INTERNATIONAL JOURNAL OF FINANCIAL ECONOMICS (IJEFE) e-ISSN: 3063-3648
Vol. 1 No. 2 August 2024, page 388-397

MARKETING CAMPAIGN PERFORMANCE MEASUREMENT: A MANAGEMENT ACCOUNTING APPROACH

Loso Judijanto *[1]
IPOSS Jakarta, Indonesia
losojudijantobumn@gmail.com

Oskar Hutagaluh
Institut Agama Islam Sultan Muhammad Syafiuddin Sambas

Abstract

Marketing campaign performance measurement is important for companies to assess the effectiveness of their marketing strategies. The management accounting approach offers a more thorough way to measure and analyse the impact of marketing activities. This method combines financial and non-financial measures to provide a more complete picture of marketing campaign results. Companies can use various measurement tools such as Return on Marketing Investment (ROMI), cost of acquiring a new customer, and lifetime customer value. These tools help companies see not only the short-term results, but also the long-term benefits of their marketing investments. This approach also helps companies make better use of resources and make more informed decisions. By using a management accounting approach, companies can more accurately assess their marketing campaigns. It also helps bring marketing and finance teams together, creating a common way to measure and report results. Ultimately, the use of this approach can help companies better understand and improve the impact of their marketing campaigns, which can improve overall business performance.

Keywords: Measurement, Performance, Marketing Campaigns, Management Accounting

Introduction

In an era of increasingly fierce and dynamic business competition, companies are required to continuously improve effectiveness and efficiency in every aspect of their operations. One crucial aspect that has become a major concern is marketing campaigns. Marketing campaigns are a significant investment for companies in an effort to increase brand awareness, attract new customers, and increase sales (Sanisoglu et al., 2023). However, along with the increasing complexity and diversification of marketing channels, especially in the digital era, measuring marketing campaign performance has become increasingly challenging and complex.

Traditionally, marketing campaign performance measurement is often limited to simple metrics such as number of sales or increase in revenue. This approach, while

[1] Correspondence author

providing an overview, fails to capture the complexity and multidimensional impact of modern marketing campaigns (Miller, 2023). As a result, companies face difficulties in comprehensively evaluating the effectiveness of their campaigns, optimally allocating resources, and making strategic decisions based on accurate and holistic data (Sahin, 2022).

This is where the role of management accounting becomes very important. Management accounting, with its focus on providing information for internal decision-making, offers a more systematic and measurable approach in evaluating marketing campaign performance. This approach allows for the integration of financial and non-financial aspects, more in-depth cost-benefit analyses, and a better understanding of the long-term impact of marketing activities (Salazar-Santander et al., 2023). However, the application of management accounting principles in the context of marketing campaign performance measurement is still not optimal in many organisations. Some of the challenges faced include: 1) Difficulty in identifying and measuring the right metrics to comprehensively assess the effectiveness of marketing campaigns. 2) Limitations in integrating data from multiple sources and marketing channels. 3) Lack of understanding of how to apply management accounting techniques such as Activity-Based Costing (ABC) or Balanced Scorecard in a marketing context. 4) Difficulty in linking marketing activities to long-term customer value and company profitability. 5) Challenges in communicating performance measurement results to stakeholders and using them for strategic decision-making (Qin, 2024).

Given the importance of marketing campaigns to business success and the amount of investment allocated to these activities, the need for a more sophisticated and integrated performance measurement system is becoming increasingly urgent. A management accounting approach to marketing campaign performance measurement has the potential to provide deeper insights, enable more efficient resource allocation, and ultimately improve the return on investment (ROI) of marketing activities (Christiana, 2024).

Therefore, this study aims to explore and analyse how management accounting principles can be applied in marketing campaign performance measurement.

Research Methods

The study in this research uses literature research. The literature research method, also known as a desk study or literature review, is a research approach that focuses on collecting, analysing, and synthesising information from various written sources relevant to the research topic. (Firman, 2018); (Suyitno, 2021).

