



## ***First Opinion***

**An ARF Research Review of  
Integration Marketing & Communications Limited's  
*Market ContactAudit*<sup>™</sup> Methodology**

**William A. Cook, Ph.D.  
Sr. V.P., Research & Standards**

**February 20, 2007**

## INTRODUCTION

This is an ARF Research Review of the Integration Marketing & Communications Limited's ("Integration™") *Market Contact Audit™* methodology (MCA™). The purpose of the MCA methodology is to provide clients with increased marketing communications accountability by measuring the effectiveness of a brand's marketing communications from the consumer's perspective. MCA is designed to quantify how successfully a brand engages with consumers across media channels by measuring the degree to which they recall connecting with it through contacts (or "touch points"), factored by each contact's influence. Over 500 MCA™ audits have been conducted covering some 183 categories, 60 markets and in 25 languages.

The purpose of this review is twofold:

1. To review the objectives, design, methodology and reporting of the MCA™ in the context of ARF guidelines.
2. To render an opinion of the adequacy of the design, methodology and reporting to meet the stated objectives, both in theory and in practice, insofar as that practice is represented to the ARF by Integration.

The ARF opinion is based on the years of experience of the ARF staff and the body of ARF principles and guidelines currently available.

## MCA™ OBJECTIVES

As outlined in Integration's literature<sup>1</sup>, the objective of the MCA™ approach is to provide clients with increased marketing communications accountability by giving them means to audit the effectiveness of any brand's marketing activation plan within a given category. The MCA™ approach quantifies how consumers experience brands and yields metrics with which to assess and manage brand experience across media.

Through the MCA™, Integration provides marketers with a common currency, the *Brand Experience Points™* (BEPs™), to compare the clout and the cost-efficiency of the different communication channels or *contacts*. The contacts measured by the MCA™ include traditional media channels, but may extend well beyond that to include word of mouth, one-to-one dialogue, branded websites, sponsored events, in-store, packaging, samples, etc., depending on what consumers indicate in the qualitative phase are relevant for the category under study.

The decision to focus on contacts rests on two key assumptions: 1.) it is more useful to measure what consumers perceive, rather than what they receive, and 2.) the consumer's mind is the true integrator of marketing communications elements.

Contacts are measured and reported on individually, in addition to being summarized in terms of *Brand Experience Points™*. Contacts also affect the *quality* of the brand encounter. The fact that the majority of marketing spend is in the area of media contacts adds to the importance of managing them well. In addition, it is of growing importance that we measure branding influences that lie beyond the traditional marketing mix – from Street Theater to ads on wrapped building exteriors, or city buses. By providing an

integrated system of measurement, MCA™ enables marketers to manage their contacts and messages holistically, in terms of the total brand experience including content, contacts and context. Conducted properly, the MCA™ can enable marketers to evaluate which of the brand's marcom activities are effectively contributing, need improvement or should be reconsidered.

## **THE MCA™ PROCESS**

The focus of this review is the MCA™ process. MCA™ is an integral part of a larger Integration *Brand Experience™ Strategy Process*. The process enables marketers to translate MCA indicators into Brand Experience strategies that both increase Brand Experience effectiveness and efficiency.

The Integration *Brand Experience™ Strategy Process* has been shown to contribute to successful marketing communications most when it is integrated into the larger business planning process. For example, see the map of the Integration MeTHOD™ Management Process in Appendix 1.

## **METHODOLOGY**

Project Initiation. Typically, MCA™ projects are initiated with the participation of a cross-functional team including senior managers, category and brand planners, marcom experts, researchers, sales and POS experts, and financial experts. Members of the project team are presented with a comprehensive training session on the philosophy and rationale for measuring and managing marcom through a Brand Experience system. The qualitative and quantitative phases of MCA™ are fully presented and related to the objectives of the project and to the resulting metrics.

In addition to the materials provided in the initial face-to-face sessions, online tutoring sessions are made available by Integration, and their use is encouraged, particularly for new members added to the project team subsequently.

Detailed instruction manuals are available in hardcopy and in the online system for every phase of the MCA™ project. Since the Integration clientele are typically global marketing companies, the materials are available in the English, Spanish, and Chinese (Mandarin) languages.

The client contributes a “wish list” of prospective client and competitive brands to be studied and a “wish list” of potential contact points. To insure that the MCA™ quantitative research maximizes consumer input, the actual list of brands and contact points employed there are selected on the basis of a set of focus group sessions. The client “wish list” serves as input to those groups, but often the consumers add to that list, or offer alternative ways of describing them, which is important to the success of the quantitative research.

Integration also obtains from the client the details on the market information sought, and reviews with the client the sample size and characteristics, and the design of the quantitative survey. A template customized to the needs of the client is then developed to ensure that the specifications of the study are fully and accurately communicated.

Qualitative. The primary objective of this phase is to define the universe of potential contacts in the language of the consumer. The “wish list” developed by the brand planners is refined and redefined by the consumer input. With their input, Integration and the brand planners select a final list of up to 35 contacts and 18 competing brands from the consumer’s perspective. The carefully structured qualitative research employed as part of the MCA™ process is key to the design of the survey and impacts the resulting quantitative analysis.

The number of group sessions which are conducted depends on the number of customer segments involved, but usually is between 2 and 4 group sessions. For example, loyal buyers versus promotion-driven, or special-occasion buyers might be interviewed separately.

Integration provides a detailed guide for the group sessions and a check list to ensure that the objectives of each session are met, and to evaluate the quality of the session.

Survey Design. The first objective of this phase is to measure the intrinsic value of each contact for a given category. The second objective is to assess the perceived experience level for each brand audited through measuring the brand-contact associations.

The four resulting exercises are completed by consumers in 25 minutes or less and are not laborious. The surveys are conducted by face-to-face interview, by mail or via web or web-TV survey. The sample size is 500 or more and is a function of the number of segments and the size of the brands under study.

Measures. Each contact is measured on three dimensions:

- 1) Rational – the degree to which a contact effectively conveys information
- 2) Attractiveness – its ability to build an emotional bond, and
- 3) Power – its capacity to change attitudes and behavior.

These three measures are summarized to a single indicator for the capacity of a contact to influence consumer attitudes towards brands in a given category, the *Contact Clout Factor*™ (CCF™).

The consumer is next asked to indicate whether he/she associates each brand with each of the contacts. Based on the number of brands each consumer associates with each contact, an association weight is calculated for each contact.

For each brand an overall indicator of Brand Experience is obtained by adding up across all the contacts the CCF weighted by the number of associations the brand had with that contact resulting in the *Brand Experience Points*™ (BEP™) measure. Averaging the BEP over all of the brands produces the *Brand Experience Share*™ (BES™) metric which has been shown to be significantly correlated with Market Share.

Analysis Constructs. The analyses of the findings are tailored to address key marketing questions. The questions of the client are related to an array of MCA™ indicators which provide a basis for Brand Experience management.

		Indicators	Learnings	Actions
Category Learnings	1	Contact Clout Factor (CCF)	What are the most influential contacts?	Use the right contacts to improve effectiveness
	2	Most / Least Associations Index	What does the category do?	Use the right contacts to differentiate the brand
	3	Threshold Scores	What is needed to achieve visibility in the category?	Avoid spending money ineffectively
Brand Effectiveness Learnings	4	Brand Experience Shares (BES)	How is the brand performing vs. competition?	Evaluate overall marcoms effectiveness
	5	Brand Experience Points (BEP)	What are the brand Strengths and Weaknesses?	Assess reasons for brand success and possible future gains
	6	Brand-Contacts Credits & Deficits	What are the brand Opportunities and Threats?	Fix the mix
Brand Efficiency Learnings	7	Cost per 1% BES	Is the brand's Return in Brand Experience improving?	Evaluate overall marcomms efficiency
	8	Internal Costs per BEP	What are the cost of BEPs per contact?	Identify contact activities where contribution per \$ is eroding
	9	Competitive cost per BEP benchmarks	Performance vs. comparable brands in a given contact?	Highlight opportunities to improve efficiency

Source : Integration<sup>2</sup>

The marketing questions addressed by the MCA™ findings include such issues as:

*Brand Experience (BE) Status*

What is the brand overall performance vs. competition?

*Category Learning*

What are the key contacts in the category?

- To influence
- To differentiate

What's the minimum BE weight to achieve visibility?

*Brand Learning*

What's the profile of Brand Experience?

What are the Brand's Strengths and Weaknesses?

What are the Brand's Opportunities and Threats?

*Cost efficiency Learning*

How is the brand performing vs. competitors?

What's the ROI per contact and for the total marketing spend?

Insights into how various contacts contribute to a brand's strengths and weaknesses are readily communicated by displays that combine simple metrics such as the CCF and the number of associations the brand has.

