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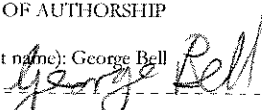
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## Call for Papers :

✦✦✦ The Organizing Committee of the 4th International Political Marketing Conference invites submission of Romania Conference which will take place in Sinaia, Romania, 17-21 April 2007.

In a fast moving world societies and cultures are shaped by powerful or weak leaders. The impact on politics is not only by classical political leaders, political officials to say. Corporate leaders, cultural leaders, or even media build up the local, nation or world agenda.

On a market that becomes the whole society ideas and values are in an extensive process of exchange. Processes of societal or group transformation are multi-directional, and thus the leaders themselves go through development.

As it stands as a witness of these evolutions, political marketing is interested to understand the role and mechanisms of leaders when acting on the societal market.

We invite you to participate in this wide debate of how political marketing can outline effective leadership and political changes determined by the interactions of leaders and various social and political groups.

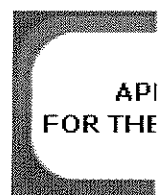
By that we invite you to participate in the 2007 International Political Marketing Conference, by submitting an application to be part of the Conference audience.

Besides, the scholars of political marketing and those of close branches such as political science, sociology, psychology, etc. welcome contribution from practitioners of political consultancy, polling, public policy consultancy or mass-media.

The Conference will be framed by some general areas of interest for political marketing but also by specific themes.

**Thus, we call applicants to concentrate the effort on the following directions:**

- a) The use of political marketing strategy patterns for effective political leadership.
- b) Comparative marketing of political organizations and political leaders. A special attention will be addressed to political parties as organizations of leaders.
- c) Mass-media role in the rising and fall of political leadership.
- d) The impact of leaders on public agenda.
- e) The influence of political culture on marketing political leaders.
- f) The ethics of political marketing in relation to leadership behaviour.
- g) The risk evaluation in political campaigns as an instrument for competitive political leaders.
- h) Lobbying and Public Affairs in Europe and the EU post enlargement. This is a special panel having the role of Public Affairs as a partner.
- i) Political Marketing Concepts for Effective Public Diplomacy.



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**An approach to Return on Investment (ROI) for Political marketing**

For political marketing it is a novel idea to define marketing in terms of return on investment. Political marketers do not have profit or market share goals. The task is for political marketers is much more complex and involves a defining a hierarchy of objectives. They tend to frame their long term or “permanent campaign” objectives in political terms such as winning the treasury benches, winning elections, minimising dissent, developing a civil society, maximising social capital, or improving the quality of life for citizens.

The approach taken in this paper examines the metrics used in the political organisations to measure key value of the expenditure on their short term campaigns prior to an election.

Just as the commercial customer can determine the profitability of a company by choosing to buy or not to buy its goods and services, so too can voter intention with a political party determines its “profitability”.

The paper uses the Australian political environment as a case study.

# RETURN ON INVESTMENT FOR POLITICAL MARKETING

## Introduction

Butler and Collins (1994) emphasised that ‘Marketers will rarely apply themselves to a more serious topic than the way in which the political elites and their electorates communicate’

In a literature search by Young (2002) more than four hundred scholarly references to political advertising were found, but fewer than thirty of those were Australian (Young 2002). The majority of the literature has focused on countries such as the United States (US), the United Kingdom (UK) and other liberal democracies. Surprisingly this search did not find any reference to the standard marketing metrics such as the concept of Return on Investment (ROI). This may be a result of the political parties having their own internal measures of success that they are unwilling or unable to articulate publicly. This general lack of specific research on any facet of ROI for political marketing techniques is one of motivations for this study.

This general lack of specific research on any facet of ROI for political marketing techniques is one of motivations for this study. It is believed that by using the example of the Australian political situation this analysis will fill an important gap in the understanding of the way in which political parties in other countries can become more accountable for the allocation of resources dedicated to the communication with their voters through election advertising.

This paper therefore provides a starting point, but by no means a solution, from which the discussion can be moved forward. By learning more about the way in which political parties in Australia communicate with their consumers (voters), and the application of marketing concept of the Return on Investment (ROI) to politics we can use the results for other political marketing jurisdictions. Therefore by answering a research question regarding the use of a ROI measure for the effective use of advertising appeals, the contribution to knowledge will take the form of advancement to the extant literature on political advertising.

