

IMC and Advertising Discussion

How can we measure the success of a marketing communication strategy?

– Traditional media

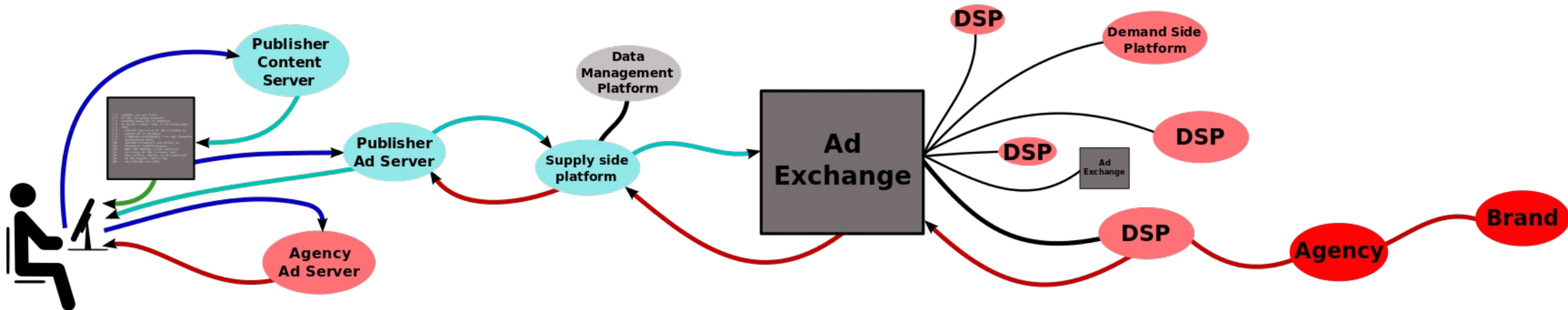
- **Frequency** of exposure
- **Reach** (% target population exposed)
- **Gross Rating Points (GRP)**

– E.g., 7 Ads in a Magazine, which reach 50% target segment, then $GRP = 7 \times 0.5 = 350$

– Web

- Time spent on page, page views, clicks, where users come from, etc.

https://en.wikipedia.org/wiki/Online_advertising



- 1. Publisher:** integrates advertisements into its online content
- 2. Advertiser Agency:** creates the ad
- 3. Ad Exchange:** platform that facilitates the buying and selling of media advertising inventory from multiple ad networks

- AdWords
- Video 1, Video 2 (more recent)
- Three House Brothers example

The screenshot shows a Google search for "nike pegasus 34". The search bar is at the top with the Google logo on the left and a search icon on the right. Below the search bar are tabs for "All", "Shopping", "Images", "News", "Videos", "More", "Settings", and "Tools". The search results are displayed below the tabs, showing "About 1,560,000 results (0.59 seconds)".

The first result is "Nike Official Site - Pegasus 34 Running Shoes - nike.com". It includes a link to "www.nike.com/Pegasus-34/Running-Shoes", a 4.2 star rating, and a description: "Shop New Air Zoom Pegasus 34 Running Shoes. Faster & More Comfortable than Ever. You've visited nike.com 2 times. Last visit: 5 days ago".

The second result is "Nike Pegasus 34 at Zappos - Fast & Free Shipping on Nike - zappos.com". It includes a link to "www.zappos.com/Nike", a 4.9 star rating, and a description: "Huge Selection of New Styles. Free Returns for 365 Days at Zappos! 24/7 Customer Service · 365 Day Return Policy · Free Shipping & Returns · Shop New Nike Styles A+ Rated Accredited Business – Better Business Bureau".

The third result is "Nike Pegasus 34 - Now 30% Off At JackRabbit - jackrabbit.com". It includes a link to "www.jackrabbit.com/shoes/pegasus34", a description: "All the Top Products From All the Top Brands. Best Prices and Free Shipping!", and a list of categories: "Types: Running Shoes, GPS Technology, Technical Running Apparel, Essential Accessories".

The fourth result is "Nike Air Zoom Pegasus 34 Men's Running Shoe. Nike.com". It includes a link to "https://store.nike.com/us/en_us/pd/air...pegasus-34-mens-running.../pgid-11619090", a 4.2 star rating, and a description: "Our most popular running shoe, the Nike Air Zoom Pegasus 34 is the ride of choice for anybody ready to run fast. ... Built for beginners and experienced runners, the Nike Air Zoom Pegasus 34 Men's Running Shoe features an updated, lighter Flymesh material that helps reduce heat ...".

