CHAPTER 26

Integrated marketing communications

Learning outcomes

By the end of this chapter you should be able to:

- define and discuss integrated marketing communications issues
- evaluate the importance of integrated marketing communications to organisations and their publics
- identify the key principles and methods of integrated marketing communications
- apply this understanding to simple, personally meaningful scenarios
- recognise integrated marketing communications activity through case examples
- apply principles to real-life scenarios.

Structure

- Definitions of integrated marketing communications (IMC)
- Strategic marketing communications planning
- Branding and integrated marketing communications
- Agency perspectives of integrated marketing communications
- Integrating the marketing communications mix

Introduction

Who cares about marketing communications? The vast numbers engaged and employed worldwide in the communications industries most certainly do since it is their source of income and employment. The UK's Institute of Practitioners in Advertising has 234 member companies, employing over 15,000 people (IPA 2005). Obviously this represents a small fraction of those involved in spending billions of dollars on marketing communications around the world. They are largely employed in the first and middle stages of the *communications process*, namely creating *communications messages* and managing the media through which these messages are channelled. They should also have a vested interest in those at the end stage of the process, the 'receivers'. It is the response of these individuals, or groups of individuals, that really determines how successful the communications process has been in achieving the objectives set. But these receivers do not have the same level of vested interest – they are not being paid to watch, listen to or read such communications messages, so why should they care? As consumers, we buy

> ***Definition:*** *Communications messages* are all those messages sent and received either intentionally or unintentionally that provide information about products, services and organisations. They may result from specific marketing communications activities such as advertising or direct mail or indirectly, for example, as a result of people talking about brands or seeing brands being consumed. Intentionally sent messages will usually be positive and controlled; those resulting from word-of-mouth situations may be critical or negative and uncontrolled.

products and services for the benefits they provide us with and we have preferences for certain brands that we purchase and use on a frequent basis. It can be useful, indeed beneficial, to receive information about them or direct incentives to purchase. This may include products and services that are new to us or new to the market. However, do we need the estimated 1500 or so messages we receive each day (Walsh 2001), providing us with information about products, most of which we do not care about? We might get woken up by an alarm playing a commercial radio station (for example, in the UK it could be any one of 285 UK radio stations), listen to a radio in the shower, watch TV – (283 channels to choose from in the UK) or read newspapers (14 national and 90 regional dailies in the UK) and magazines (3500 consumer titles), while making and consuming breakfast. We then pick up the post and see direct mail – all in the first hour or so of the day and before leaving the house (media information from www.royailmail.com).

This chapter will explore the wide-ranging nature of marketing communications and demonstrate the importance of adopting an integrated approach in order to manage the complex issues involved in communicating effectively and efficiently with consumers, businesses and other stakeholders.

In this chapter, we shall examine the various issues surrounding the achievement of marketing communications effectiveness via the development of an integrated approach. This goes beyond making sure that the chosen media carry a consistent message, although that does play a significant role. Effective planning, targeting and positioning are essential elements of the integrated marketing communications (IMC) process. The driving forces examined include branding, creativity, internal and external communications linkages, international factors, new technologies and new media, longer term thinking, the role of ethics and social responsibility, communications agency perspectives, consumer information and evaluation.

Definitions of integrated marketing communications (IMC)

The marketing communications 'industry' often uses terms such as advertising, public relations (PR), sales promotion, direct mail or sponsorship to describe what they do. But do these terms mean anything from a consumer perspective? Do consumers use such words to describe the various communications messages they receive through a vast range of media? Maybe it is all seen as only one of the following – advertising, publicity, PR, promotion or 'junk.' Isn't direct mail just another form of advertising media, even if the industry calls it direct marketing? Is sponsorship a collective term for the organisation of a range of communication activities? This may include: *advertising*, of an event, team, individual or location; associated media coverage generated through *PR*; corporate hospitality supporting *sales* opportunities; targeting *sales promotions* at those attending an event; hosting *interactive websites* enabling comment and feedback as well as *merchandising*. (See Activity 26.1.)

activity 26.1

Receiving messages

Keep a log over a few days of the marketing communications messages you receive throughout the different stages of the day. This might include when you are watching TV, reading newspapers, listening to radio or using the internet – all opportunities for receiving commercial messages.

Marketing communications *media* are often defined only in 'advertising' terms as TV, radio, cinema, print and billboards. Use of such mass communication tools is still considered effective for reaching large numbers in a relatively short period of time but surely in today's marketing environment this fails to recognise a wide range of opportunities – direct mail, sponsorship, PR, telemarketing, websites, packaging, point of sale displays, vending machines, branded clothing and merchandise items? These are not 'new' media forms but should clearly be recognised as offering organisations routes to an integrated approach. (See Think about 26.1.)

Definition: The term *media* refers to any medium interface or channel that allows communications messages to flow between senders and receivers, in both directions.