Consequently this paper is a work in progress and the data collected will form the subject of a long term program to help political parties in Australia to better plan and implement their short term communication campaigns prior to elections.

## Marketing communication

Shrensky (1997) laments *"It is a sad fact that communication scholarship has not provided a way for democratic governments and the citizens they represent to communicate with each other on social issues. The result is that governments have adopted the easy administrative version of communication which is adopted by persuasion practices such as advertising, marketing and public relations- the shallow,*

*unconsidered 'commonsense' notion of communication as transmission of messages, the view that communication is a matter of getting a sender's message through to a receiver, the conduit notion which has been formalised and legitimised in models and definitions of public communication. Communication is treated as a mechanistic unproblematic phenomenon that can be improved by techniques- appear credible and authoritative, thoroughly research and know your target, choose your channel with care -all with the final aim of getting your message across, putting your ideas into someone else's head, and obtaining the desired effect in your receivers and target audience"*

Shrensky's observations are instructive in all political jurisdictions. It is important that political parties should rely on lessons from commercial marketing. It does not however necessarily follow that the biggest spender will get the largest market share awareness, approval ranking and voting intention. In the US presidential campaign 2007 it is suggested in the media that no serious candidate can be elected without spending a minimum of \$100 million. Both Senators Barak Obama and Hillary Clinton are reputed to be budgeting around \$500 million each for the race. One declared candidate ex Governor Richard Vilsak has already dropped out of the presidential race due to the lack of funds. However if simply out spending the competition in advertising was enough to win the US presidency then we should now have had either Ross Perrot or Steve Forbes as a US President.

The reality of political marketing is much more complex and is beyond the scope of this paper.

### **Political marketing**

In political marketing, commercial advertising and marketing techniques are adopted unchanged; health, safety and brotherly love are researched, branded, promoted, advertised, packaged, and distributed as though they were material goods with price tags. All the marketing concepts are brought into play: market segmentation, target audience, consumer research, the four Ps of marketing, and even competitive advantage. The public is seen unequivocally to consist of consumers, customers or clients.

However distrust and skepticism of government, including not only elected officials but bureaucrats alike, is at an all-time low (Steffey & Bradburn, 1994 ). A review of the literature reveals an overwhelming need for more responsiveness and more accountability on the part of government agencies (Cutlip, Center, & Broom, 2000 Yankelovich, & Destler, (1994))

Evaluation of what has been done in the past with an eye to improving the future is an important first step in addressing such accountability.

Political campaigns are normally large undertakings, with a host of variables and unattainable goals: reach every person currently living in Australia and influence that person's behaviour. Realistic goals must be defined, and plans to meet those goals must be written and implemented. Evaluating how they achieve such results will add much to the study of public communications campaigns.

Marketing communication, from the perspective of the private sector, is measured by awareness, attitude shift or intention to purchase. With the fragmentation of the media and the increasing inattentiveness to our messages the currency of communication is attention.

To understand accountability it is necessary to understand the objectives of the campaign, its rationale, the basis for selecting the target market and the appropriateness of procedures for securing their participation, the channels the messages are delivered, the monitoring procedures that are in place and the current efforts to assess the campaigns outcome and efficiency. Compared to the political sector, the commercial sector is relatively simple. Although commercial organisations differ in terms of industry, size and internal complexity, all are united in the fundamental aim to make money. Consequently the activities within the organisation and managerial innovations are focussed specifically on specified financial goals

One way to approach this problem in political organisations is to see key stakeholder satisfaction as the political equivalent of commercial profitability.

The increasing demand by voters for involvement in government decision making can be likened to customers of commercial organisations seeking higher standards of goods and services. Just as the commercial customer can determine the profitability of a company by choosing to buy or not to buy its goods and services, so too can voter satisfaction or dissatisfaction with a political organisation determine whether its "profitability" is in the "red" or "black".

An important strategy for achieving higher satisfaction (ie. "profitability") in political organisations is to involve stakeholders in developing policy and strategic direction.