Results and Discussion

Marketing Campaign

A marketing campaign is a series of planned and coordinated activities designed to promote a product, service, or brand to a specific target audience (Wu, 2021). The main objectives of a marketing campaign are to increase brand awareness, attract new customers, retain existing customers, and ultimately increase sales or achieve other business goals. Marketing campaigns usually involve various communication channels and tactics, such as advertising, sales promotion, digital marketing, public relations, and direct marketing (Tarabasz, 2020).

The concept of a marketing campaign is based on a deep understanding of the target market, the message to be delivered, and the best way to deliver the message. Effective campaigns blend creative elements with strategies that are based on market data and analysis. This involves setting clear objectives, identifying the right market segments, developing compelling and relevant messages, selecting appropriate media channels, and measuring results to evaluate the effectiveness of the campaign. Flexibility and the ability to adapt to changing market conditions or consumer feedback are also important aspects of the modern marketing campaign concept (Stürze et al., 2022).

Marketing campaigns can be divided into several types, each with a different focus and objective. Some common types of marketing campaigns include: new product launch campaigns, which aim to introduce a new product or service to the market; brand awareness campaigns, which focus on increasing brand recognition and visibility; lead generation campaigns, which are designed to collect potential customer contact information; customer retention campaigns, which aim to retain and increase the loyalty of existing customers; seasonal or event-based campaigns, which capitalise on specific seasons or events for promotion; content marketing campaigns, which focus on providing valuable information to audiences; social media campaigns, which utilise social media platforms for engagement and promotion; and cause marketing campaigns, which connect brands to a specific social or environmental issue. Each of these campaign types has different strategies, tactics, and success metrics, tailored to its specific objectives and target audience (Maama & Gani, 2022).

Marketing campaign objectives vary depending on the specific needs of the business and market conditions, but generally include several key aspects. Firstly, increasing brand awareness to ensure the product or service is recognised by the target market. Second, generate new customer leads or prospects that have the potential to be converted into sales. Third, increase direct sales through promotions or special offers. Fourth, build customer loyalty by strengthening the relationship between the brand and existing consumers. Fifth, positioning or repositioning the brand in the market to differentiate it from competitors. Sixth, educate consumers about the features and benefits of the product or service. Seventh, increase customer engagement with the brand through various interactions. Lastly, supporting the launch of new products or expansion into new markets. All of these objectives ultimately contribute to business growth and increased long-term profitability (Said, 2023).

Performance Measurement

The concept of performance measurement is a systematic process for evaluating the effectiveness and efficiency of individuals, teams or organisations in achieving predetermined goals. This process involves data collection, analysis, and interpretation of performance-related information based on predetermined key indicators. Performance measurement not only focuses on the end result, but also considers the processes, inputs, and outputs that contribute to goal achievement (Xu, 2022). This concept encompasses a variety of methods and tools, such as the Balanced Scorecard, Key Performance Indicators (KPIs), and Management by Objectives (MBO), which enable organisations to objectively assess performance, identify areas that need improvement, and make data-driven decisions to increase productivity and overall effectiveness. Effective performance measurement also helps in aligning individual goals with organisational strategies, motivating employees, and driving continuous improvement, thus becoming a critical component in modern management and organisational development (Varadarajan, 2020).

Key Performance Indicators (KPIs) are quantitative metrics that organisations use to measure, track and evaluate performance against established strategic goals. KPIs serve as an important tool in performance management, providing a clear and measurable picture of how well individuals, teams or organisations are achieving their goals. Effective KPIs should be SMART (Specific, Measurable, Achievable, Relevant, Time-bound) and reflect critical aspects of performance that align with the organisation's vision and mission. KPIs may vary depending on the industry, department, or specific role, and may include metrics such as revenue growth rate, customer satisfaction, employee productivity, operational efficiency, or innovation rate (Abiodun, 2023). By regularly monitoring KPIs, organisations can identify trends, detect problems early, make data-driven decisions, and make the necessary strategic adjustments to improve overall performance. It is important to remember that KPIs should be reviewed and updated regularly to ensure their relevance to evolving organisational goals and changing market conditions (Zieger et al., 2023).

