# Estimating Short – Term Return on Customer Investment(ROCI)

# -Analytical Study-Integrated Marketing Communication (IMC)

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**Abstract:**

The study showed through the analysis of the system that the amount that can be spent on the customer through the system of return on investment in customers is an investment that achieves a return greater than the cost of the investment itself, and ultimately depends on the ability to determine the economic value of customers to determine the amount that can be invested for the same customers Therefore, the process of investing in the client is considered a tool or a management strategy in the growth and development of the business and maintaining continuity and survival in the competitive market.

**Keywords:** Attract Customers, Marketing Profit, and Promotion Cost, Marketing Programs, Integrated Marketing.

**Jel Classification Codes:**M31,Q13.

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## 1. Introduction :

### 1.1. The study Problem:

Evaluation of the short-term return on a client's investment is a measurement of the amount of profit or benefits that can be realized immediately within a short period of time, as opposed to that and in the long-term it aims to measure, reach or improve the reputation of the company and change the loyalty of clients as well as their attitudes within a period of time **Is it possible to invest in the client and bear additional expenses and expenses to achieve a profitable return higher than the cost of this investment? How? And when is that done?**

### 1.2. Objectives of the study:

This study aims to evaluate the return on the client's investment on a financial basis, which can determine the limits and types of investments that will be used in this field in order to achieve the best results within a specified period of time.

### 1.3. Study methodology and data:

The study methodology was adapted by applying theoretical and descriptive methods based on the collection and analysis of primary and secondary data that gave the ability to understand and visualize the ideas and contents of the study, using theoretical analytical methods and some sources of scientific research and references related to the objectives of the subject through primary data and secondary data as mentioned in this study.

**2- Reasearch Problem:**

Evaluation of short–term return on customer investment means that quantity of profit or benefits which can be achieved immediately within period of time (usually from 6-12 months) by adopting a number of marcom marketing communication programs, in contrast with long- term that aimed to measure and reach or improve company reputation and changing the customer's loyalty and their image as well as their attitudes within period of time usually more than 1 years , Is it possible to invest in the customer and bear additional expenses to achieve a higher return on investment than the cost of this investment? How do? When will this be done?.

**2-1- Study Significance:**

Traditional marcom measures and marketing efforts for the evaluation of customer investment, which attitude based, are focused on changing of customers' attitudes and unable to measure it in financial terms. The importance and the objectives of this report is to know the actual return on customer investment financially and creates a measure can answering many questions linked to the financial area which helps in investment decision making processes related with customers.

**2-2- Study Background:**

By the previous step 3(in chapter 9) , IMC planning process has showed how all messages and incentives were capable of measurement, through this step 4 of the IMC planning process that aimed to determine the actual short -term return on the investments that can obtained, we will know through this report( chapter 10) how to estimate and calculate financially the short-term returns on customer investment (ROCI) that have been or can be achieved from marcom investment , IMC analysis system has offered the marginal return approach that can help to determine the dollars amount go out in the form of investments in various communication programs that impact customers and prospects in short term compare with the dollars come back in the form of increased or retained income flows from those customers and prospects.

It depends on firm's ability to evaluate its customers value and measure the changes in their value. The approach has considered that investment as a variable organization costs under the umbrella of business-building rather than fixed expenses. (Table 10-1 /10-2)

**2-3- Study Objectives:**

In order to reach those objectives, the planning process in (IMC) integrated marketing communication through its marcom measures deals with customers as assets that linked and impact in returns trends on customer investment rather than attitudinal change, at the present time ,IMC aims to evaluate the (ROCI) return on customer investment on financial base, that can be determine the limits and types of investment that would be used at this area in order to achieve the best and optimal results over particular period of time .