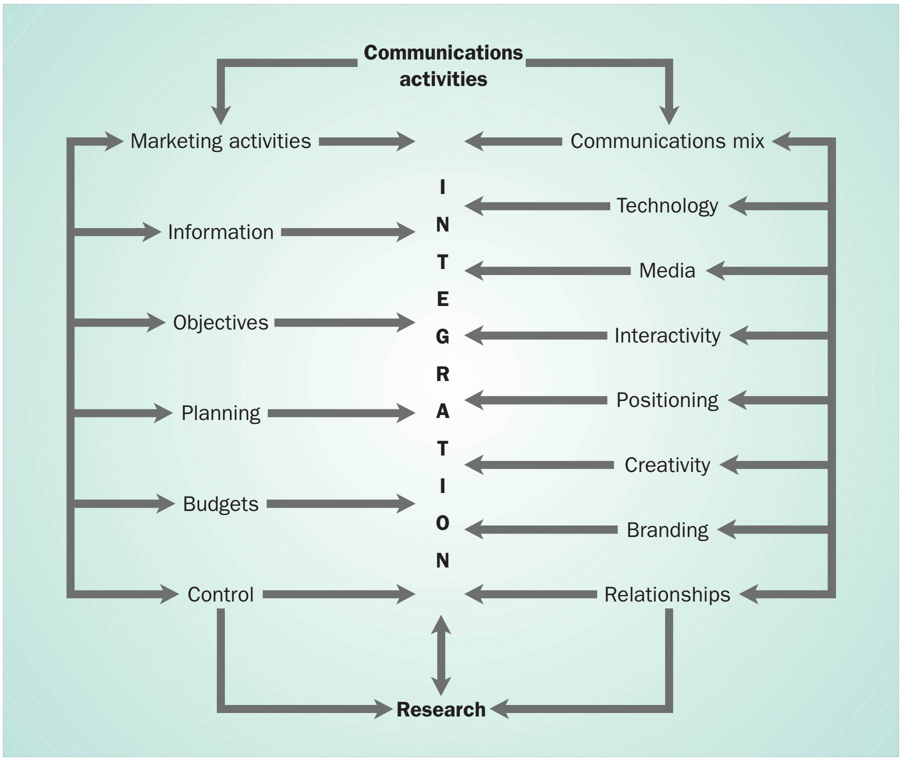

FIGURE 26.1 An integrative approach to organising and planning marcom (marketing communications) activities (*source:* adapted from Hughes 1998)

Hughes (1998) considered the various elements that contribute toward communications integration (see Figure 26.1). This might now also be extended to include issues such as the impact of new technologies, interactivity, information and the role of creativity.

Definitions are many and varied. The IMC concept first emerged in the 1980s and developed relatively slowly into the middle of the next decade. Smith et al. (1997) attempted to examine IMC from a strategic as well as an operational perspective. One of the issues is the use of the term 'integrated'. Various interpretations of the term integrated include coordinated, holistic, embedded and combined. Essentially, much of the underpinning discussion focuses on the range of issues identified earlier and whichever term is used, success is measured in terms of how effective they have been addressed in producing measured results. Hughes (1998) highlighted the shift in emphasis from *promoting to* a target audience to *communicating with* the audience. This has become increasingly prevalent with advances in database and media technologies. The two-way nature of communication is now at the forefront, even for those fast moving consumer goods (*fmcg*) brands with millions of globally based customers.

Definition: Products known as *fmcg* are typically those we buy from supermarkets and convenience stores, branded products from manufacturers such as Heinz, Kellogg's, Procter & Gamble – baked beans, breakfast cereals, shampoos.

think about 26.1 Being a consumer

Do you care about marketing communications? You will probably be reading this as part of your studies, learning about PR and communication. But as a consumer – how important are marketing communications to you? Which forms of communication appeal to you? What makes you respond? Take a few minutes to consider some of these points. Make some notes, discuss with your friends, colleagues or tutors.

Smith et al. (1997) argued for three different definitions of IMC, each with common elements. These grouped definitions are as follows:

1 those that refer to *all* marketing communications
2 a strategic management process based on economy, efficiency and effectiveness
3 the ability to be applied within any type of organisation.

Schultz and Kitchen (2000: 65) define IMC as: 'a strategic business process used to plan, develop, execute and evaluate co-ordinated measurable, persuasive brand communication programs over time with consumers, customers, prospects and other targeted, relevant external and internal audiences'.

This widens the scope of IMC to include communications with a range of target audiences beyond the direct purchaser and/or consumer.