### Matrix of Category Experience: Brand 3 • Financial Services



Source: Integration

Reports reviewed by the ARF were consistently of high quality, and offered a well organized mix of tables, graphs and verbal summarization. The systematic and logical style of the reporting aids the readability of the reports. The reports are extensive, due to the breadth of the questions being addressed and the number of customer segments and brands covered in each study.

### **VALIDATION EVIDENCE**

The BEST<sup>TM</sup> correlates well with Market Share according to an extensive validation analysis relating the BEST<sup>TM</sup> to the Market Share from over 500 MCA studies spanning 64 product categories and 37 countries. The average correlation is .85, in other words, the BEST<sup>TM</sup> predicts, on average, 72% of the variability in brand share. Among the top quartile of those studies the average correlation is .93 and in the lowest quartile it averages .54, but even there we find a statistically significant relationship between BEST<sup>TM</sup> and Market Share in the majority of studies. (See Appendix 2.)

The initial correlation study was done by Professor Amitava Chattopadhyay, L'Oreal Chaired Professor of Marketing-Innovation and Creativity at INSEAD in Fontainebleau, France. This analysis was extended by Marek Winiarz, Managing Director, MeTHOD, to include graphical analysis with the additional richness of categories, markets, and data collection methods that are available now. His validation study reveals that the

relationship between BES™ and Market Share does not differ between countries or between modes of survey. Differences in the strength of relationship between BES™ and Market Share are seen across product categories, but these can usually be related to the category market structure, and they follow predictable patterns.

The conduct of the BES-Market Share validation research is a valuable contribution to clients and to researchers working to advance market prediction. Integration has research on research underway to expand their validation work to include the component metrics and methods underlying the BES™, such as the Contact Clout Factor™ and the Brand Experience Points (BEP™). That work will be the subject of a future ARF Research Review.

The BES-Market Share validation analysis is presented in detail in Appendix 2.

## ARF OPINION

Overview. Integration set a rigorous objective for its MCA™ service:

*“The purpose of the MCA™ methodology is to provide clients with increased marketing communications accountability by measuring the effectiveness of a brand’s marketing communications from the consumer’s perspective.”*

To fulfill such a rigorous objective a firm must put forth a well-structured methodology, and a disciplined approach to its implementation. On the basis of several indicators studied in this review, Integration has made significant strides toward that objective.

The systematic manner in which measures are derived and the transparent way in which the measures are related to key indicators reveals a carefully thought out process and a disciplined implementation. The consistency of the execution is supported by a thorough use of templates, guides and check lists. Guidelines are stated for quality control, and the comparison of guideline values and the performance of the studies are offered for client review. Integration’s attention to process control is a critical ingredient to the reliability and validity of the metrics produced by MCA™.

In several key areas of research quality the MCA™ service is judged to meet or excel the guidelines provided by industry leaders and experts.

Relevant ARF Principles and Guidelines. The Guidelines for Market Research published by the ARF in 2002 provide a valuable guide for researcher regarding surveys, behavioral measurement, and data analysis and reporting.

### Methodological Principles/Guidelines

### MCA™ Compliance

<u>Relevance to business outcomes.</u> Linking decision-oriented research to the business need is essential to setting the parameters of the research.	The MCA™ methodology is well focused on business needs and by virtue of its emphasis on the consumer’s perspective is well positioned to address those needs.
<u>Survey Design.</u> The survey design should maximize the contribution to addressing the business issue while minimizing the burden on the respondent.  The style of the survey, its flow, subject presentation, question format, and language should be as engaging as possible to the respondent.	The selection of the brand contact point as the focus of the survey ensures that the survey is realistic to consumers and relevant to the business issues under study.  The straight-forward display of the contacts and the tasks placed before the consumer are engaging and clear. The use of extensive qualitative research to refine the selection of contacts adds to that effectiveness.
<u>Multicountry studies.</u> Research across countries, or cultures/languages within a country, may result in questions that are interpreted differently; and consequently the ability to compare answers across them may be limited..	The MCA™ metrics are designed to be gathered and applied on a relative, rather than an absolute, basis. As a result, the system has been found to be highly consistent across countries and cultures in the ability of the BES to be related to Market Share and in the ability to guide Contact management.



## **Policies and Positions of MCA™ Stakeholders**

Integration is an employee owned research and consulting firm with registered offices in Nicosia, Cyprus and Singapore and representatives in Frankfurt, London, New York, Paris, and San Diego. The Chairman is Eric Fredericks and the CEO is Oscar Jamhuri.

Integration, founded in 1994, is an international consultancy firm dedicated to developing tools and processes to measure and improve the effectiveness of Integrated Marketing & Communications. Its core product is the Market ContactAudit™ (MCA™) methodology which has been conducted in over 500 audits covering 183 categories, 60 markets and 25 languages.

Integration's Market ContactAudit™ provides the measurement platform for successful integrated marketing and communications. By category and market, it identifies the most influential and differentiating means to connect to consumers; it also highlights the strengths, weaknesses, opportunities and threats of a brand's marketing activities relative to competition.

STeP™ develops software programs that enhance the operational performance of the group's tools and processes. Computer assisted reading, reporting and brand experience planning modules minimize the time needed for analysis and strategy development, and allows customers to concentrate resources on marketing execution.

IMC-ACADeMY™ empowers customers to extend MCA™-based brand experience planning disciplines and accountability throughout their marketing and sales organizations. The transfer of know-how takes place via the web or standard face to face workshops

MeTHOD consultants coach clients' organizations to (a) introduce accountability and establish best practices across all marketing activities and (b) integrate the marketing & communications function in the business planning process.

Integration is proud to have established global alliances with the following multinational organizations:

- Mediacom. Since August 2005
- ARC. Since November 2004
- Mediaedge: cia. Since April 2004
- TBWA. Since February 2004
- OMD. Since July 2003
- MPG (Media Planning Group). Since May 2003
- Dentsu Inc. Since April 2003
- StarcomMediaVest Group (SMG). Since December 2002
- Zenithoptimedia. Since January 2002
- Video Research Ltd. Since January 2005 (Syndicated MCA™ in Japan only)
- Universal McCann. Since January 2006

### Ethical Principles

### MCA™ Compliance

<p><u>Privacy policies.</u> Researchers must respect the rights of the individual to anonymity and privacy.</p> <p>Researchers must also reasonably ensure that any confidential information provided to them is protected against unauthorized access.</p>	<p>Integration exercises strong oversight and care for the respondent's rights to anonymity and privacy.</p>
<p><u>Fully disclose methodology.</u> Complete information about research methods and practices used, as well as all the data collected, and its ownership, should be revealed to all research subscribers and prospective subscribers. ...all methods used should be as "transparent" as possible, thereby permitting critical evaluation and replication.</p> <p>The details of disclosure should include the following at a minimum:</p> <ul style="list-style-type: none"><li>– a precise definition of the intended measurement universe</li><li>– a detailed description of the sampling frame</li><li>– if sampling is used, descriptions of sample design, selection, incentives, recruitment and screening procedures</li><li>– a detailed description of how measurements were made</li><li>– empirical evidence of the validity of the measurement method, if available</li><li>– a complete description of the data processing (e.g., qualification, editing, weighting, ascription and the calculation)</li></ul>	<p>As noted on page 4, MCA documentation is exemplary in its detail and completeness. The measures of research quality are accessibility to client and to the research providers to enhance research value and practices.</p>
<p>Research companies must <u>take steps to ensure the responsible use of their data</u> in the public domain – among clients, the press, and others likely to cite their results in public contexts.</p>	<p>The emphasis placed on client training and client relationships contributes to responsible use of the data provided. The clarity and breadth of the reporting of MCA results also adds to the accurate and responsible use of the findings.</p>

## **SUMMARY**

The pursuit of a consumer-focused system of Brand Contact measurement has resulted in a consistent research methodology that has provided actionable guidance for managing the investment in the brand contacts and the resulting Brand Experience in hundreds of MCA™ studies in dozens of countries and categories.

In a period in which managements have sought to reduce costs while improving performance, systematic, disciplined approaches have been achieved in many areas of business, but less so in marketing than in many other areas. With the application of consumer-led, but rigorous, approaches such as MCA™ marketers and researchers can increase the productivity of their efforts, and the demonstrable results to document those contributions.