## Table 1: Line-Item Budget for Fast-Moving Consumer Good

| estimate | (millions) 1995 | (millions) 1996 | (millions) 1997 |
|---|---|---|---|
| **Gross sales** | $1,750.00 | $1,897.50 | **$2,108.00** |
| **Units** | 500 | 550 | **620** |
| **Price per unit** | $3.50 | $3.45 | **$3.40** |
| **General and administration** | $170.00 | $166.60 | **$163.27** |
| **Advertising and promotion** | $105.00 | $115.50 | **$127.05** |
| **Total fixed expense** | $275.00 | $282.10 | **$290.32** |
| **GMBT and COGS** | $1,475.00 | $1,615.40 | **$1,817.68** |
| | 84% | 85% | **86%** |
| **COGS** | $525.00 | $550.28 | **$590.24** |
| **GMBT** | $950.00 | $1,065.13 | **$1,227.44** |
| | **54%** | **56%** | **58%** |

**Note**: COGS cost of goods sold; GMBT gross margin before tax.

From Don E. Schultz and Jeffrey Walters, Measuring Brand Communication ROI, New York: Association for National Advertisers, Inc., 1997. Used with permission from Association for National Advertisers, Inc.

## Table 2: Business-Building Spreadsheet

| (estimate) | (millions) 1995 | (millions) 1996 | (millions) 1997 |
|---|---|---|---|
| Gross sales | **$1,750.00** | **$1,897.50** | $2,108.00 |
| Units | **500** | **550** | 620 |
| Price per unit | **$3.50** | **$3.45** | $3.40 |
| General and administration | **$170.00** | **$166.60** | $163.27 |
| Total fixed expense | **$170.00** | **$166.60** | $163.27 |
| GMBT, COGS, and marketing | **$1,580.00** | **$1,730.90** | $1,944.73 |
| communication | **90%** | **91%** | 92% |
| COGS | **$525.00** | **$550.28** | $590.24 |
| Marketing communication | **$105.00** | **$115.50** | $127.05 |
| GMBT | **$950.00** | **$1,065.13** | $1,227.44 |
| | 54% | 56% | 58% |

**Note**: COGS = cost of goods sold; GMBT = gross margin before tax

From Don E. Schultz and Jeffrey Walters, Measuring Brand Communication ROI, New York: Association for National Advertisers, Inc., 1997. Used with permission from Association for National Advertisers, Inc.

## 3- Study Methodology:

The study methodology was adapted through the application of theoretical and descriptive methods relying on the collection and analysis of primary and secondary data that gave the ability to understanding and perception of the study ideas and its contents, using a theoretical analytic way based on the IMC course and some of the scientific research sources and references related with the topic objectives that mentioned below:

### 3-1- Primary Data:

- The IMC Course. ( IMC ,The Next Generation) Don Schultz • Heidi Schultz, McGraw-Hill Companies, Inc. ("McGraw-Hill") 0-07-141662-5.USA, 2004.
- The Lecturer Lectures, Prof. Dr. Ece Inan and Her Directions.
- Class Discussion and Presentations.

### 3-2- Secondary Data:

- Academic References.
- Personal Experience.

## 4- Findings and Discussion:

### 4-1- Marginal Analysis of Business – Building Marcom Investments:

Business – Building Marcom Investments which based variable- cost approach, relying ultimately on the ability of determine the economic value of customers or prospects in order to determine the amount can be invested against same customers, that customer value can be calculated according to their income flows to the organization (chapter 5), means that any adjustment in the customer contribution figure allow to determine the return on investment, that is call activity-based costing methodologies which containing only marcom cost and profits, on other word money not spent on marketing communication becomes profit, and profits not taken can be used for marketing communication, That is why marketing communication is converted into a variable organizational cost for accounting purposes.

- **Other Types of Marcom Investment on Customers*:***

- Customer retention.
- Protection of existing customers from competition.
- Migration of customers through a product portfolio.

Any type of value of marcom investment can be determined or estimated against any set of customers or prospects based on the marketing strategy being developed which called value-based IMC measurement system, and expenses will be considered as cost of product, means that firms can invest unlimited marcom funds against group of customers or prospects as long as the return income flows were equal or greater than the expenditures.