Performance measurement methods cover a wide range of approaches and techniques that organisations use to evaluate the effectiveness and efficiency of individual, team or overall organisational performance. Some commonly used methods include the Balanced Scorecard (BSC), which integrates financial, customer, internal process, and learning and growth perspectives; Management by Objectives (MBO), where employees and managers jointly set measurable goals; Key Performance Indicators (KPIs), which use specific metrics to measure progress against strategic objectives; 360-degree feedback, which gathers feedback from a variety of sources including co-workers, superiors, and subordinates; and competency-based methods that assess employee skills and behaviours against established standards. In addition, there are also assessment methods such as Graphic Rating Scales, Behaviourally Anchored Rating Scales (BARS), and Force Ranking (Yunarti et al., 2024). The selection of the appropriate method depends on the specific needs of the organisation, corporate culture, and strategic objectives. A combination of several methods is often used to get a more comprehensive picture of performance, allowing organisations to identify strengths, weaknesses, and areas that require improvement, as well as make more informed decisions regarding employee development, compensation, and strategic planning (Chinasa, 2022).

The Role of Management Accounting in Decision Making

Management accounting is a branch of accounting that focuses on providing financial and non-financial information for internal organisational decision-making. In contrast to financial accounting aimed at external stakeholders, management accounting is specifically designed to assist managers in planning, controlling, and making strategic decisions (Unger et al., 2020). This definition includes the process of identification, measurement, accumulation, analysis, preparation, interpretation, and communication of information used by management to achieve organisational goals. Management accounting is not bound by generally accepted accounting principles (GAAP), providing greater flexibility in the presentation and analysis of data (Daly & Yatsenko, 2023).

The scope of management accounting is vast and covers various operational and strategic aspects of the organisation. It includes financial budgeting and planning, cost-volume-profit analysis, product and service pricing, customer and product profitability analysis, cost management, performance measurement, capital investment analysis, and management control systems. Management accounting also plays a role in the development and implementation of management information systems, supporting the decision-making process by providing scenario analysis and forecasting (Huynh, 2023). In the digital age, the scope of management accounting has expanded to include big data analysis, business intelligence, and the use of advanced technologies such as artificial intelligence to improve forecasting accuracy and operational efficiency. As such, management accounting is becoming an integral component in supporting business strategy and creating value for organisations (Goel et al., 2021).

Management accounting plays a crucial role in the decision-making process at different levels of the organisation. At the strategic level, management accounting provides the information necessary for long-term planning, organisational goal setting, and resource allocation. For example, in deciding whether to enter a new market or launch a new product, managers rely on cost-benefit analyses, financial projections, and risk analyses provided by management accounting. This information assists top management in evaluating strategic alternatives and selecting the most profitable direction for the organisation in the long run (Ranta & Ylinen, 2024).

At the tactical and operational levels, management accounting plays an important role in day-to-day decision making. This includes decisions on product pricing, inventory management, departmental budgeting, and short-term resource allocation. Through detailed cost analysis, performance reports, and variance analysis, managers can identify areas that require attention, optimise business processes, and improve operational efficiency (Islam & Faheem, 2023). For example, in determining whether to produce a component internally or purchase it from an external supplier (make-or-buy decision), management accounting provides a comparative analysis that considers not only direct costs but also opportunity costs and qualitative factors (Sholikah & Arifin, 2024).

Furthermore, management accounting contributes to decision-making through performance measurement and evaluation. By setting key performance indicators (KPIs) and using tools such as the balanced scorecard, management accounting assists organisations in assessing the effectiveness of their strategies and identifying areas that require improvement. This enables managers to make data-driven decisions about resource allocation, employee incentives, and process improvement initiatives (Chandrasapth et al., 2022). In the context of management control, the information generated by management accounting enables organisations to detect deviations from plans and take corrective actions in a timely manner. Thus, management accounting not only supports reactive decision-making but also facilitates a proactive approach to organisational management, ensuring that decisions taken are aligned with the strategic and operational objectives of the Company (Kadir et al., 2020).