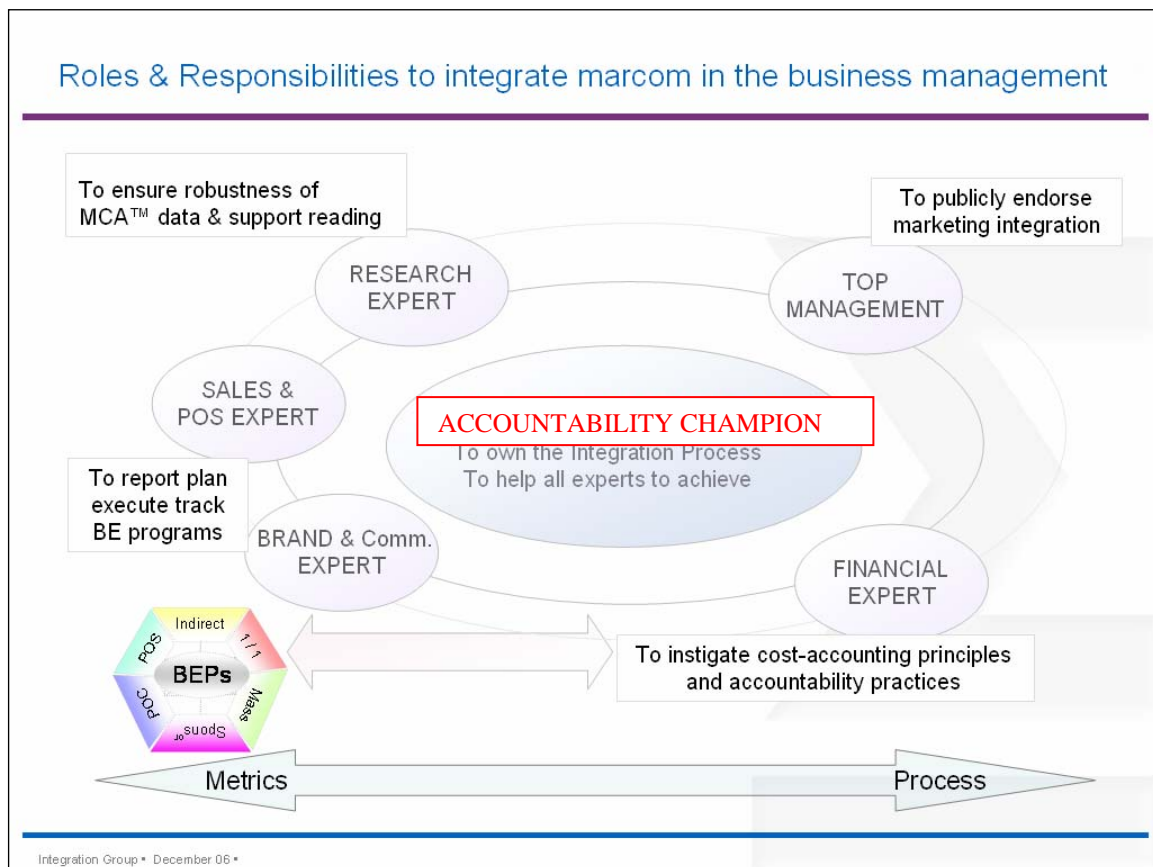
## **REFERENCES**

1. Integration's Brand Experience Handbook © 2002 - 2006
2. Market ContactAudit™ (MCA™), Brand Experience Points™ (BEP™), Contact Clout Factor™ (CCF™), Brand Experience Shares™ (BES™), IMC-ACADeMY™, STeP™, MeTHOD™ and Integration™ are trademarks of Integration Marketing & Communications Limited who is the owner of all rights to the Market ContactAudit™ (MCA™) methodology.

## APPENDIX 1

Integration also offers the MeTHOD™ Management Process. Using MCA metrics as an input, the deliverables of MeTHOD are designed to answer higher level key business question such as "How does the Brand convert BES relative to Market Share?" and "What is the return on the marketing dollar?"

MeTHOD is a knowledge transfer product consisting of a detailed process handbook, a set of knowledge transfer workshops, and automation software (AutoMeTHOD) that allows clients to autonomously manage their marketing functions. Its objective is to improve marketing accountability by providing a set of business indicators based on MCA combined with financial information. MeTHOD includes several innovative elements, including the application of Activity Based Costing (ABC) to marketing and "Line-of-Sight" (LOS) dashboards (LOS indicates transparency of meaning in marketing performance to all stakeholders vertically across management levels, and horizontally across business functions). Additionally, MeTHOD contains tools necessary for successful change implementation, business process management and communication among others.



Source : Integration

## APPENDIX 2

In collaboration with Professor Amitava Chattopadhyay, L'Oreal Chaired Professor of Marketing-Innovation and Creativity at INSEAD in Fontainebleau, Marek Winiarz, Managing Director, MeTHOD, Integration has conducted a validation analysis relating the BES™ to the Market Share from over 500 MCA studies spanning 64 product categories and 37 countries.



### Brand Experience Share (BES) to Market Share (MS) Correlation Analysis

#### Σ Analysis Method

- The Pearson product moment correlation coefficient,  $r$ , is calculated by the formula used in MS Excel.
- The Graphs and Regression Equations were generated by Minitab Statistical Software Release 13.30

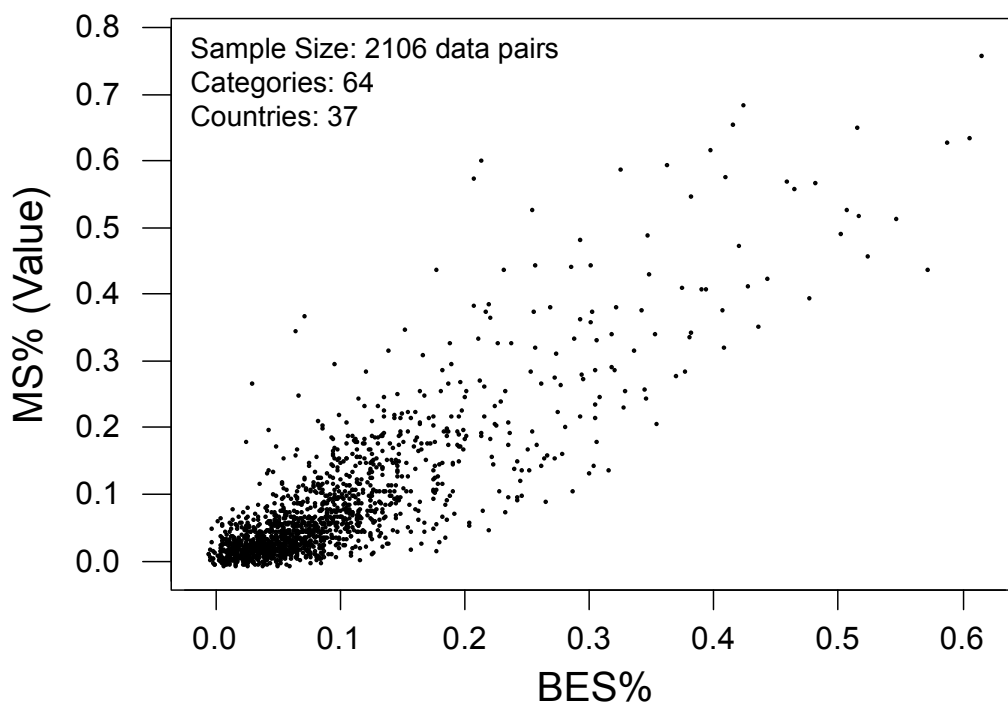
#### Σ Data Range

- BES and MS data are from audits spanning from 1998 until 2006
- Data include 64 Categories and 37 Countries
- Total data pairs used: 2106

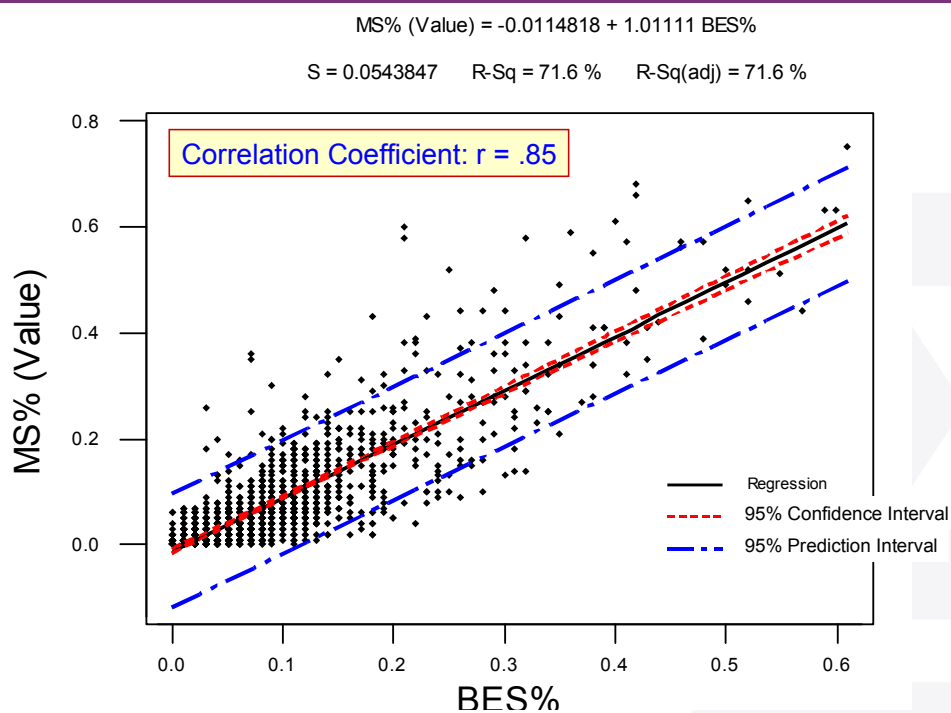
#### Σ Overall Conclusions

- Behavior is consistent and predictable
- Conclusions confirm Chattopadhyay's original study
- Overall correlation coefficient:  $r = .85$
- Behavior is consistent across categories and countries

