in %. By inverting the churn measure, you also get a measure of the average length of a customer relationship. By analysing the repurchase frequency for different periods you get a measure of the expected time interval between purchases.	Primarily internal financial systems and/or CRM systems. For repurchase frequency, this may need to be supplemented with external market research.	How stable is our customer base?
6.2) Average customer lifetime value	The estimated value of an average customer's (or customers in a given segment) total purchases during the length of the customer relationship or a specific period. The product of (average length of customer relationship) x (average number of purchases) x (average revenue per purchase). The same formula can also be used to calculate gross margin per customer. In this case, the gross margin per purchase is used instead of the average sales revenue per purchase.	Sales revenue or net contribution/gross margin in SEK.	Primarily from internal finance/ CRM systems.	What is each customer worth?
6.3)) Customer satisfaction (CSI)	CSI is a key indicator for customer satisfaction based on three questions whose results are weighted together to form an average. This is compared to a normalized average to give an index value for the brand. N.B. In a CSI survey, some parameters that can be assumed to influence customer satisfaction are often also studied and measured to see how these parameters correlate with the CSI value. In addition, the CSI survey is often supplemented with questions about customer loyalty.	Index figures (0-100) based on the outcome of the three questions, compared to the norm. N.B. There is no formal standard for CSI measurements, but these three questions and the evaluation can still be seen as a common practice.	Average of three questions, with answers on a scale of 1-10: 1) How satisfied is the respondent with the product/ brand/experience as a whole? 2) How well does the product/ brand/experience meet the r espondent's expectations? 3) How does the actual product/ brand/experience compare to the ideal version?	How satisfied are our customers? How well do we meet their expectations, overall and in different areas?

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