Fill (2002: 457) explores a number of perspectives of IMC and suggests:

> *They are more likely to occur when organisations attempt to enter into a co-ordinated dialogue with their various internal and external audiences. The communication tools used in this dialogue and the messages conveyed should be internally consistent with the organisation's objectives and strategies. The target audiences should perceive the communications and associated cues as co-ordinated, likeable and timely.*

Schultz (2004) believes that IMC still focuses too heavily on tactical implementation, attempting to make things look the same. He suggests that organisations need to find ways in which horizontal integrating processes and systems, including internal marketing communications and strategic planning frameworks, can be developed 'that work across disciplines, not just across communications forms'. Lancaster (2004) recommends two ways in which IMC might break through the communications clutter barrier:

- First is the need for creativity to extend beyond its traditional role in communications message formats into product and service innovation in order to achieve added value. This places an emphasis on creativity within the whole marketing mix and not an over-reliance on the promotional elements to compensate for product deficiencies.
- Second, it is proposed that brands need to *collude* with customers. There needs to be engagement in the form of lifestyles and attitudes. Examples of such brands where this type of collusion has taken place include Tango, Red Bull, Coke and Evian (see Mini case study 26.1).

This theme of consumer collusion or collaboration is taken up in a paper published by The Chartered Institute of Marketing (CIM 2004) 'You talkin' to me? – Marketing Communication in the Age of Consent'. A collaborative versus intrusive model of communication is proposed in Table 26.1.

The Chartered Institute of Marketing (CIM) paper then goes on to discuss five key ways in which the move from intrusion to collaboration can be achieved:

1 self-segmentation
2 open planning
3 creating messages that matter
4 managing legal boundaries
5 measuring return on communications.

Self-segmentation is based around a principle of customer-managed relationships whereby customers communicate with an organisation via the channels they prefer, with the segment being based on a higher degree of personal data being supplied. *Open planning* offers a different perspective on integration by identifying those issues that need to be considered in developing effective strategic marketing communications and derives from discussion between senior marketers from companies such as IBM, Masterfoods, Ford, Vauxhall, Land Rover, Lloyds TSB, NSPCC and senior agency representatives to consider 'media neutral' planning best practice. Media neutrality suggests moving away from traditional media such as TV advertising, towards a

mini case study 26.1

Evian

In January 2005, Evian launched an on-pack promotion, supported by point of purchase displays and retailer in-store magazines, which offered consumers points that could be redeemed against free rewards. These rewards were linked to the core Evian brand values of 'purity' and included beauty and fitness treatments, health club passes, personal training sessions and aromatherapy massages. Points could be exchanged against rewards by visiting a promotional website. This campaign contained a number of elements of the collaborative model of communication (see Table 26.1) and provided for customer *collusion* in the way it targeted the lifestyles and attitudes of the Evian consumer.

Source: adapted from an article on www.mad.co.uk accessed 22 March 2005

TABLE 26.1 Intrusive and collaborative communications (*source:* adapted from 'You talkin' to me? – Marketing Communications in the Age of Consent', www.shapetheagenda.com, Chartered Institute of Marketing 2004)

Intrusion model	**Collaborative model**
Scattergun	Consent-based dialogue
Poor targeting, mass communications	*Building relationships, two-way communications*
Seller benefits	Mutual benefits
Lack of focus on customer needs	*Consumer incentives, loyalty programmes*
Media constrained	Media transparent
Reliance on historical usage limited to one major media form, often advertising	*Using a full range, including 'new media'*
Invasion of privacy	Respect for privacy
Over-communicating, using 'acquired' personal information	*Data protection requirements*
Poor innovation	Radical innovation
Lack of creativity	*Electronic communications*
Impact unknown	Return on communication known
No emphasis on response measurement, focus on acquisition	*Need for performance measurement*

wider and integrated range of communications methods and media.

The ***open planning*** framework includes eight 'action areas' – disciplines, media, channels, process, structure, relationships, results and tools. The CIM research indicates that the potential payoff for UK industry in implementing this open planning is between £4 billion and £10 billion, depending on the extent to which the action areas are implemented.

Messages that matter need to be targeted creatively and effectively, using new technologies in ways that need not be considered intrusive. For example, interactive TV advertising provides viewers with the opportunity to respond but without the intrusiveness that might be associated with direct mail or telemarketing.

In ***managing legal boundaries*** it is important for the communications industries to self-legislate

mini case study 26.2

Diageo marketing code

Diageo is one of the world's largest producers of alcoholic beverages, including brands such as Guinness, Smirnoff, Baileys, Cuervo and Johnnie Walker. It has developed a Code of Marketing Practice for Alcoholic Beverages:

> *We are proud of our brands. We want Diageo's marketing and promotional activities to be recognised as the best in the world. That means delivering great results for our brands, and doing so in a way which sets industry standards for responsible marketing.*

This statement, from Diageo CEO Paul Walsh in 2003, precedes a detailed schedule not only explaining how the company will set about meeting legislative requirements but also offering guidance for the promotion of sensible drinking of its products. The code applies to brand advertising, promotional activities in bars, pubs, clubs, off-licences, supermarkets and other retail outlets, brand innovation activities, experiential marketing, consumer planning, relationship marketing, consumer PR and the development and content of brand websites. Across all marketing communications activities, a socially responsible positioning strategy will be employed.

Full details of this code and other Diageo initiatives involving corprate social responsibility can be found on the company's website – www.diageo.com.