What can we measure?

- **Clicks**
 - # of time a user clicked on the Ad
- **Impressions**
 - # of times the Ad appeared in front of the user
- **Click Through Rates**
 - CTR = Clicks/Impressions
- **Return on Marketing Investment (ROMI)**
 - $\frac{\text{Gross Margin} - \text{Expenditures}}{\text{Expenditures}} \times 100$

Example: NYC Coffee Shop

Sales Margins (%) = 50% (for every sale the owner makes 50% of the total sale)

| Campaign | Keywords | Clicks | Marketing Expenditure | Sales |
|----------|--|--------|-----------------------|-----------|
| 1) | Coffee shop local | 50 | \$10/day | \$50/day |
| 2) | New York City Coffee shop Organic Coffee | 100 | \$20/day | \$120/day |

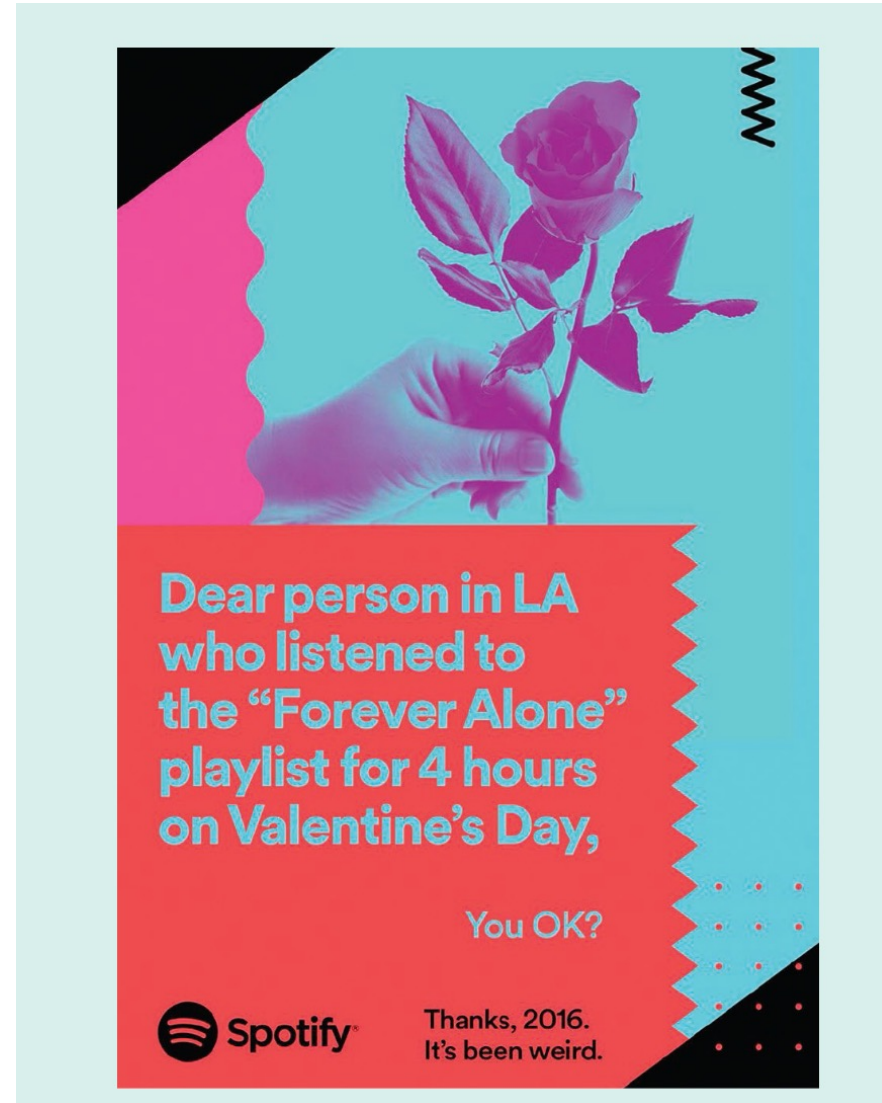
$$ROMI = \frac{\text{Gross Margin Sales} - \text{Expenditures}}{\text{Expenditures}} \times 100$$

What campaign will you choose based on ROMI?