Management Accounting in a Marketing Context

Management accounting plays a vital role in the marketing context, providing the foundation of financial information required for strategic and tactical decision-making. One of its main contributions is in the analysis of product and customer segment profitability. Through techniques such as activity-based costing (ABC), management accounting enables companies to more accurately allocate costs to individual products or services, as well as to specific customer segments. This information is invaluable to the marketing team in determining pricing strategies, deciding on the allocation of marketing resources, and identifying opportunities to improve margins (Kullnig et al., 2020).

In planning and budgeting marketing campaigns, management accounting provides a framework for evaluating the cost-effectiveness of various marketing initiatives. This includes return on investment (ROI) analysis for advertising campaigns, sales promotions, or customer loyalty programmes. By helping to measure and track key metrics such as customer acquisition cost (CAC) and customer lifetime value (CLV), management accounting enables marketing managers to make more informed decisions about marketing budget allocation and focus their efforts on activities that deliver the greatest value to the Company (Njeri, 2021).

Management accounting also plays an important role in the pricing of products and services. Through comprehensive cost analysis, including direct and indirect costs, management accounting assists marketing teams in setting prices that not only cover costs but also maximise profitability. Techniques such as target costing and value-based pricing, informed by management accounting data, allow companies to align their pricing strategies with customer value perceptions and market conditions, while still maintaining desired margins (Clarke & Crocco, 2021).

Furthermore, in the increasingly complex digital marketing era, management accounting provides tools to analyse the effectiveness of various digital marketing channels. By tracking and analysing data from various customer touchpoints, management accounting helps in optimising the digital marketing mix, allocating budgets to the most effective platforms, and measuring each channel's contribution to sales conversion and revenue growth (Prowle, 2020). This includes analyses of cost per click (CPC), cost per acquisition (CPA), and other digital metrics that are important for evaluating the success of digital marketing strategies. Thus, close integration between management accounting and the marketing function enables more data-driven and strategic decision-making, improves the efficiency of marketing spend, and ultimately contributes to the improvement of the company's overall financial performance.

Conclusion

The conclusions of measuring marketing campaign performance using the management accounting approach can be summarised in the following three paragraphs:

Firstly, the management accounting approach in measuring marketing campaign performance provides a comprehensive and systematic framework for evaluating the effectiveness and efficiency of marketing efforts. Through the use of various financial and non-financial metrics, companies can gain a deeper understanding of the impact of marketing campaigns on overall business performance. Metrics such as Return on Marketing Investment (ROMI), Customer Acquisition Cost (CAC), and Customer Lifetime Value (CLV) allow companies to measure not only the short-term results but also the long-term value generated from their marketing investments.

Secondly, the integration of management accounting data with marketing analyses enables more informed and strategic decision-making. By linking financial data with marketing metrics, companies can identify which campaigns deliver the greatest value, which customer segments are most profitable, and which marketing channels are most effective. This allows for more optimised resource allocation and faster and more accurate adjustments to marketing strategies based on actual performance.

Finally, a management accounting approach to marketing campaign performance measurement encourages a culture of accountability and continuous improvement within the marketing function. By establishing clear and measurable metrics, companies can ensure that every marketing initiative contributes to broader business goals. In addition, ongoing and in-depth analysis of campaign performance enables valuable organisational learning, helping marketing teams to continuously refine their strategies and improve the effectiveness of future campaigns. Thus, the management accounting approach not only improves the accuracy of performance measurement but also encourages innovation and improvement in marketing practices.