Source: Diageo Plc

wherever possible and to work with legislators in developing acceptable parameters. Many individual firms have adapted or are adapting their own procedures for managing their businesses, including their communications, from ethically and socially responsible perspectives (see Mini case study 26.2).

Measuring (return on communications) – the effectiveness of marketing communications has traditionally been a neglected area. The CIM paper estimates that £100 billion a year is spent globally on advertising, yet this level of investment is subject to little measurement regarding *return on investment* (ROI). Open planning supports the development of more effective ways of measuring communication success. For example, Nike does not use outputs such as awareness or response levels but outcomes in terms of numbers involved in individual sports. Microsoft and Coca-Cola base their measures on percentage awareness of the brand. Retailers Tesco and Walmart use percentage of customer retention (customers who keep returning to their stores). (See Case study 26.1.)

> ***Definition:*** *Return on investment* (ROI) is the positive value or contribution that can be achieved as a result of making an investment in a particular business activity. In marketing communications terms, this might include the sales resulting from specific, identifiable and measurable communications activities. For example, 5 million sales directly attributable to a direct mail campaign costing 1 million provides a 4 million return of the communication investment. Although described here in financial terms, the 'return' might be based more subjectively by measuring increased brand awareness or improved corporate image resulting from a range of communications activities.

Definitions, while intending essentially to encapsulate meaning, may actually complicate and confuse.

case study 26.1

'It only works if it all works' – O_2

The mobile phone brand O_2 was launched in April 2002. This involved the re-branding of BT Cellnet mobile brand, which had been struggling against intensive competition from market leaders Vodafone and Orange, as well as facing new competitors such as T-Mobile and 3. With little technical difference between brands, marketing and marketing communications were the key areas in which competitive advantage could be gained.

O_2 put into action marketing communications plans that aimed to transform the brand from the dullness of Cellnet into one that would prove to be the mobile brand of choice.

Objectives were set not only for measurement of the specific communications activities in raising brand awareness levels but also for effectiveness in improving staff morale, building trade partnerships and adding to shareholder value. Integration was implemented at two levels, visually and strategically. Visual integration aimed at building brand awareness involved consistency and coordination across all channels, from promotional mugs through to advertising and sponsorship. Strategic integration included a focus across the brand, the products and the communications.

Effectiveness measurement took a number of forms. Market research identified an increase in 'top of mind', unprompted awareness of mobile phone operators from the 20% established over seven years by the Cellnet brand to 28% achieved by O_2 two years after launch. Internal communications based on the 'It only works if it all works' theme were successful in ensuring all staff were behind the communications and marketing strategies. Strong focus on briefing trade partners such as Carphone Warehouse and the provision of support materials and incentives were also significant in building relationships.

Econometric analysis identified the value of strategic integration. This included 'payback' calculations based on:

- number of new connections attributed directly to communications
- average revenue generated by each connection in any year
- average lifetime of each new customer (three to five years)
- O_2's margin (profit)
- cost of media, production and agency fees (£78.3 million).

By December 2003 advertising and sponsorship had generated £493 million additional profit margin. Lifetime value of margins from incremental business was estimated at some £4.8 billion, giving a payback of 62:1. O_2 was subject to a rejected takeover bid in February 2004, which valued the business at £9.5 billion.

Source: adapted from Maunder et al. 2004 from www.warc.com accessed 24 January 2005

think about 26.2 **Intruding on, or collaborating with, customers?**

Read the CIM 'Shape the agenda' paper referred to earlier. Are there any other issues that you consider have not been raised or need developing further? What kinds of marketing communication do you find particularly intrusive? Are you a member of any loyalty programmes? What kinds of communications activities do these schemes use?

Feedback Individual perspectives and experiences will identify relevant issues here. Experience may include working in different business environments where issues will vary significantly. A constantly changing business environment requires all businesses to monitor such change and modify their activities in order to meet the requirements of more demanding customers. For some, receiving text messages may be the preferred means of receiving 'advertising' information; for others it may be via newspapers or TV; while for many, the preference may be to receive nothing at all!

While the definitions discussed here go some way to developing our understanding of the IMC concept, many practitioners will have their own way of describing and implementing IMC in order to communicate effectively through (media) channels with customers and other groups (stakeholders). (See Think about 26.2.)

Strategic marketing communications planning

In order to achieve an integrated approach to marketing communications, it is important to have some kind of planning framework around which strategies and tactics can be developed. A number of planning 'models' have been suggested (Smith 1999; Fill 2002), some of which are briefly described in what follows. The adoption of a planned approach suggests also that a longer term perspective might be considered more important than the drive for short-term commercial gain. The longevity of major brands such as Coca-Cola, Mars, IBM or Ford is based as much on a detailed approach to planning as it is on the success of individual communications activities.