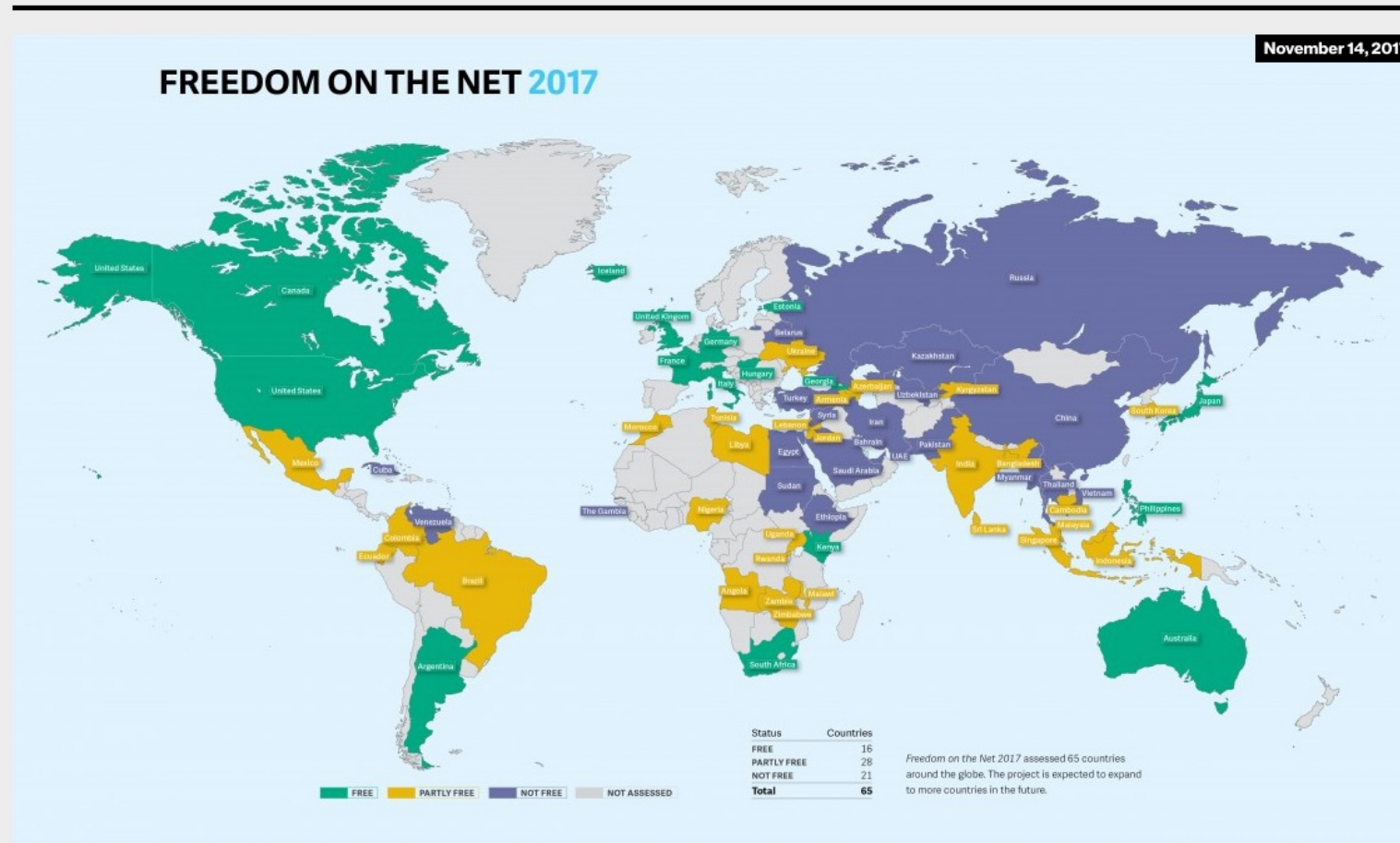
Example: NYC Coffee Shop

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|--|---------------|------------------------------|--------------|---|--|---|
| Keywords | Clicks | Marketing Expenditure | Sales | Gross Margin Sales = Sales x Sales Margin% | Gross Margin = Col. 5-Col.3 | ROMI = Col. 6/Col. 3 x 100 |
| Coffee shop local | 50 | \$10/day | \$50/day | \$25/day | \$15 | 150% |
| New York City Coffee shop Organic Coffee | 100 | \$20/day | \$120/day | \$60/day | \$40 | 200% |





<https://freedomhouse.org/report/freedom-net/freedom-net-2017>



In 2016 social media was used to influence elections in at least 18 countries

Social election: how social media can bias election

– Facebook

- In a 61-million-person experiment, researchers show that online social networks influence political participation, with close relationships mattering most

Social election: how social media can bias election – Facebook

Treated group



+280K votes!