**4-1-2- Estimation of Returns on Business-Building Marcom Programs:**

The estimation of returns on business-building marcom programs is based on the assumption that all of them will contribute incremental revenue to the organization, because organizations have their present and prospect customers income flow that should be considered, therefore, any additional investments in marketing communication should improve the income flow by either attracting new customers or by the retention of the existed customers.

This incremental revenue approach can applied to help IMC planners in the calculation of the actual financial ROCI and can works by the determination of total sales volume or total profit in traditional budgeting , as well as investments and ROCI level can be identified through the estimation of the costs of particular strategies such as protect existed customers from competition and retention strategy as well, the success key of the IMC program is being in the acceptation to the prospect marketing strategy and matching any type of customer.

**4-1-3- How the Incremental Revenue Method Works**

The spreadsheets below (Tables 10-3,4), showing clearly how this method can be used to calculate the actual achieved return, or even, how to estimate potential return by the process of marcom investment program, the following tables has established and formed by three components of information and categories for the purpose of actual and financial ROCI calculating:

The categories are:

- Net contribution, under the "no communication investment" scenario.
- Total amount of brand communication spending, under the "brand communication investment" scenario.
- Net contribution, under the "brand communication investment" scenario.

### Table 3: Building Blocks of ROCI Analysis

| Aggregated Customer Group: | | Group A | Group B | Group C |
|---|---|---|---|---|
| **Behavioral Goal:** | | | | |
| **Category Requirement Assumptions** | | | | |
| 1 Estimated category demand | Historical data/estimate | $ | $ | $ |
| **Base Income Flow Assumptions** | | | | |
| 2 Base share of requirement | Historical data/estimate | % | % | % |
| **3 Base income flow to us** | Line 1 X Line 2= | $ | $ | $ |
| **4 No communication costs** | | | | |
| **(Product, fixed, G&A, etc.)** | Operating estimate | % | % | % |
| **5 Contribution margin (%)** | 100% - Line 4= | % | % | % |
| **6 Contribution margin ($)** | Line 3 X Line 5= | $ | $ | $ |
| **Scenario A: No Communication** | | | | |
| **Investment** | | | | |
| **7 Change in share of requirement** | Estimate | +% | +% | +% |
| **8 Resulting share of requirement** | Line 2+ (Line 7 X Line 2) = | % | % | % |
| **9 Resulting customer income flow to us** | Line 8 X Line 1 = | $ | $ | $ |
| **10 Less no communication costs** | | | | |
| **(Product, fixed, G&A, etc.)** | - (Line 9 X Line 4) = | -$ | -$ | -$ |
| **11 Less marketing communication costs** | $0 | — | — | — |
| **12 Net contribution** | Line 9+ (Line 10 + Line 11) | $ | $ | $ |
| **Scenario B: Communication Investment** | | | | |
| **13 Marketing communication efforts (Lines A–M)** | Estimate | $ | $ | $ |
| **14 Total marketing communication investment** | Total lines 13A–M | $ | $ | $ |
| **15 Change in share of requirement** | Estimate | +/-% | +/-% | +/-% |
| **16 Resulting share of requirement** | Line 2+ (Line 15 X Line 2) = | % | % | % |
| **17 Resulting customer income flow to us** | Line 16 X Line 1 = | $ | $ | $ |
| **18 Less no communication costs** | | | | |
| **(Product, fixed, G&A, etc.)** | - (Line 18 X Line 4) = | -$ | -$ | -$ |
| **19 Less marketing communication costs** | - Line 14 | — | — | — |
| **20 Net contribution** | Line 17 + (Line 18 +Line 19) = | $ | $ | $ |
| **ROCI Calculation** | | | | |
| **21 Incremental gain/loss vs. “no investment” scenario** | Line 20 - Line 12 = | $ | $ | $ |
| **22 Incremental ROCI** | **Line 21 / Line 14 =** | **$** | **$** | **$** |