Smith et al. (1997) first proposed a SOSTAC (situation, objectives, strategies, tactics, action and control) model for integrated marketing communications planning. Fill (2002) developed a more comprehensive marketing communications planning framework – or MCPF (see Figure 26.2).

Both SOSTAC and MCPF incorporate broader business and marketing factors than simply those that focus directly on the organisation of communications activities. This breadth provides a basis for integration at a higher marketing planning level. A starting point which examines the current *situation* (S) or *context* needs to look at the overall business and competitive position of the firm, develop an understanding of consumer behaviour, review all relevant internal and external factors and identify the communication needs of all stakeholders, not just those of customers. From this analysis, communications *objectives (O)* can be set in relation to business and marketing objectives. In the MCPF, this stage will involve consideration of positioning factors. Communications *strategies* (*S*) may take

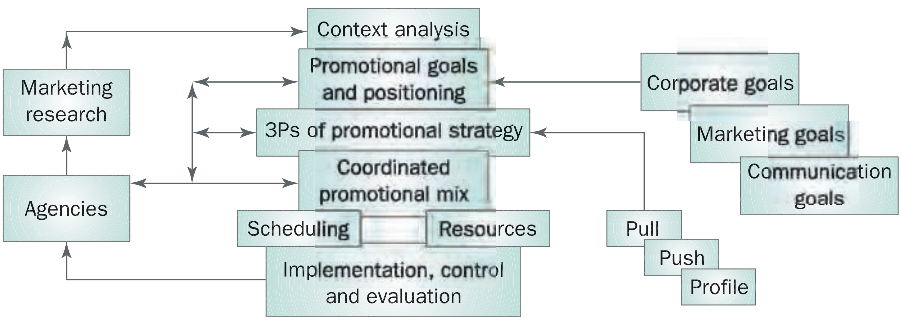

FIGURE 26.2 Marketing communications planning framework (MCPF) (*source:* Fill 2002)

box 26.1

Push, pull and profile strategies

Pull strategies are those where communications are targeted directly at the customer or end user of the product or service. In consumer markets such strategies involve demand stimulation, that is they encourage consumers to take purchase action. The term pull originates from the effect such purchases have on the distribution channels. Retailers will need to restock goods and this means 'pulling' goods down from their channel sources such as wholesalers or, in the case of major supermarket retailers, direct from the producer. Such strategies will often be led with the use of advertising and consumer sales promotions.

Push strategies involve communications that lead to the movement of goods through distribution channels in separate stages. Goods may be sold from producer to wholesaler, then from wholesaler to retailer or some other intermediary. At each stage communications will take place aimed at pushing goods through the channel. Such situations are usually based around business-to-business communications, including personal sales and trade promotions.

Profile strategies focus on communications with a range of stakeholders, other than consumers or marketing channel members. Often the objectives of such strategies will be to develop positive corporate image or profile. Stakeholders may include shareholders or other investors who need to see how well their investments are performing rather than to receive details related to the products or services that the company is marketing. The company's employees are another stakeholder group with different communication needs. PR activities, community project sponsorships and internal communications may lead communications tools in developing profile strategies. A company's overall corporate reputation and identity will also feature in image- or profile-related actions.

different forms: 'pull' strategies that focus on communications with consumers; 'push' strategies that involve intermediaries such as distributors and retailers. 'Profile' strategies take into account the needs of all stakeholders, often focusing on image and identity. Communications *tactics (T)* or 'mixes' need to be developed for each strategic option along with specific *actions (A)* including budgets and schedules. *Control (C)* and effectiveness measures are needed to establish the effectiveness and efficiency of individual communications activities and for the complete communications plan to be evaluated against objectives set. This will identify the benefits of integration and support the ongoing communications. (See Box 26.1.)

The case study at the end of the chapter examines the issues involved in determining the strategic options available in automotive markets.

Branding and integrated marketing communications

Brands can be perceived quite differently depending on the viewer's social and political context. Critics perceive brands as the worst manifestation of capitalist society; others see them as something with which we have deep, emotional relationships. For example, is Nike the 'must-have' fashion footwear or the company that manufactures in developing countries, paying low wages to workers employed in poor conditions? Is McDonald's the supplier of 'Happy Meals' for millions of children around the world or a fast food source for obesity?

Brands and branding provide a direct focus for integration. Brands and how they are portrayed encapsulate the many dimensions of IMC. We do not need to see an advertisement in order for there to be a communicative effect. To many of us, the mention of the word Coke will suggest curvacious bottles and a refreshing taste, not because we remember seeing an advert, but through acquired knowledge based on our experiences built up over long periods of time. The ubiquitous nature of distribution, distinctive product packaging, logos and other identification symbols and pricing issues will all play a part in addition to that played by actual marketing communications. Thus, integration is not just achieved via what we might call communication in the form of advertising or other communication formats but also considering the communicative effect of the whole marketing mix – product, price, place and promotion. (See also Chapter 21.) (See Box 26.2.)