### Plot of BES/MS: Raw Data, All Data Points



### Regression Equation and Fitted Line Plot for BES/MS: All Data Points





## Specific Case Examples

### Σ Specific Audits Exhibit Correlation Differences

#### Σ Following Slides Illustrate Examples:

- High Correlation Cases
- Medium Correlation Cases
- Low Correlation Cases

### Σ Certain Brands Show Outlier Behavior

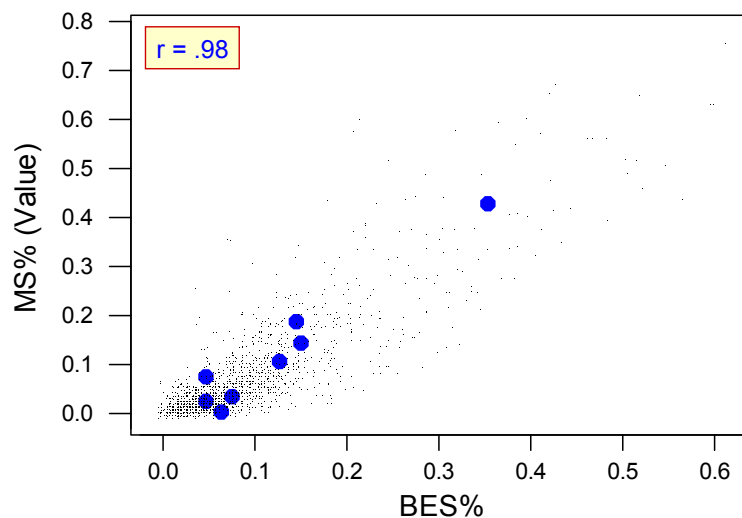
- High Brand Equity (Market Share above expectation based on BES)
- Low Brand Equity (Market Share below expectation based on BES)

MeTHOD • December 2006

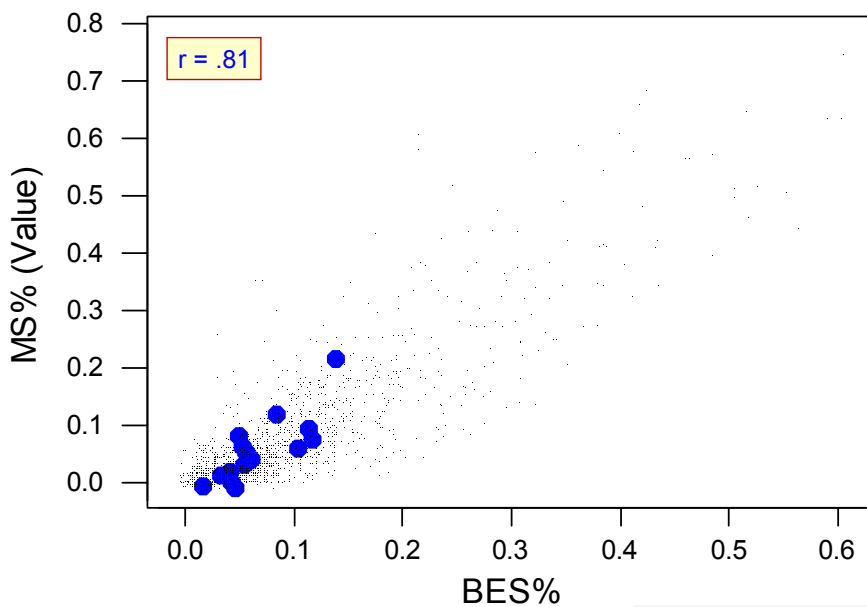
5

## High Correlation Example: Mobile Phones Poland

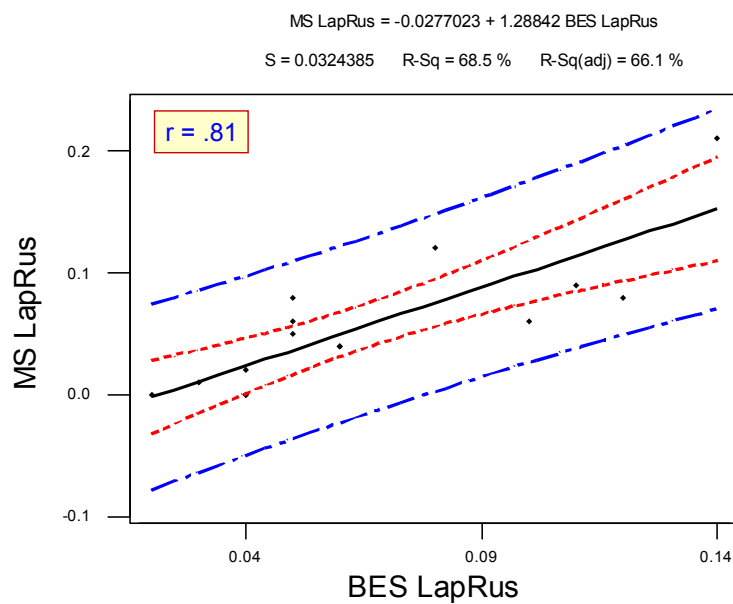
6



## High Correlation Example: Laptops Russia

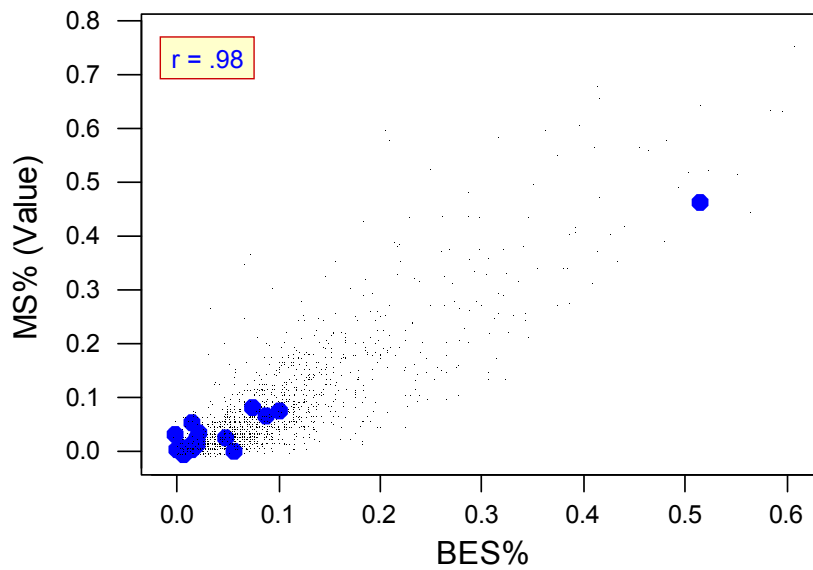


## High Correlation Example: Laptops Russia





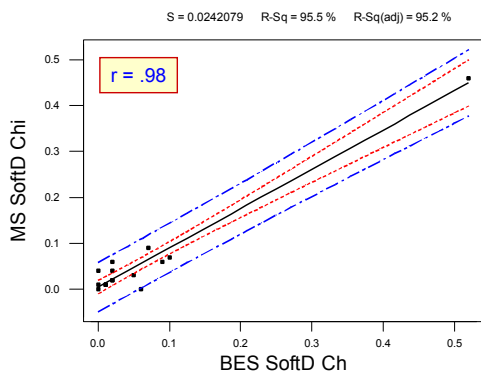
## High Correlation Example: Soft Drinks Chile