**Note**: G&A = general and administration; ROCI = return on customer investment.

- **An Example of the Incremental Revenue Method in Action:**

Table 10.4 is a walk through the process of developing an actual ROCI analysis for a marcom program step-by-step, using a consumer product example. The example incorporates real-world situations and shows how they fit into the model:

**Table 4: Business-Building ROCI Example -CONSUMER PRODUCT-**

| Aggregated Customer Group: | Loyalists | Switchers | New Customer | Problem Customers | Total of All Groups |
|---|---|---|---|---|---|
| Behavioral Goal: | **Retain** | **Grow Share** | **Acquire** | **Divest** | |
| Category Requirement Assumptions | | | | | |
| **1 Projected category demand** | $1,000.00 | $1,000.00 | $1,000.00 | $1,000.00 | **$4,000.00** |
| Base Income Flow Assumptions | | | | | |
| **2 Base share of requirement** | 75.0% | 40.0% | 10.0% | 15.0% | **35%** |
| **3 Base income flow to us** | $750.00 | $400.00 | $100.00 | $150.00 | **$1,400.00** |
| **4 No communication costs (product, fixed, G&A, etc.)** | 75.0% | 80.0% | 80.0% | 90.0% | **78.4%** |
| **5 Gross contribution margin (%)** | 25.0% | 20.0% | 20.0% | 10.0% | **21.6%** |
| **6 Gross contribution margin ($)** | $187.50 | $80.00 | $20.00 | $15.00 | **$302.50** |
| Scenario A: No Communication Investment | | | | | |
| **7 Change in share of requirement** | -20.0% | -25.0% | -30.0% | -20.0% | **-22.1%** |
| **8 Resulting share of requirement** | 60.0% | 30.0% | 7.0% | 12.0% | **27.3%** |
| **9 Resulting customer income flow to us** | $600.00 | $300.00 | $70.00 | $120.00 | **$1,090.00** |
| **10 Less no communication costs (product, fixed, G&A, etc.)** | -$450.00 | -$240.00 | -$56.00 | -$108.00 | **-$854.00** |
| **11 Less brand communication costs** | $0.00 | $0.00 | $0.00 | $0.00 | |
| **12 Net contribution** | **$150.00** | **$60.00** | **$14.00** | **$12.00** | |

## Table 4: Business-Building ROCI Example (continued)

### CONSUMER PRODUCT

| Aggregated Customer Group: | Loyalists | Switchers | New or Emerging Customers | Customers Problem | Total of All Customers |
|---|---|---|---|---|---|
| Behavioral Goal: | **Retain** | **Grow Share** | **Acquire** | **Divest** | Groups |
| **Scenario B: Brand Communication Investment** | | | | | |
| **13 TV advertising** | $0.00 | $5.00 | $4.00 | $0.00 | **$9.00** |
| **14 Radio advertising** | $0.00 | $2.00 | $2.00 | $0.00 | **$4.00** |
| **15 Consumer magazines** | $0.00 | $3.00 | $2.00 | $0.00 | **$5.00** |
| **16 Direct mail** | $4.00 | $1.00 | $2.00 | $0.00 | **$7.00** |
| **17 Sales promotion** | $0.00 | $5.00 | $3.00 | $1.00 | **$9.00** |
| **18 Public relations** | $2.00 | $2.00 | $2.00 | $1.00 | **$7.00** |
| **19 Special events/sponsorships** | $2.00 | $2.00 | $2.00 | $1.00 | **$7.00** |
| **20 Custom media** | $4.00 | $0.00 | $0.00 | $0.00 | **$4.00** |
| **21 Customer service improvements** | $2.00 | $0.00 | $0.00 | $1.00 | **$3.00** |
| **22 Total brand communication investment** | $14.00 | $20.00 | $17.00 | $4.00 | **$55.00** |
| **23 Change in share of requirement** | 0.0% | 10.0% | 40.0% | 3.0% | **6.0%** |
| **24 Resulting share of requirement** | 75.0% | 44.0% | 14.0% | 15.5% | **37.1%** |
| **25 Resulting customer income flow to us** | $750.00 | $440.00 | $140.00 | $154.50 | **$1,484.50** |
| **26 Less no communication costs (product, fixed, G&A, etc.)** | -$562.50 | - $352.00 | -$112.00 | -$139.05 | **-$1,165.55** |
| **27 Less brand communication cost** | -$14.00 | -$20.00 | -$17.00 | -$4.00 | **-$55.00** |
| **28 Net contribution** | $173.50 | $68.00 | $11.00 | $11.45 | **$263.95** |
| ROCI Calculation | | | | | |
| **29 Net contribution scenario A** | $150.00 | $60.00 | $14.00 | $12.00 | **$236.00** |
| **30 Net contribution scenario B** | $173.50 | $68.00 | $11.00 | $11.45 | **$263.95** |
| **31 Incremental gain/loss vs. " no investment" scenario** | $23.50 | $8.00 | -$3.00 | -$0.55 | **$27.95** |
| 32 Incremental ROCI (31/22) | 168% | 40% | 218% | 214% | 51% |