References

Abiodun, O. (2023). Data Analytics and Marketing Communication Performance of Nigerian Organisations. *British Journal of Management and Marketing Studies*, 6(3), 50–66. https://doi.org/10.52589/bjmms-iop6dz7m

Chandrasapth, K., Yannopoulou, N., & Bian, X. (2022). Good fortune and its influence on B2B relationships: The case of the Mae Manee money solution campaign in Thailand. *Industrial Marketing Management*, *101*(Query date: 2024-09-23 15:19:58), 223–237. https://doi.org/10.1016/j.indmarman.2021.12.005

Chinasa, A. E. (2022). Digital Marketing Strategies and Marketing Performance of Private Secondary Schools in Port Harcourt, Nigeria. *Asian Journal of Economics, Business and Accounting*, *Query date: 2024-09-23 15:19:58*, 241–253. https://doi.org/10.9734/ajeba/2022/v22i24954

Christiana, Y. (2024). Assessing the Impact of Entrepreneurial Marketing on Culinary SMEs' Performance in Sorong City. *Advances in Economics, Business and Management Research*, *Query date: 2024-09-23 15:19:58*, 803–815. https://doi.org/10.2991/978-94-6463-400-6_60

Clarke, P., & Crocco, E. (2021). Luxury Brands and Strategic Management Accounting. *Advances in Marketing, Customer Relationship Management, and E-Services*, *Query date: 2024-09-23 15:19:58*, 157–177. https://doi.org/10.4018/978-1-7998-5882-9.ch009

Daly, A. L., & Yatsenko, D. (2023). Does Relative Performance Information Improve Performance in Remote Work Arrangements? *Advances in Management Accounting*, *Query date: 2024-09-23 15:19:58*, 181–201. https://doi.org/10.1108/s1474-787120230000035008

Firman, F.-. (2018). *PENELITIAN KUALITATIF DAN KUANTITATIF*. *Query date: 2024-05-25 20:59:55*. https://doi.org/10.31227/osf.io/4nq5e

Goel, A. K., Popova, S., & Popova, L. (2021). *Emerging Trends in Accounting, Finance, Marketing and Human Resource Management*. Vandana Publications. https://doi.org/10.31033/vanpub02

Huynh, Q. L. (2023). Effect of marketing strategy on organizational efficacy via managerial accounting. *Marketing and Management of Innovations*, *14*(4), 84–98. https://doi.org/10.21272/mmi.2023.4-06

Islam, M. A., & Faheem, M. K. (2023). Evaluating the effect of BJI's marketing campaign on sales performance in the UK. *Qeios*, *Query date: 2024-09-23 15:19:58*. https://doi.org/10.32388/05dikt

Kadir, F., Rahman, S. A., & Muhad, F. (2020). *Level of Satisfaction Towards Umrah Management Service by Juara Travel and Tours Company*. *Query date: 2024-09-21 09:53:16*. https://pdfs.semanticscholar.org/c2bd/efd8b757dce43a63cde759ff4609eb0b4e17.pdf

Kullnig, C., Obermüller, A., & Aichhorn, K. (2020). Improving campaign performance using purpose marketing: Case study of Run For The Oceans. *Journal of Brand Strategy*, 9(1), 7–7. https://doi.org/10.69554/ioju8163

Maama, H., & Gani, S. (2022). Carbon accounting, management quality, and bank performance in East Africa. *Environmental Economics*, *13*(1), 114–125. https://doi.org/10.21511/ee.13(1).2022.10

Miller, B. (2023). *A Marketing Campaign Against Racism*. *Query date: 2024-09-23 15:19:58*. https://doi.org/10.4135/9781529611748

Njeri, G. B. (2021). Influence of Credit Management on Financial Performance of Dairy Marketing Cooperatives in Kenya. *International Journal of Accounting, Finance and Risk Management*, 6(1), 10–10. https://doi.org/10.11648/j.ijafrm.20210601.12

Prowle, M. J. (2020). Management accounting and performance management/improvement in public services. *Management Accounting in Public Service Decision Making*, *Query date: 2024-09-23 15:19:58*, 195–211. https://doi.org/10.4324/9780429430466-13

Qin, J. (2024). Analyzing the NetEase CloudMusics Marketing Campaign. *Advances in Economics, Management and Political Sciences*, *102*(1), 277–283. https://doi.org/10.54254/2754-1169/102/2024ed0062

Ranta, M., & Ylinen, M. (2024). Employee benefits and company performance: Evidence from a high-dimensional machine learning model. *Management Accounting Research*, 64(Query date: 2024-09-23 15:19:58), 100876–100876. https://doi.org/10.1016/j.mar.2023.100876