The tradition of mass communication theory has focussed on the changing views of media effects from one of 'minimal effects' to 'some effects' to 'moderate effects'

Much of the discussion of Public Communication evaluation is based on 'Hierarchy of effects models' of the communication process. Lavidge and Steiner (1961) McGuire (1986) reviewed both econometric and behavioural studies and concluded:

*"In general both macro and micro strategies for evaluating the efficacy of commercial advertising in promoting sales fail to show the expected strong effects"* p 182 There is growing cynicism about advertising's effects resulting in the question now being asked by some leading academics and practitioners in the field: Is there any benefit at all to advertising? Such a question according to Peckman and Stewart (1988) is *"indicative of the pessimism that currently exists with regard to the value of advertising"*

Andrew Ehrenberg (1988) has for many years argued that advertising is a reinforcement process. His ATR model (Awareness-Trial-Reinforcement) is built on the assumption (derived from hundreds of analyses of repeat buying of frequently purchased consumer goods) that *"Advertising is generally a weak, reinforcing influence on consumers rather than a strong persuasive influence"* Ehrenberg (1988) p18

## Why Marketing Metrics?

In 2004, the Australian Marketing Institute (AMI) defined a framework for aligning marketing performance measures with measures from board reporting - measures that link closely to company profitability and shareholder value. Their paper, "What Value Marketing?" (Australian Marketing Institute 2004), stated:

*"It is important for the language and metrics of marketing to sit beside those of Finance when CEOs and Boards assess company performance".*

The paper described a conceptual suite of measures to link closely to cash flow and shareholder value, and as a first step to a shared language and common understanding the paper provided an extensive glossary.

The question of marketing measurement remains a hot topic: The American Marketing Association revised its definition of marketing in 2004 to emphasise value outcomes. The issue was examined at the 2004 ESOMAR Conference and the Marketing Science Institute 2005 Asian Marketing Conference.

The Marketing Science Institute, the top industry-academic liaison body, undertakes a biennial review of the key problems facing its member companies. The overwhelming issue stemming from the 2004-06 survey was that of marketing metrics; making marketing accountable.

### Conceptual Foundation: A Global Perspective

It is by relating marketing activity to the language of accountability that commercial marketing directors can get the resources to realise the firm's potential. While the challenge for political parties is different, the use of metrics to calibrate the efficiency of resource allocation in client-facing functions and the achievement of the objectives of the organisation is shared (e.g., Fiscal Policy Studies Institute 2004). If marketing metrics have as their objective to make the firm accountable, a number of issues arise. First, not only must marketing inputs be calibrated (that is the assets of the firm dedicated to the realisation of any objective), as well as the outputs (the degree to which the objective has been achieved, be it profit or a political parties ability to successfully introduce a new candidate to the electorate or win elections), but the efficiency of transformation of resources must be calibrated. Second, to evaluate performance it is necessary to have a benchmark. Without such a standard, it is impossible to say what is good.

### Methodology

The study is focused on the existing political marketing environment in Australia with respect to marketing accountability. For that reason, I undertook a preliminary study of current practice. After qualitative interviews with a number of Marketing Directors for political parties, I conducted a number of guided depth interviews with members of both major political organisations in Australia. By speaking to a range of senior marketing, financial, and general management executives I began to understand the need for

information they had for marketing decision making and performance review, the current availability of information and analysis, and thus gaps and redundancies.

I examined their usage of marketing metrics, their attitudes towards them, and perceived gaps and barriers in their application. While more detailed information is available from the author, some of the highlights of this study included the following. In the class of accountable measures, all parties claimed to use ROI in some form, and included a measure of voter shareholder value, marketing accountability and marketing efficiency appear as items of concern to all party organisations. Indication of the measures used to decide on major marketing investments. More specifically, I found the metrics usage in answer to the question which “types of information would your organisation generally use in making marketing investment decisions like launching a new candidate, a major communications campaign or defending against a major competitive move.”

### **Return on Investment**

Even in commercial marketing the relationship between communication spending and sales or market share is not linear. There are more complicated factors that determine consumer behaviour. Unfortunately it is even more complex for the political market. There is not a straight line relationship between investment in communication and voter intention. Otherwise the biggest spender would always win the government. The complexities of this relationship are beyond the scope of this paper.

Suppose a political party already has 48% of the 2 party preferred votes and needs to gain only 1.9% increase in votes to gain the treasury benches how can we determine the amount of money necessary to get the additional votes to win government.

If a political party's routine investment in communication was \$50 million then how could they use the efficiencies of commercial return on investment to gain the same result with less money? In commercial marketing we set our communication objectives to achieve a result in awareness attitude change and behavioural intention. We can set the same objectives for political communication. We have to be aware that shifting political attitudes is far more difficult than asking people to change their brand of toothpaste.

This generic ROI calculation does not reveal very much to the political analysts I talked to they simply wished to know the best mix of communication to minimise their expenditure for the maximum result.