**Note**: G&A = general and administration; ROCI = return on customer investment.

### 4-1-4 Good versus Bad Return on Customer Investment

As shown by the objectives of this study, IMC aims to evaluate the (ROCI) return on customer investment on financial base, that can be determine the limits and types of investment to achieve the best and optimal results over particular period of time, this challenge is creating a critical question about what way that leads to the determination of the accepted and not accepted levels related with types, limits, and the returns of the investment as well. Each organization has its own standards and perceptions in defining those levels and could be based on different strategies and norms.

According to the study analysis there are three measures that can use and help to determine those levels:

- the financial fitness with the organization requirement and its expectation.
- the expectation result of the same funds that could be invest it in other corporate activities.
- the organization strategies and its other needs and objectives for using its resources.

### 4-1-5: ROCI in Action: National American Bank:

❖ The Problem: How marcom program budget can be determined and justified, and how the returns can be estimated and expected for the credit card division?

Steps to Solve the Problem

Competition analysis: the answer was founded:

- Slower growth than competitors.
- Lower level of marketing investment.
- Declining share of market.
- Declining share of wallet.

**Table 5: National American Bank and Their Competitors (B, C, D)**

| | A | B | C | D |
|---|---|---|---|---|
| No. of accounts | **1.435M** | **1.225 M** | **0.950,M** | **1.515,M** |
| Outstanding balances | **$2.4 B** | **$1.9 B** | **$531M** | **$1.8 B** |
| Net credit sales | **$7.8 B** | **$6.75 B** | **$1.1 B** | **$11.2 B** |
| Annual growth | **3.0%** | **2.3%** | **8.8%** | **6.3%** |
| Spending on marketing | | | | |
| Communication | **$207,000** | **$535,000** | **$4.725M** | **$1.250M** |
| Spending per account | **$0.14** | **$0.43** | **$4.97** | **$0.83** |
| Share of market | **21%** | **18%** | **3.3%** | **27.0%** |
| Share of wallet | **62%** | **79%** | **85%** | **71%** |

- Determination of the amount of revenue that bank's customers were charging on other cards.

(Base point 100%, 62%spend, 38%opportunity)

- Why customers were ignoring or not taking advantage of N.A.B credit card offerings.

- 50% held cards from other banks, 20% of them had switched their choice of primary card.

(If this trend were not reversed, NAB share of wallet would continue to decline, as would revenues and profits.

- Why had these customers ceased using NAB as their primary card?

- Research showed that from half of all customers who had switched to other banks card caused by customer reward program offered by those banks.

- Estimating the achievements by focusing on the marcom solution as an investment rather than as an expense, through developing a powerful "story line" such as providing senior management outline of the problem, recommended solution, supporting documents, investment areas and levels and finally describe the expected returns.