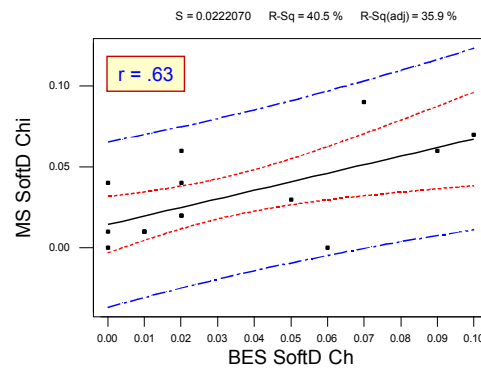
*A Single Brand Dominates the Market!*

## High Correlation Example: Soft Drinks Chile

Including Dominant Brand

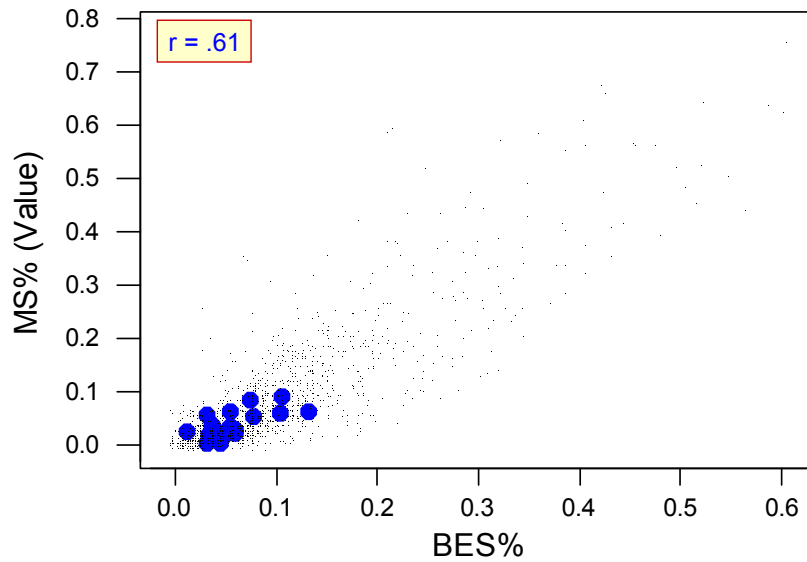


Excluding Dominant Brand

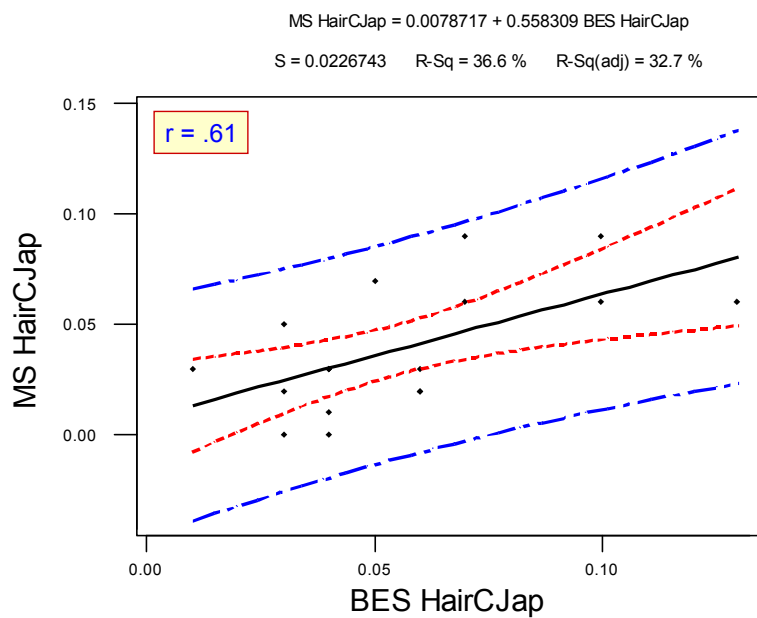


*Dominant brand drives correlation number!*

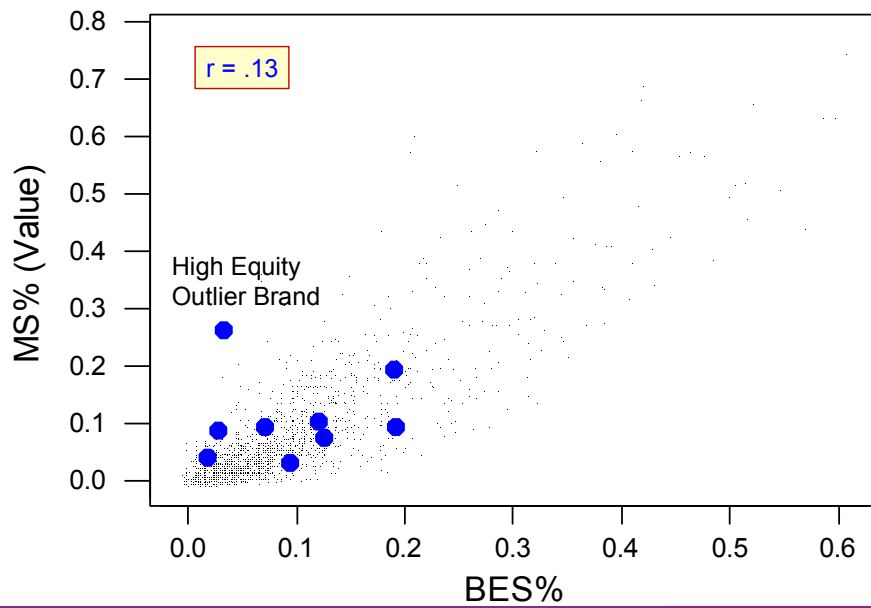
## Mid Correlation Example: Hair Color Japan



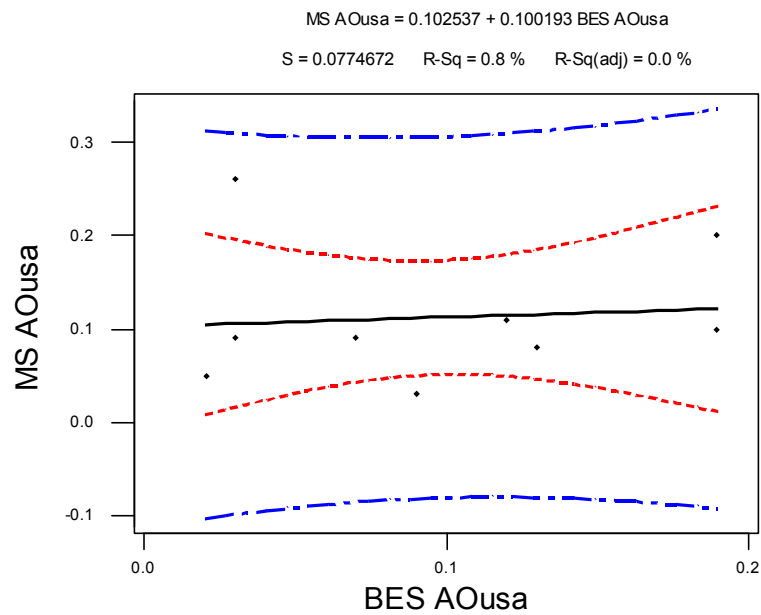
## Mid Correlation Example: Hair Color Japan



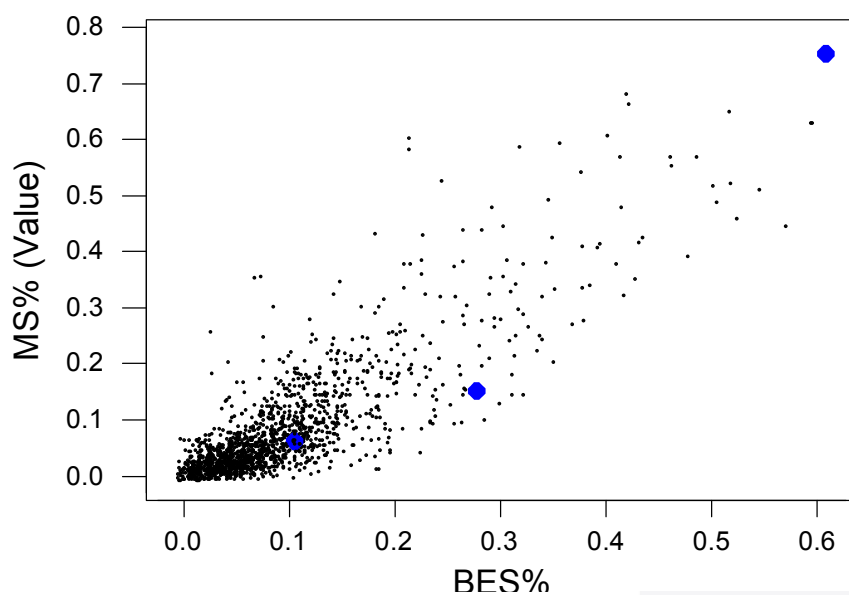
# Low Correlation Example: Apparel Outerwear USA