De Chernatony (2001) develops ideas put forward originally by Olins, which propose brand integration by identifying four '*brand communicators*' – the product or service itself, the behaviour of the firm's staff, the environment in which the brand is presented and the use of communications. De Chernatony suggests

box 26.2 Communicating the 4Ps – product, place, price, promotion

These are the four major elements of what has become known as the marketing mix. *Products*, services – or some combination of the two – are what a firm has to offer to its customers. *Place* refers to the location at which a purchase transaction might occur, at a retail outlet or via the telephone or internet. *Price* is what the business considers the market value of the product or service to be. The actual price charged may be somewhat different from that originally stipulated by the producer or the provider as result of retailer discounts or other forms of sales promotion. *Promotion* will include different communication tools, advertising, sales promotion, personal selling, PR and other activities.

This chapter deals extensively with the last element of the marketing mix but it is also important to consider the communicative effects of the other elements. Mention of a product's brand name in conversation or discussion may communicate a message that has not been targeted specifically by the brand owner. For example, the name 'McDonald's' stimulates thoughts of the Golden Arches logo, the service received in any McDonald's restaurant or the taste of a Big Mac!

Differentials in price can suggest different perceptions of value or quality. Visiting a store selling electronic goods such as TVs, CD/DVDS or hi-fi products, you will be faced by displays of similar looking products but with different prices. If the products look similar but have different prices, the communicative effect might be that higher priced items are of superior quality. Of course, subsequent communications will qualify these interpretations.

Product availability limited to specific retail outlets might communicate some degree of exclusivity. Fashion brands such as Armani or Versace limit distribution to either their own stores or retailers such as Harvey Nichols. Extending distribution over a wider range of outlets might damage the exclusivity of the brand identity and image.

brand integration can be further enhanced by evaluating the extent to which the communicator reinforces brand value and the extent to which each communicator reinforces the others. For a major airline business such as BA, Cathay Pacific or Virgin this would involve the relationship between the services provided. For example, on a flight between London and New York this would include the customer service provided by check-in staff and cabin stewards, the levels of comfort on the plane, passenger lounges and other facilities and the marketing communications employed (such as advertising, direct mail, sponsorship and PR). (See Mini case study 26.3.)

Brand communications take many forms and will vary in terms of the objectives set. These can often be classified as aiming to differentiate, remind, inform or persuade (DRIP). Hughes and Fill (2004) identify a number of situations where communications may be focused on achieving objectives in one or all of these DRIP categories:

- Differentiate a product/brand (to make it different from a competitor's brand or seem different through effective positioning).
- Remind and reassure a target audience with regard to benefits (to encourage (re)purchase).
- Inform a target audience by providing new information (e.g. of a new brand or flavour).
- Persuade an audience to take a particular set of actions (e.g. buy a brand).

In many situations there is little *actual* difference between competing products, so it is the role of communications to create *perceptions* of difference in executing positioning strategies. In financial services, for example, there is little actual difference between the range of services offered by one provider

mini case study 26.3

Engaging brands

Some brands are attempting to find new ways of delivering effective brand messages other than via 'traditional' advertising. Goff (2005) reports on a number of examples of communications aimed at engaging with customers and other stakeholders. These include art exhibitions organised by BMW and the launching of a radio station by clothes retailer French Connection. These developments also include the branding of broadcast programme content such as the Pepsi Chart Show on commercial radio.

mini case study 26.4

DRIP – fast foods

The role that marketing communications can play in supporting DRIP objectives in the fast food sector can be illustrated in a number of different ways:

Difference can be promoted through:

- types of food: for example, pizzas from Pizza Hut or Domino's, burgers from McDonald's or BurgerKing
- styles of cooking: like BurgerKing using flame grilling
- modes of purchase: the choice of restaurant, take-away or home delivery.

Reminding consumers of the benefits and values obtained from purchasing from one specific outlet or type of outlet, such as loyalty programmes aimed at customer retention.

Information provision may include details of product changes, new tastes or ingredients, filled crusts on pizzas. More recently, criticism of fast food in contributing to child obesity has led a number of companies to offer 'healthier options' such as McDonald's salads and more nutritious breakfast alternatives such as Egg McMuffins.

Persuasive communications attempt to suggest reasons why the customer should purchase from this supplier rather than one of its competitors. This might include sales promotion of special offers, buy one, get one free (BOGOF) or price discounting. In addition to seeking new customers, such promotions encourage brand switching.

and another. Communications can be used to suggest different approaches, such as the importance of customer service or schemes aimed at building brand loyalty. (See Mini case study 26.4 and Think about 26.3.)

Agency perspectives on integrated marketing communications

As firms have become more demanding of the communications agencies they employ in terms of performance measurement, so those agencies have adapted and developed the range of communications services they offer in order to meet demanding targets. For many, this has also meant a switch in the way they are remunerated, especially in the advertising industry. This has involved moving from receipt of media-based commission (taking a percentage of the costs of buying advertising space or airtime) to direct payments based on results. Major global spenders such as Procter & Gamble have led such moves, forcing their agencies to look beyond TV-led advertising. Response-driven communications, including direct mail and interactive online methods, have been gaining prominence as part of a more integrated approach, as has the use of PR for consumer campaigns (see Chapter 21).