- Determining the programs based on a consistency of efforts approach that can attract new customers and increase share of wallet:

- Offering special –interest credit cards, (New Customer).
- An expansion of credit limits for selected current customers.
- Usage offers to stimulate demand among existing customers.

This approach based to the premise that only customers could provide returns to NAB, and those customers could be influenced through various types of marcom efforts.

- Determine the incremental financial return to the bank based on the communication investments.

- Calculating cost-to-income rations that would result from marcom programs, (the ration by senior management was 40-100, and the premised returns was increasing share of wallet by 20% from the 62 %)>>>>74%.

- Aggregation of the banks credit card portfolio of customers into 4 groups and the estimation of the increasing in their demand for credit card usage by the rate of 12% per year.

- Identified the brand communication programs that have planned.
- Identified the investments required for each of those activities.
- The calculation of ROCI, then derive the incremental in the ROCI.

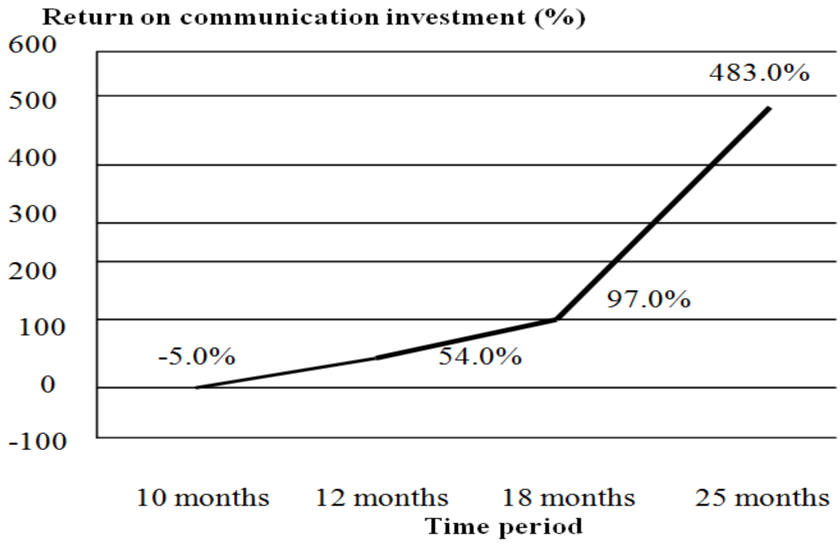
**Exhibit 1: Credit Card ROCI Analysis**