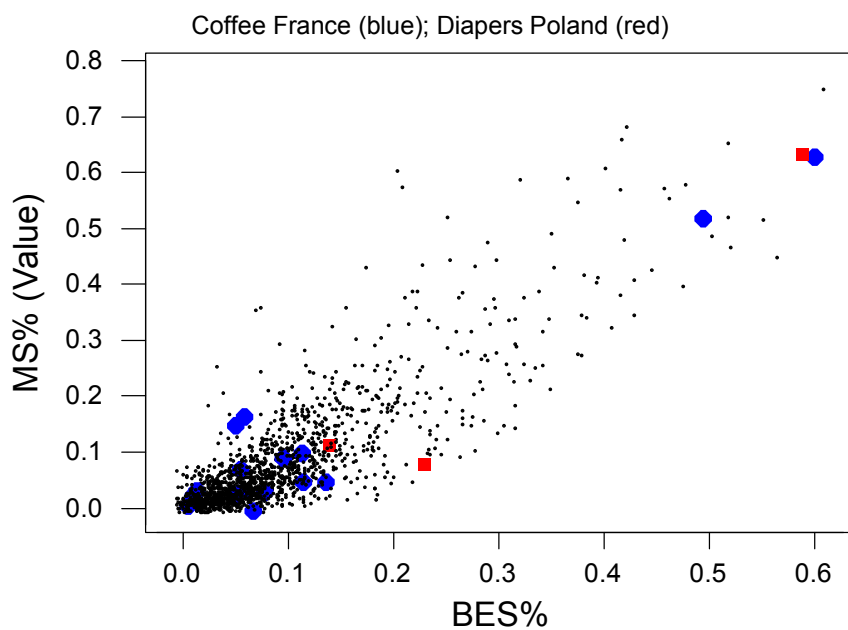
# Low Correlation Example: Apparel Outerwear USA



## What Are the Extremes? Fabric Enhancers Philippines



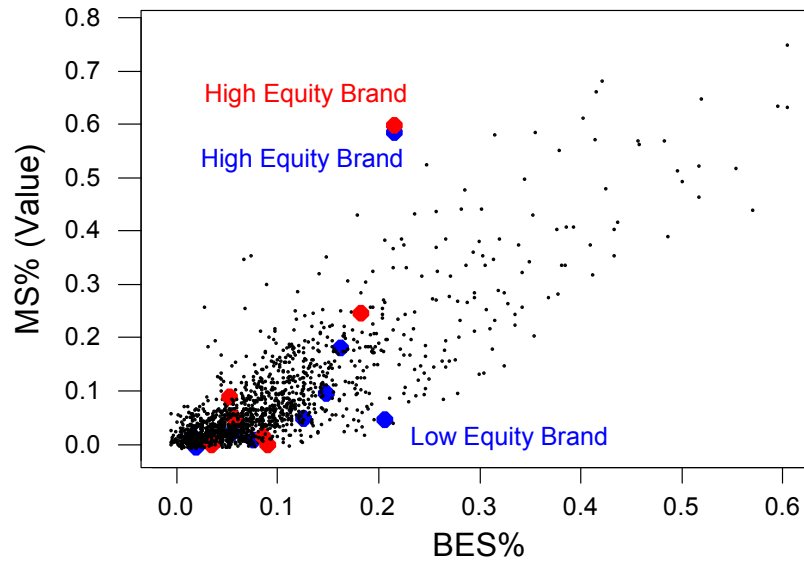
## What Are the Extremes?



## What Are the Outliers?



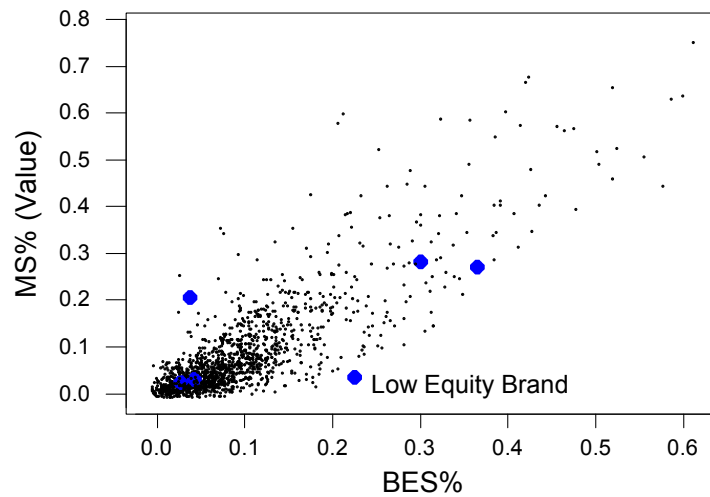
HHP Brazil (blue); Health Care Professional UK (red)