Control group



+ 60K votes

Social election: how social media can bias election

– Twitter

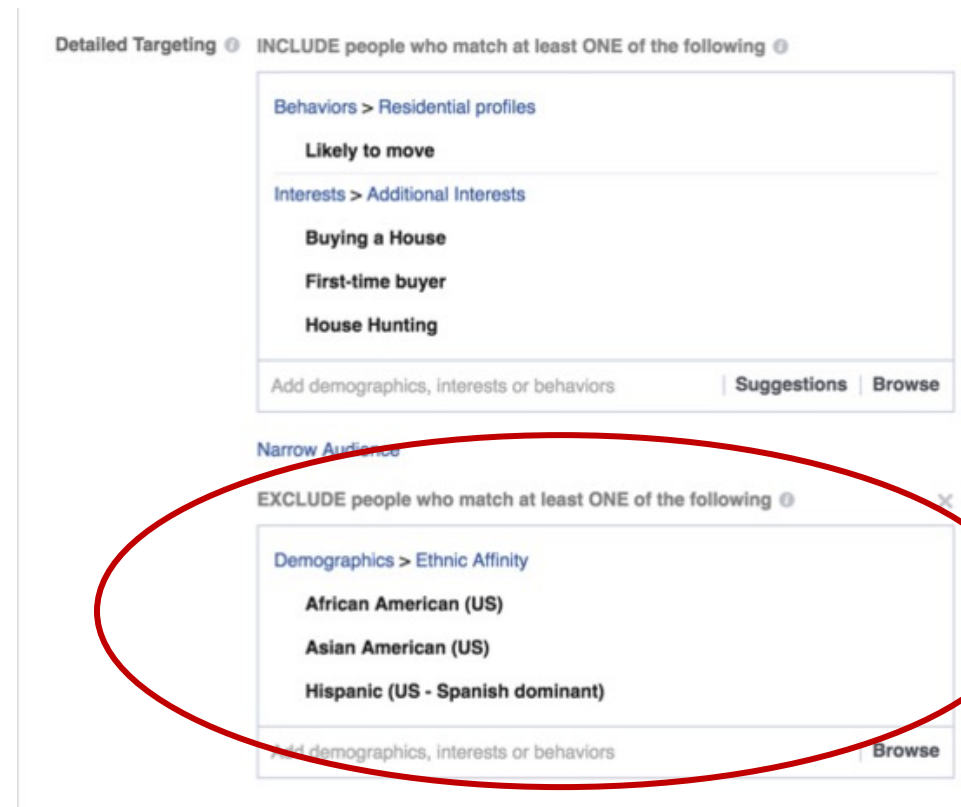
- A surprisingly high percentage of the political discussion that took place on Twitter was created by pro-Donald Trump and pro-Hillary Clinton **software robots**, or social bots, with the express purpose of distorting the online discussion regarding the elections
 - 4M Tweets (20% of the total)!!

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- The presence of these “bots” can affect the political discussion in three ways
 1. Influence can be redistributed across (suspicious) accounts
 2. The political conversation can become further polarized
 3. Spreading of misinformation and unverified information can be enhanced

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 - Why?
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 - What do you think about this Facebook choice?

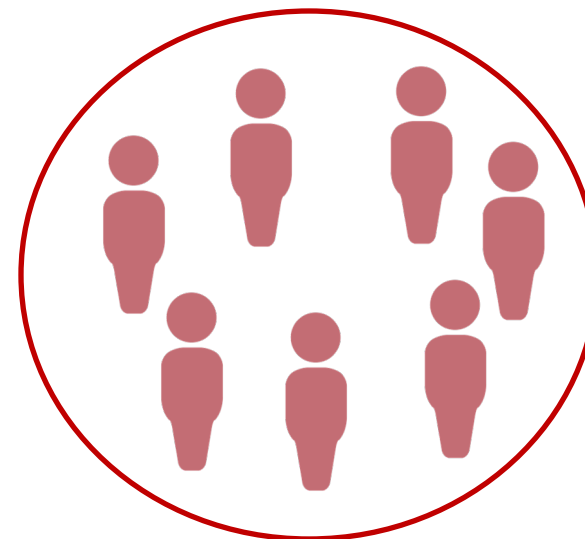
Example: Imagine you are being tasked with selecting bright students from two different ethnicities for an internship