It is no coincidence that the UK Institute of Practitioners in Advertising (IPA) has dropped the word advertising from the title of its now well-established annual Effectiveness Awards. This decision was taken to encourage entries from clients and agencies that had adopted more media neutral strategies instead of relying on big budget TV campaigns.

Many agencies – while still claiming specialism in one or other communications discipline such as advertising, PR, sales promotion or sponsorship – are actually offering clients a mix of services provided either by the agency itself or subcontracted to a third party, with management control vested in the 'lead' agency. (See Think about 26.4.)

think about 26.3 **Negative brand perception**

Identify other brands you are aware of that may elicit both positive and negative perceptions. How might integrated marketing communications be used to overcome negative perceptions?

Feedback For most consumers, there are products or services that stimulate 'feelings' that lead to decisions on purchase or non-purchase. Over time we build up preferences for certain brands and dismiss others, often for reasons that we cannot remember and which may no longer be valid because of changes introduced by the provider. Marketing communications can be used to overcome misconceptions and prejudices.

think about 26.4 Advertising agencies and what they do

Look at websites of some leading marketing communications/advertising agencies. How do they differ in terms of the services that they offer? Do they offer integrative services? Where does PR fit in their structure?

Feedback Many of these sites include case studies of their clients, which will provide examples of good communications practice.

think about 26.5 Appointing an agency

Consider the advantages and disadvantages for clients seeking to develop their brands and appointing a services group to handle their marketing communications.

Feedback Considerations include economies of scale, standardisation/adaptation issues, size of budget and budgetary control, need for localised servicing, media availability.

On a global level, communications and marketing services agency provision is dominated by a small number of large groups such as WPP, Interpublic and Omnicom. WPP revenue in year ended 31 December 2004 was £4.3 billion, with profit before tax at some £456.5 million (WPP 2005). Such groups offer a full range of services to clients and operate on a global scale. In the UK, what were considered at one time to be dominating advertising agencies are themselves now part of these larger groupings and are offering communications services beyond their traditional advertising platform. DDB London, formerly BMP DDB, is the UK base for Omnicom's DDB Worldwide network. In addition to the advertising business, DDB London is also the core for a number of local communications services agencies. These include Claydon Heely and Marketing Advantage DDB in direct marketing, PR agency Porter Novelli, interactive specialists Tribal DDB and Bridge Research, the UK's largest agency-owned research and recruitment company. Other companies are involved in qualitative research, production and design and *econometric consultancy*. Such groupings are typical of the agency provision aimed at providing clients with a one-stop integrated service. (See Think about 26.5 and Mini case study 26.5.)

> ***Definition:*** *Econometric consultancies* specialise in areas including forecasting and effectiveness measurement and make increasingly significant contributions to marketing communication planning and evaluation as clients seek performance measurement criteria.

Integrating the marketing communications mix

Perhaps the most 'visible' level of integration takes place when considering the application of different elements of what is termed the communications or

mini case study 26.5

Samsung and WPP

Samsung, the Korean electronics firm, has recently appointed the WPP Group to run a £120 million global branding campaign. This follows a similar move in May 2004, which saw HSBC place its £350 million global marketing communications with WPP (Benady 2004).

There are counterarguments to such appointments: some see the advantages to be gained through integration while others see such moves as driven by cost-cutting objectives. A more reasoned approach might suggest that improving communications effectiveness via integration may also have cost efficiency benefits. Why should this be a problem? The counterarguments tend to be led by the independent advertising sector which potentially has most to lose.

promotional mix. The major elements consist of advertising, PR, sales promotion and personal selling. For many brands, advertising still tends to dominate the communications mix. Box 26.3 provides some indication of the budget levels allocated to advertising in the UK during 2004.

Depending on definition, the list of communications tools also includes point of sale/purchase, exhibitions and packaging. More recently it has extended to include direct marketing activities, sponsorship and interactive/online methods. The application of these communications methods varies between types of business. For consumer brands, the emphasis is largely on advertising, sales promotion and sponsorship. In business-to-business markets (see also Chapter 22), personal selling, trade promotions or exhibitions predominate. Applications involving the use of new technologies and media, of course, cut across these boundaries. For example, web-based communications, mobile phone text messages and interactive TV provide new platforms for communicating in all markets.

In many ways, the mix deployment relies more on tactical or operational factors than on strategic integration. Hughes and Fill (2004) describe the use of various mix elements in terms of coordination rather than integration, with the latter referring to the range of marketing and business issues discussed earlier. They propose a '4Cs framework', which summarises the key characteristics of the major marketing communications tools (see Table 26.2).