## What Are the Outliers?



FemCare Germany

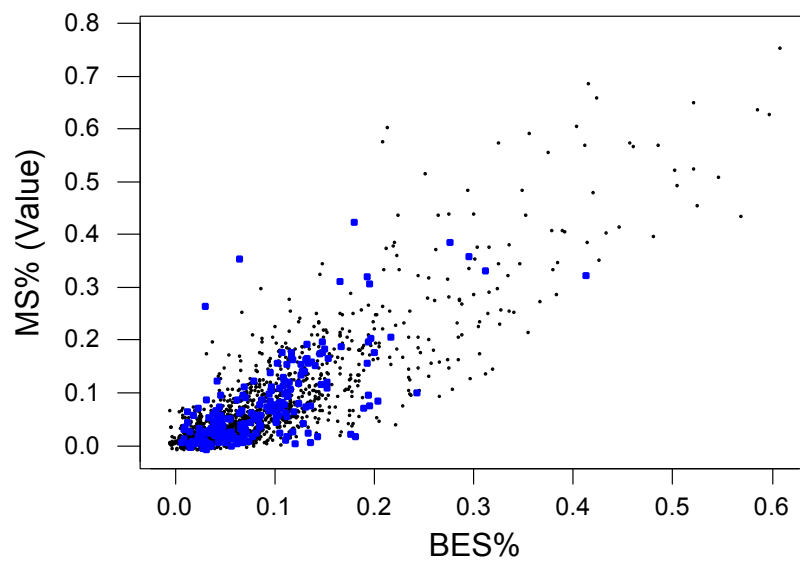




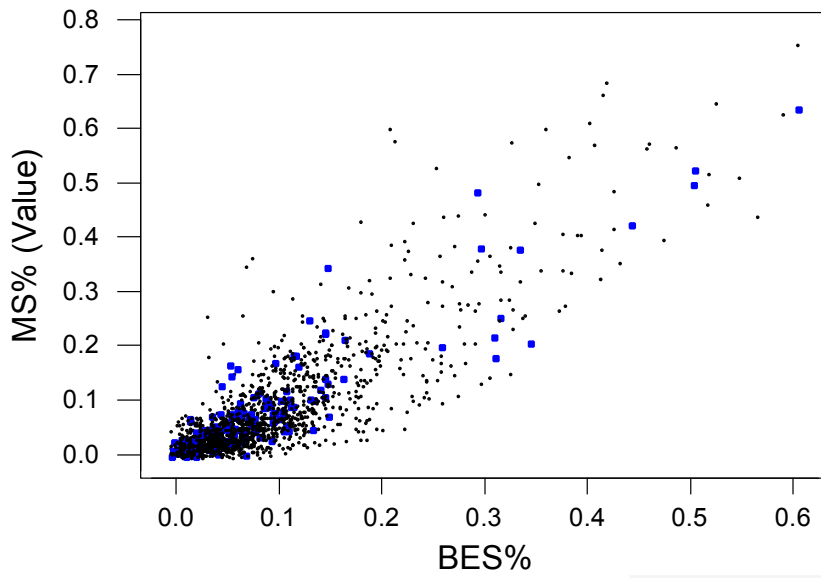
## Analysis by Country

Σ Conclusion: No discernable difference in pattern by country

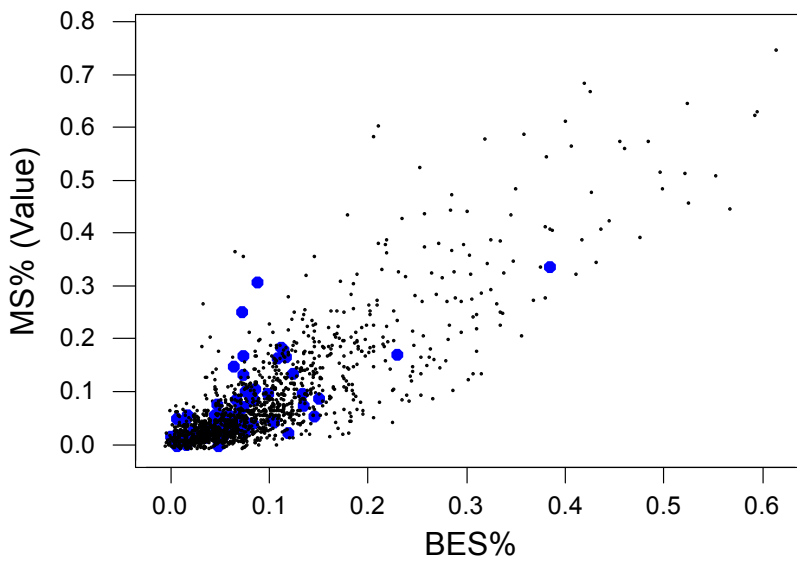
## Country Analysis: USA



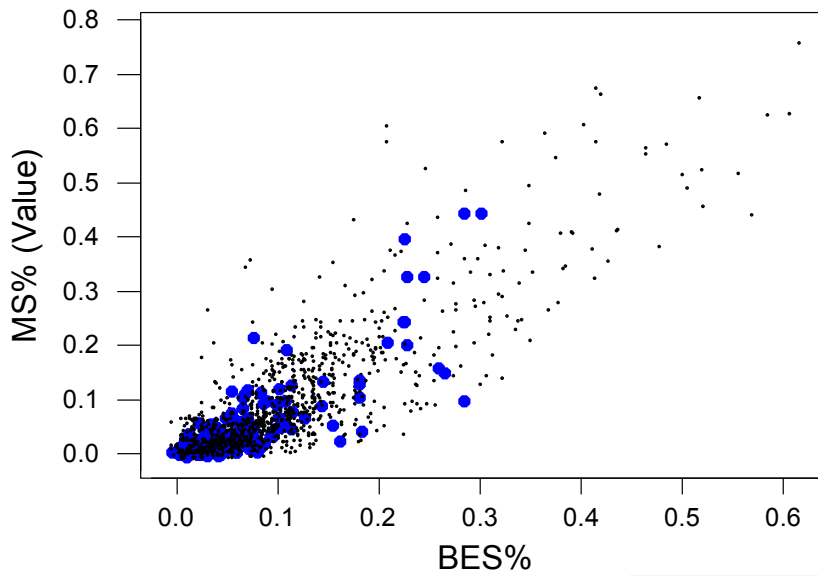
### Country Analysis: France



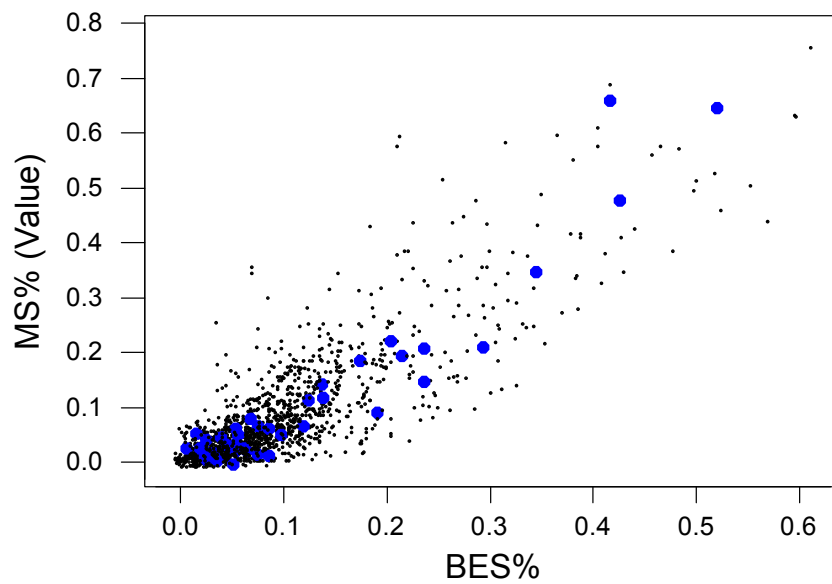
### Country Analysis: China



## Country Analysis: Japan



## Country Analysis: Turkey



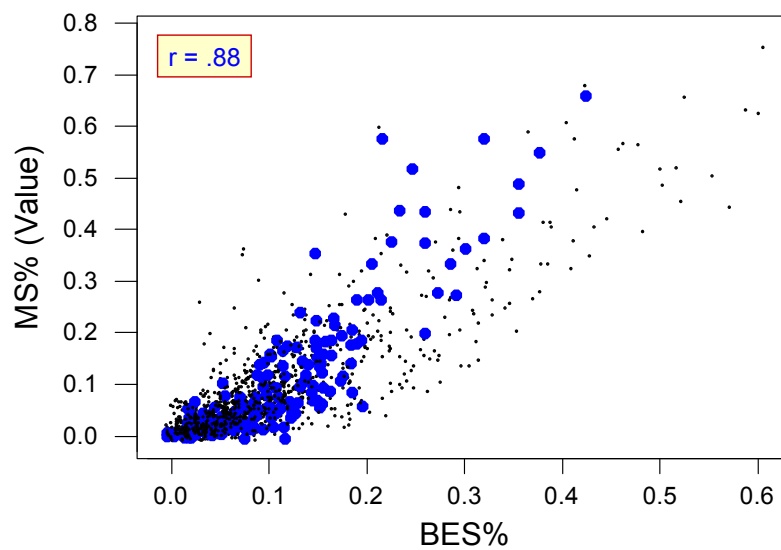




## Analysis by Category

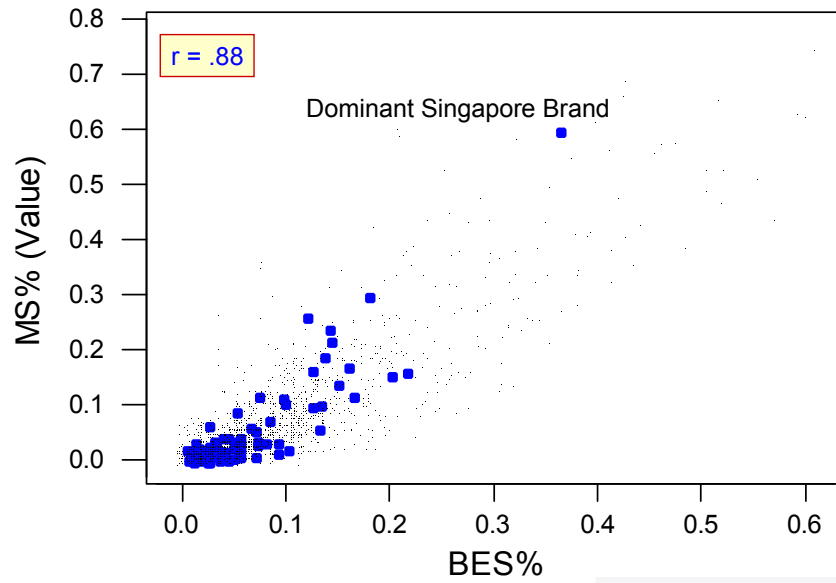
Σ Conclusion: Categories show variation but follow predictable patterns