Political Marketing is being drawn towards greater accountability, both externally and internally. Externally, the modern measurement mantra is “If you can't measure it, you can't manage it”. Internally, many marketing directors for political parties are frustrated by what they see as the marginalisation of marketing. They see the natural answer to that problem as a scientific demonstration of marketing's effectiveness and efficiency. As we move towards measurement-based marketing there are a number of potential pitfalls that we must avoid. First, science and system can destroy creativity. We must ensure that this does not occur. The genius of marketing, its creativity and innovation, will be lost if the



rigorous methods used to evaluate it lead to mechanistic execution. Second, we must ensure that we understand the limitations of measurement and we don't unduly focus on the measurable. An obvious example of that would be an econometric study of advertising that looks only at its short term effects because those are easily calibrated, leading to under-investment since the long term brand-building effects were unable to be estimated. The final danger is that of quality. Numbers on a page develop their own reality. Many major political parties, have real data quality problems. Poor metrics may well be worse than no metrics. However, despite these dangers, I believe that the current focus on evidence-based marketing will lead to it re-establishing its credibility, will better integrate its activities into the organisation, and will increase its efficiency, better focusing organisational resources.

### The Next Research Stage

Further work will be done with both parties to evaluate the utility of the Schultz (2004) model of Return on Communication Investment (ROCI) for Federal Election scheduled for sometime around October 2007.

Both parties will be examined in terms of their IMC planning process that Schultz identifies as:

#### 1. Identify Customer/Prospects

This will involve an examination of the parties Voter segmentation processes. The use of geodemographics and other database tools.

#### 2. Brand Valuation

To examine the concepts of Brand valuation of the parties I intend to use a number of commercial instruments the Brand Dynamics pyramid, from Millward Brown, the Conversion Model from Taylor Nelson Sofres and the Equi trend model from Harris interactive. And finally the Brand Asset Valuator from Young and Rubicam

#### 3. Creating /delivering messages and Incentives

Considerable research has been done on message content and this will be collated for completeness.

#### 4. Estimating ROCI

Line	Voter Group	Loyals	Switchers	New Voters	Problem voters	All voters
	Behavioural goal	retain	Grow share	Acquire	Divest	

This taxonomy is useful in examining the elements to all communications efforts and will be the primary tool for future comparative data collection over time. Historical data will also be used to form a benchmark.

## 5. Budgeting, Allocation and Evaluation

The importance of television advertising in Australian elections is highlighted by the figures below showing that over half of all campaign funding was spent on broadcasting (radio and television advertising) alone in 1996.

### 2004 Political Party Electoral Expenditure (Source:(Australian Electoral Commission 2004))

Party	Broadcasting	Publishing	Display	Other	Direct Mail	Research	Total
ALP	9,037,760	840,223	6,444	1,188,245	1,982,162	751,490	13,806,144
Coalition	6,652,778	2,723,082	58,298	3,032,474	2,929,342	1,296,123	16,692,096
<b>TOTAL</b>	<b>15,690,538</b>	<b>3,563,305</b>	<b>54,742</b>	<b>4,220,719</b>	<b>4,911,504</b>	<b>2,047,613</b>	<b>30,498,240</b>

## Conclusions and Limitations

Initially it was assumed that I would find in the political marketing environment that commercial advertising and marketing techniques would be adopted unchanged; health, safety and brotherly love, researched, branded, promoted, advertised, packaged, and distributed as though they were material goods with price tags. All the marketing concepts are brought into play: market segmentation, target audience, consumer research, the four Ps of marketing, and even competitive advantage. The reality at least in the Australian political parties is a mixture of a sophisticated reliance on commercial marketing techniques and communication and advertising consultants brought in at key times before an election and very well developed long term relationship management that most commercial organisations would love to have.

This research is arguably the first time that political marketing in Australia has been examined on the basis of return on investment. a major weakness of the study is that it focuses on the instrumental short term campaigns rather than the long term or permanent communication activities of the parties. Further research could involve a researcher becoming a participant observer over a long term say four years to report on the communication activities.

It is further acknowledged that political campaigns are normally large undertakings, with a host of variables and unattainable goals: reach every person currently living in Australia and influence that person's behaviour. Realistic goals must be defined, and plans to meet those goals must be written and implemented. Evaluating how they achieve such results will add much to the study of public communications campaigns.

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