Ethnicity 1 (Minority)



Bright students study
finance

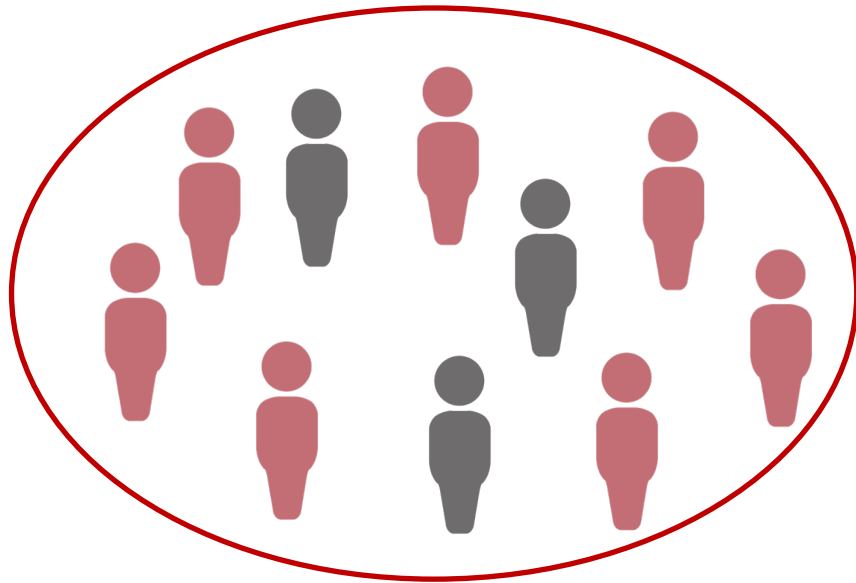
Ethnicity 2 (Majority)



Bright students study
computer science

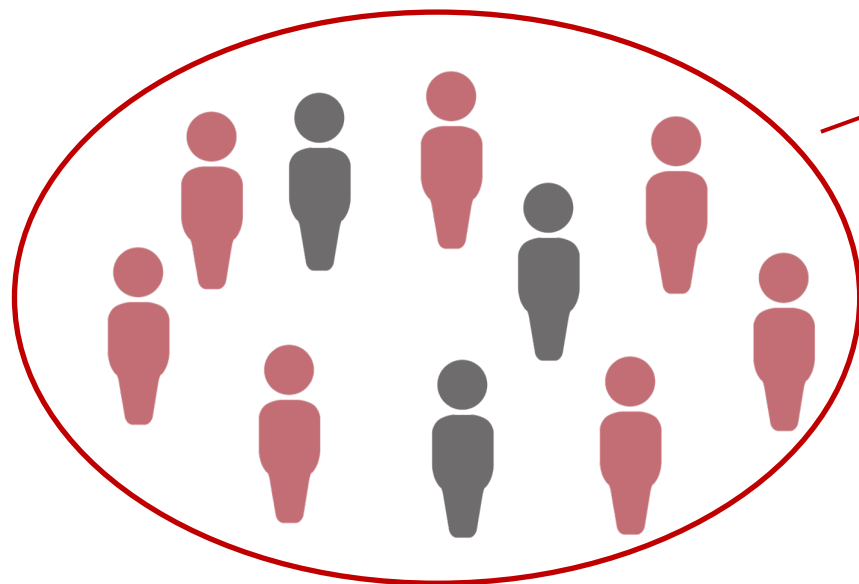
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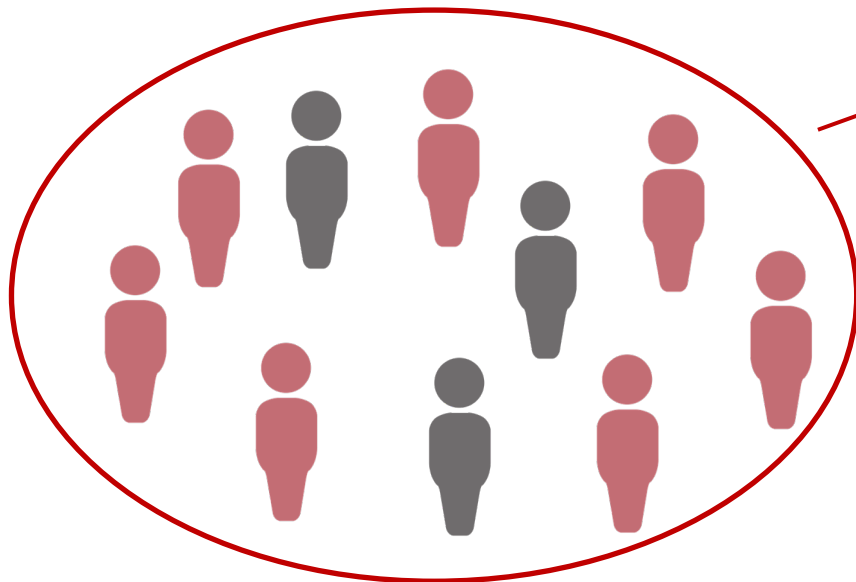
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In aggregate most bright students study computer science