## Category Analysis: Phones



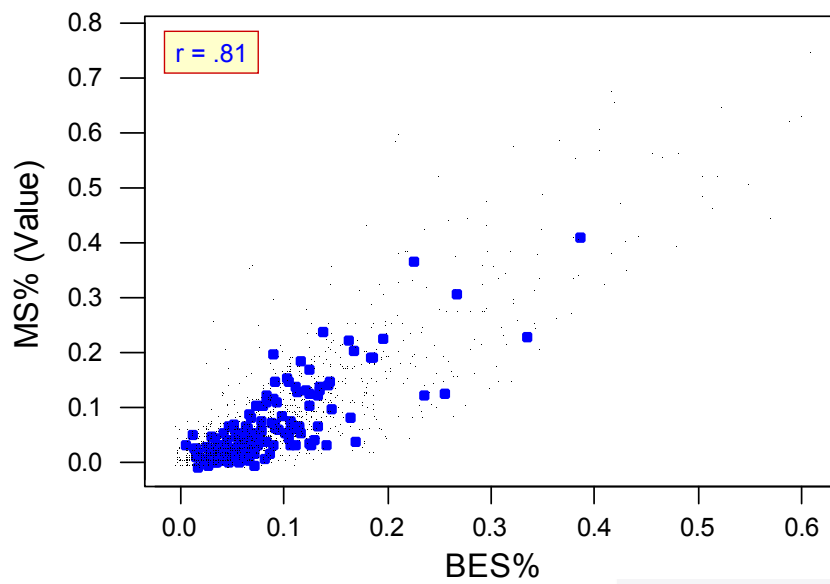
### Category Analysis: Beer

27

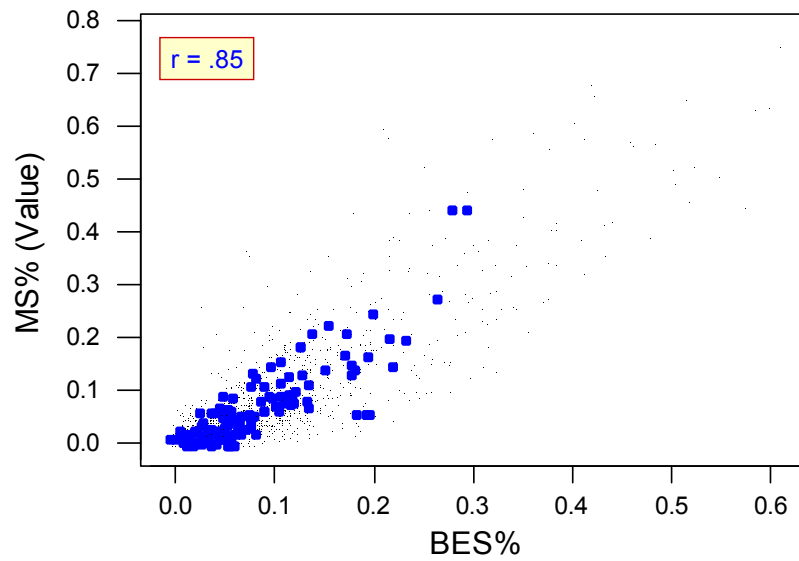


### Category Analysis: Hair Products

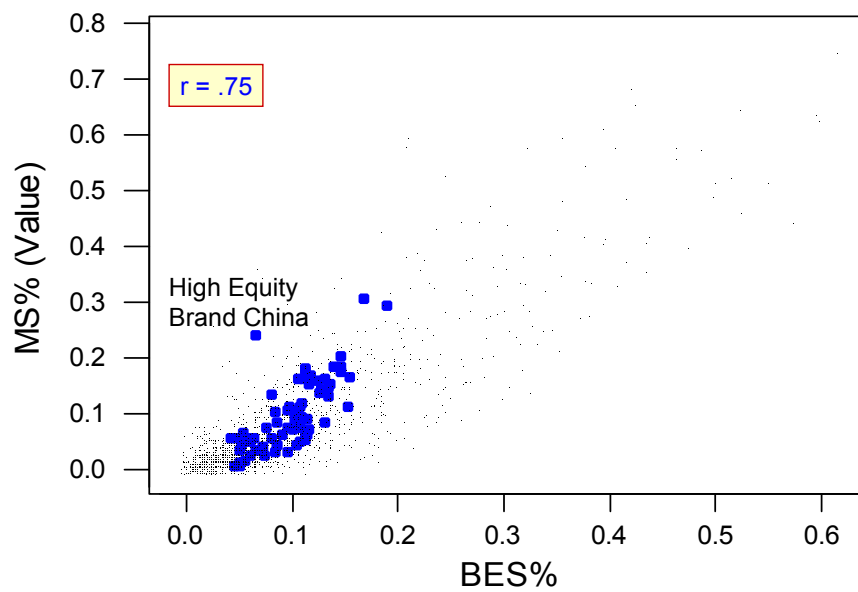
28



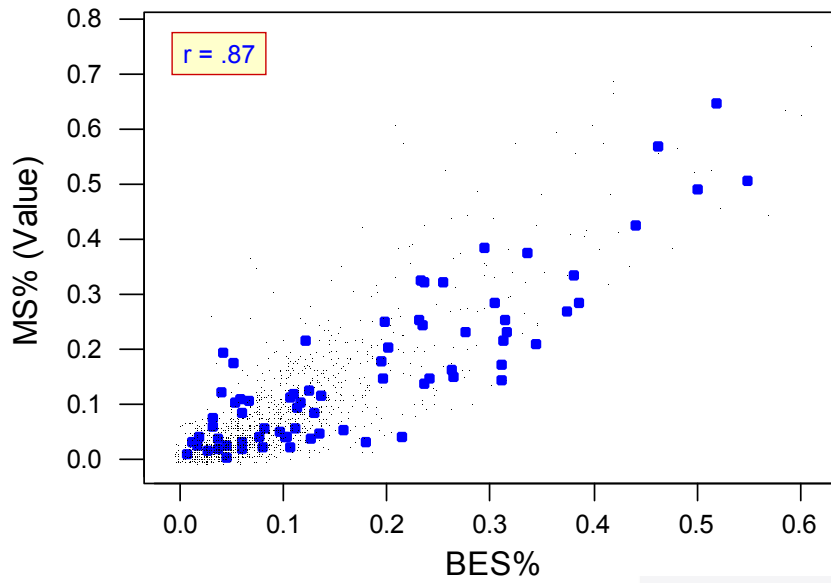
## Category Analysis: TV



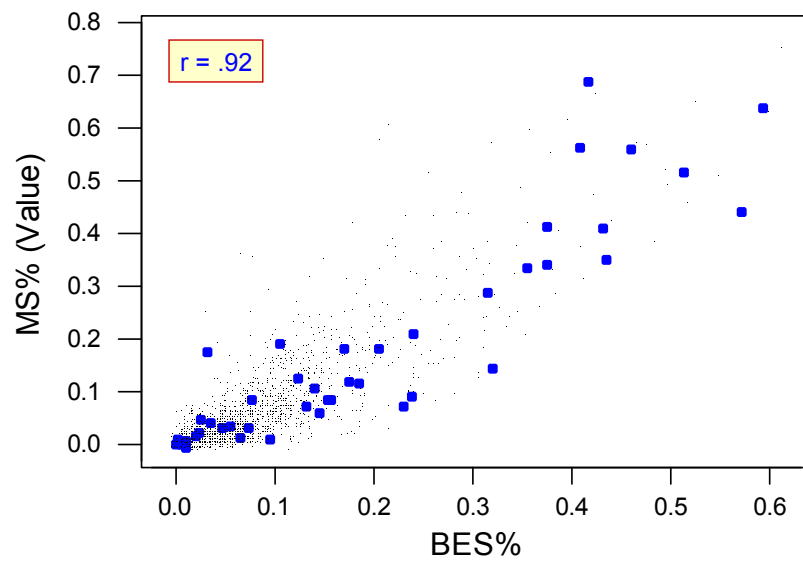
## Category Analysis: Automotive



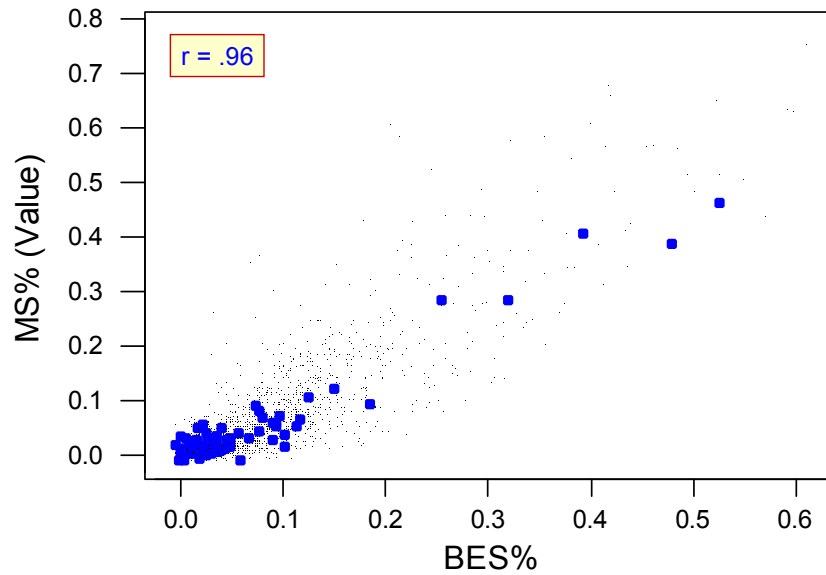
## Category Analysis: FemCare



## Category Analysis: Diapers



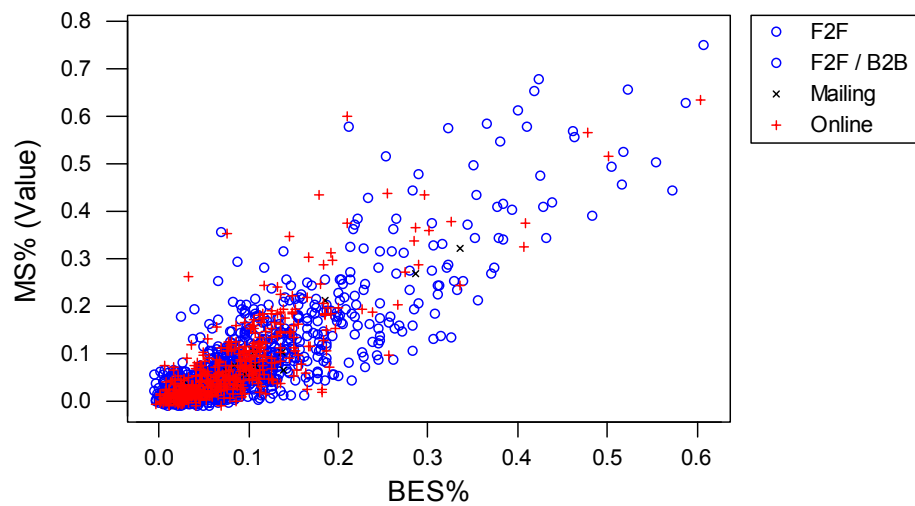
### Category Analysis: Soft Drinks



### Analysis by Method: Face to face versus On-line

Σ Conclusion: There is no discernable difference in distribution by method

### Method Analysis: Face to Face v. On-line



### Brand Experience Share (BES) to Market Share (MS) Correlation Analysis

Calculation of the average correlation coefficient R by Category Quartile

Category Quartile	Average Z-value	Average R-value
Top Quartile	1.67	0.93
Second Quartile	1.30	0.86
Third Quartile	1.07	0.79
Bottom Quartile	0.60	0.54