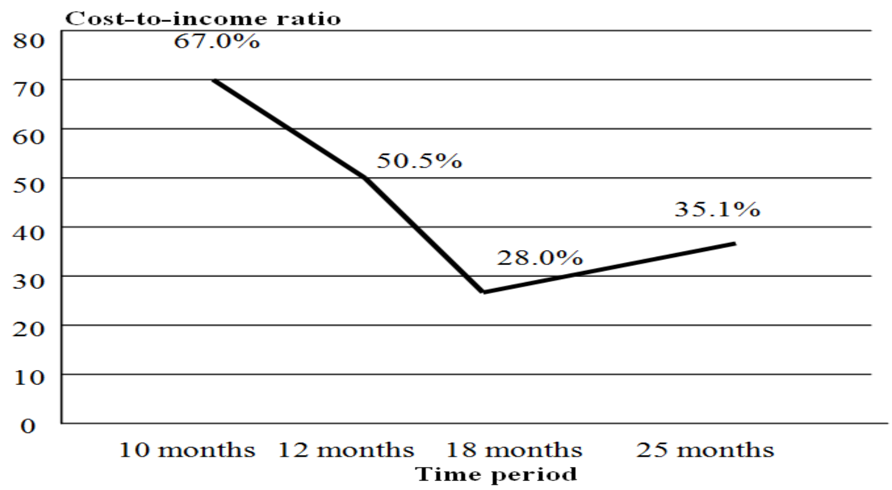
| Target Segments: | Gold | Standard | Credit Limit | Special Interest |
|---|---|---|---|---|
| Category Requirement Assumptions | | | | |
| 1 No. of customers in group | **1,841** | **19,676** | **2,137** | **6,583** |
| 2 Historical category demand | **$895,000** | **$4,307,300** | **$725,207** | **$2,175,621** |
| 3 Estimated % increase/decrease in demand | **12.0%** | **12.0%** | **12.0%** | **12.0%** |
| 4 Adjusted category demand | **$1,002,400** | **$4,824,176** | **$812,232** | **$2,436,696** |
| **Base Income Flow Assumptions** | | | | |
| 5 Base share of wallet | **62.0%** | **62.0%** | **62.0%** | **62.0%** |
| 6 Base income flow to us | **$621,488** | **$2,990,989** | **$503,584** | **$1,510,751** |
| 7 No communication costs (product, fixed, G&A, etc.) | **33.0%** | **26.0%** | **28.0%** | **38.0%** |
| 8 Gross contribution margin (%) | **67.0%** | **74.0%** | **72.0%** | **62.0%** |
| 9 Gross contribution margin ($) | **$416,397** | **$2,213,332** | **$362,580** | **$936,666** |
| **Scenario A: No Communication Investment** | | | | |
| 10 Change in share of wallet | **22.5%** | **22.5%** | **22.5%** | **22.5%** |
| 11 Resulting share of wallet | **60.5%** | **60.5%** | **60.5%** | **60.5%** |
| 12 Resulting customer income flow to us | **$605,951** | **$2,916,214** | **$490,994** | **$1,472,982** |
| 13 *Less* no communication costs | | | | |
| (product, fixed, G&A, etc.) | **-$199,964** | **-$758,216** | **-$137,478** | **-$559,733** |
| 14 *Less* brand communication cost | **$0** | **$0** | **$0** | **$0** |
| 15 Net contribution | **$405,987** | **$2,157,999** | **$353,516** | **$913,249** |
| **Scenario B: Brand Communication Investment** | | | | |
| 16 Total brand communication investment | **$6,200** | **$59,250** | **$5,500** | **$95,000** |
| 17 Change in share of wallet | **20.0%** | **20.0%** | **20.0%** | **20.0%** |
| 18 Resulting share of wallet | **74.4%** | **74.4%** | **74.4%** | **74.4%** |
| 19 Resulting customer income flow to us | **$745,786** | **$3,589,187** | **$604,300** | **$1,812,901** |
| 20 *Less* no communication cost | | | | |
| (product, fixed, G&A, etc.) | **-$246,109** | **-$933,189** | **-$169,204** | **-$688,903** |
| 21 *Less* brand communication cost | **-$6,200** | **-$59,250** | **-$5,500** | **-$95,000** |
| 22 Net contribution | **$493,476** | **$2,596,748** | **$429,596** | **$1,028,999** |
| **ROCI Calculation** | | | | |
| 23 Net contribution scenario A | **$405,987** | **$2,157,999** | **$353,516** | **$913,249** |
| 24 Net contribution scenario B | **$493,476** | **$2,596,748** | **$429,596** | **$1,028,999** |
| 25 Incremental gain/loss vs. "No investment" scenario | **$87,489** | **$438,750** | **$76,081** | **$115,750** |
| 26 Incremental ROCI | **1,411%** | **741%** | **1,383%** | **122%** |
| 27 Cost-to-income ratio | **34%** | **28%** | **29%** | **43%** |

- **Assumption's Definition:**

- Category requirement assumptions—Gives a total estimate within the category of spending in dollars.
- Base income flow assumptions—Makes a basic assumption of share of wallet, our share of income, and the share required to cover all fixed and variable costs to run the business other than communication and profit.
- No communication investment—establishes a baseline of profitability if we make no further communication investment.
- Communication investment—Estimates how the value of each customer group would change if we conducted a communication program directed toward them.
- ROCI calculation—determines the total incremental gain/loss to the bank because of the communication

**Exhibit 10.2 ROCI on New Customer Acquisition**



- The final step toward solving the problem is to relate the planned tactical marcom programs to the customers and prospects against whom the programs would be directed, how? It is by reviewing share of wallet versus outstanding balances to develop strategies that would reflect the various opportunities that might exist, and then separating all potential and existed customers into groups that fitted with the planned programs.