Sahin, M. A. (2022). Accounting. *Encyclopedia of Tourism Management and Marketing*, *Query date: 2024-09-23 15:19:58*, 51–54. https://doi.org/10.4337/9781800377486.accounting

Said, ramisha. (2023). *Cloud-Based Advertising Platforms: Targeted Marketing and Campaign Management*. *Query date: 2024-09-23 15:19:58*. https://doi.org/10.31219/osf.io/7vxtr

Salazar-Santander, C., Cawley, A. M., & Martinez-Troncoso, C. (2023). *An Optimal Effectiveness-Driven Target Segment Selection Modeling Approach for Marketing Campaign Management*. *Query date: 2024-09-23 15:19:58*. https://doi.org/10.2139/ssrn.4429470

Sanisoglu, M., Burnaz, S., & Kaya, T. (2023). A gateway toward truly responsive customers: Using the uplift modeling to increase the performance of a B2B marketing campaign. *Journal of Marketing Analytics*, *Query date: 2024-09-23 15:19:58*. https://doi.org/10.1057/s41270-023-00254-2

Sholikah, M., & Arifin, S. (2024). Exploring The Effects Of Entrepreneurship Competency And Environmental Adaptability On Marketing Performance: Business Strategy Mediation In Himki Jepara. *International Journal of Economics, Management and Accounting*, *1*(3), 274–289. https://doi.org/10.61132/ijema.v1i3.176

Stürze, S., Hoyer, M., Righetti, C., & Rasztar, M. (2022). Campaign Tracking and Successful Marketing Controlling. *Management for Professionals*, *Query date: 2024-09-23 15:19:58*, 41–49. https://doi.org/10.1007/978-3-658-38053-3_5

Suyitno. (2021). *METODE PENELITIAN KUALITATIF KONSEP, PRINSIP DAN OPERASIONALNYA*. *Query date: 2024-05-25 20:59:55*. https://doi.org/10.31219/osf.io/auqfr

Tarabasz, A. (2020). Campaign planning and project management. *Digital and Social Media Marketing*, *Query date: 2024-09-23 15:19:58*, 123–148. https://doi.org/10.4324/9780429280689-9

Unger, O., Szczesny, A., & Holderried, M. (2020). Does performance pay increase productivity? Evidence from a medical typing unit. *Management Accounting Research*, *47*(Query date: 2024-09-23 15:19:58), 100649–100649. https://doi.org/10.1016/j.mar.2019.100649

Varadarajan, R. (2020). Customer information resources advantage, marketing strategy and business performance: A market resources based view. *Industrial Marketing Management*, *89*(Query date: 2024-09-23 15:19:58), 89–97. https://doi.org/10.1016/j.indmarman.2020.03.003

Wu, Y. (2021). BIG DATA PROJECT - BANK MARKETING CAMPAIGN. *European Journal of Economics and Management Sciences*, *2*, 3–15. https://doi.org/10.29013/ejems-21-2-3-15

Xu, X. (2022). Creating Library Marketing Campaign on New Media: Practice of National Science Library, Chinese Academy of Sciences. *2022 8th International Conference on Information Management (ICIM)*, *39*(Query date: 2024-09-23 15:19:58), 36–40. https://doi.org/10.1109/icim56520.2022.00014

Yunarti, Munizu, M., Arsyad, M., & Munir, A. R. (2024). Digital Marketing as a Powerful Tool to Improve MSMEs Performance. *Advances in Economics, Business and Management Research*, *Query date: 2024-09-23 15:19:58*, 380–393. https://doi.org/10.2991/978-94-6463-400-6_28

Zieger, K., Schneider, U., & Darcos, L. (2023). Designing Campaigns and Optimizing Campaign Performance: The Ingredients of Campaign Excellence. *Management for Professionals*, *Query date: 2024-09-23 15:19:58*, 127–151. https://doi.org/10.1007/978-3-031-30720-1_8