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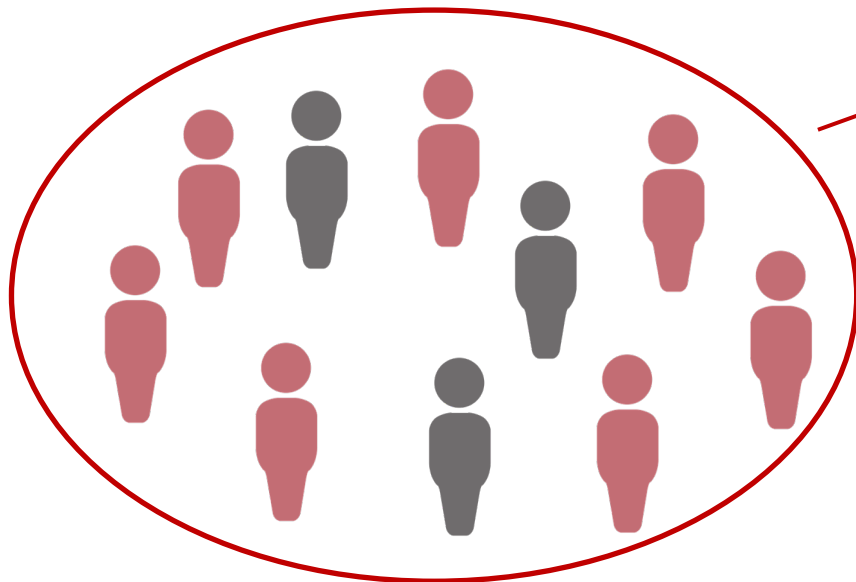


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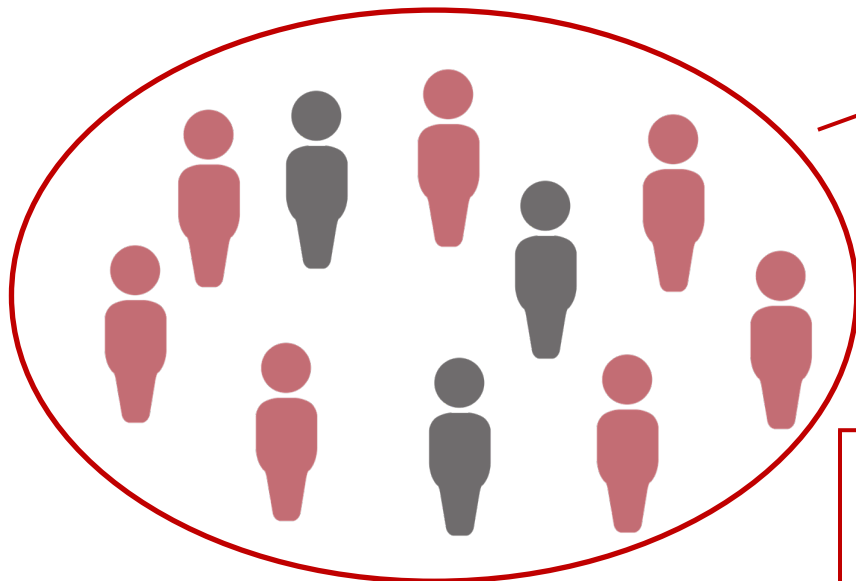
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 - https://www.wired.com/2016/11/facebooks-race-targeted-ads-arent-racist-think/?mbid=social_twitter