**5-Conclusion:**

The current challenge for marketing is for its outputs to be fully valued by the organization. Without a language in common with analysts, CFOs, CEOs and the board, the risk is that marketing's inputs will not be valued. Many argue that this has resulted in a shift to short term tactical activities and the erosion of many marketing budgets. At the same time, it is clear that there is increased recognition of the value of brands and reputation; also, marketers are becoming ever more interested in measuring the impact of marketing activity and investment on financial outcomes through appropriate marketing metrics.

We believe that the concept of customer equity is a key means to achieve this outcome and is particularly relevant when revenues cannot be easily linked to marketing investments as with brand advertising and other investments that have short term and longer-term impacts.

Further, linking the financial estimates generated from customer equity valuations (which are in accounting terms, essentially incremental gross margins) can be usefully input into a standard shareholder valuation model which, with some adjustments, can produce a set of managerial accounts that demonstrate the return on investment in marketing activities.

Our study in chapter 10 through the IMC, the New Generation Book demonstrates ways in which an econometric ROCI Model can be used by IMC system to estimate the returns on customer investment and provide a business justification for their promotion programs.

In this chapter, marcom program shown us over 1 year how we can calculate and estimating actually and financially the ROCI using the Business-Building marcom investment model, that built on a research and internal database, offers feasible programs that can increase and improve the firm's profitability in financial base and to provide a business cases for the promotional programs. Claims databases often require thousands of subjects for the analysis to be valid, and such analyses are feasible to take decisions related with the investments.

In this study, the approaches presented offer an alternative strategy for communication programs and developing or adopting suitable solutions. Having available modeling programs that can help to simulate senior management for taking decisions regarding MC programs associated with develop credible and defensible promotional business programs for initial and continued investment in customers and promotion programs that can satisfy the requirements of company finance officers and its objectives as well.

**5.1. Giblets**: To matching and reaching your objectives, I have advice to pay attention and adopting the following steps as a success keys for the acceptance and goals achievement of your marketing communication programs:

- Train and reinforce yourself in the presentation skills including related full documented information to conviction and satisfying the decision makers related with your presentation objectives.
- Defining the problem.
- Conducting right and complete research and studies.
- The accurate analysis of the data.
- Determine the premises, such as" the premise that only customers could provide returns to your company, and those customers could be influenced through various types of marketing communication programs efforts".
- Determine and grouping your targeted customers according to there value, wants and needs, buying power, loyalty, program cost and so fort. then estimate the increasing in their demand of your product or service by rate during a time of period (usually calculated within one year in short- term and more than this in long-term.
- Identified and plan the brand communication program that matches the problem.
- Identified and determine the investment budget required for each of those activities according to the customer value and company's resources, as well as its strategies and financial norms, and other alternative opportunities which can gain more profit or revenues.
- Estimating the achievements by focusing on the marcom solution as an investment rather than as expenses, through developing a powerful "story line" such as providing senior management outline of the problem, recommended solution, supporting documents, investment areas and levels, finally describe the expected returns.
- Determine the incremental financial return to the company based on the communication investments.
- Calculating cost-to-income rations that would result from marcom programs, (for example, the ration by senior management in this chapter determined by 40% maximum from the revenue that can achieved from the investment), and the premised returns that may increase the share of wallet, then comparing them with the senior management norms and their aspirations.
- Present other additional gains resulted by your proposal such as long – term returns on customer investment.

## 6.List of references: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