This helps us understand the mechanisms involved in the communications and the significance of each part of the mix. Given the extended nature

box 26.3

Advertising by brand in the UK, 2004

1. Procter & Gamble: £199.5 million
2. COI (Central Office of Information) (government): £159 million
3. L'Oréal Golden: £95.2 million
4. BT: £82.5 million
5. Lever Fabergé Personal Care: £73.4 million
6. Reckitt Benckiser: £70.2 million
7. DFS (furniture retailer): £69.3 million
8. Ford: £66.3 million
9. Nestlé: £65.8 million
10. BskyB (satellite broadcaster): £64.4 million

Aggregated spend by the top 100 UK advertisers was £3.6 billion.

Source: Nielsen Media Research/*Marketing* magazine

TABLE 26.2 The 4Cs framework (*source:* adapted from Fill 2002)

	Advertising	Sales promotion	Public relations	Personal selling	Direct marketing
Communications					
Ability to deliver a personal message	Low	Low	Low	High	High
Ability to reach a large audience	High	Medium	Medium	Low	Medium
Level of interaction	Low	Low	Low	High	High
Credibility					
Given by target audience	Low	Medium	High	Medium	Medium
Costs					
Absolute costs	High	Medium	Low	High	Medium
Cost per contact	Low	Medium	Low	High	High
Wastage	High	Medium	High	Low	Low
Size of investment	High	Medium	Low	High	Medium
Control					
Ability to target particular audiences	Medium	High	Low	Medium	High
Management's ability to adjust tool deployment as circumstances change	Medium	High	Low	Medium	High

mini case study 26.6

American Express (AMEX) gains advantages from tennis

The US Open Tennis Championship provided a great opportunity for AMEX to develop a range of coordinated marketing communications. One of these was a TV advertising campaign in the USA, UK and other markets during the build-up and duration of the competition. The adverts featured tennis stars, including André Agassi, Andy Roddick and Venus Williams, in a number of humorous situations involving use of their AMEX credit cards. During the event a giant TV screen was set up in the Rockerfeller Center in New York showing live coverage of key matches. Seating was provided in the form of a mini stand to replicate where the games were being played at Flushing Meadow. A series of other activities were also arranged including competitions that allowed participants to test the speed of their tennis serve. Those taking part had to provide their names and contact details, which could be used for marketing follow-up. Merchandising promotions included mini fans in the shape of tennis rackets.

PICTURE 26.1 The humourous adverts featured tennis stars, including André Agassi, Andy Roddick and Venus Williams, using their AMEX credit cards. (*Source:* © Jason Szenes/Corbis.)

of the mix and the application through new technologies, the complexity of the mix can be recognised. When adding creativity factors, the complexity both of the process and the receiver's reponses is considerably enhanced. Given the limited differences between the products and services offered by financial services companies, marketing communications strategies and tactics rely heavily on a creative approach to the content of, and delivery of, their messages to achieve a competitive edge. The American Express case provides a good example of this (see Mini case study 26.6).

Definition: *Media neutrality* advocates a shift away from what might be called 'traditional' forms of media, such as TV for branded goods, towards other media, including direct mail, sponsorship and PR. It also promotes a more even allocation of resources across media channels rather than the domination of one major medium. This allows for wider distribution of communications messages to identified target audiences whose media consumption habits are becoming more fragmented.

Total brand communication

Butterfield (1999) discusses the concept of 'total' brand communications and identifies other important characteristics that need to be considered in message creation and delivery. They include clarity, coherence, consistency, control, commitment, contact and the need for communication to be customer driven. This last aspect is important as it is the *response* of the consumer or customer that is significant, rather than the form of communication used, such as advertising, PR or some other part of the mix. This is supported by the shift towards the concept of *media neutrality*. (See Case study 26.2, overleaf, and Activity 26.2.)

activity 26.2

Marketing communications strategy

Identify a company with which you are familiar. Using the structure of the final case study on the automotive market, review its marketing communications strategy, making appropriate recommendations based on context analysis.

Feedback
This is an extensive activity and the detail will depend on the company or market selected. It should, however, provide an opportunity to consider many of the issues that are discussed in this chapter and apply them to the given situation.

case study 26.2

Marketing communications in automotive markets

Automotive markets in most parts of the world are well developed both in terms of product and in the use of marketing communications. Some of the world's largest companies are car producers, such as Ford, General Motors, Nissan and Toyota, which produce cars in many different countries and market them globally. Marketing communications are sophisticated and exemplify most of the integration issues we have been examining in this chapter. This case will not focus on one individual company but will use a number of different examples to demonstrate the application of integrated strategic marketing communications within the planning frameworks of SOSTAC and the MCPF discussed earlier.

Situation and context analysis

Business context

The automotive sector is a well-developed and very competitive market. There are a number of global players who compete aggressively across a number of sectors. Over the last decade or so it has been the subject of many mergers and takeovers, as manufacturers juggle for market position and attempt to gain profitability via economies of scale by producing in ever increasing volumes. Ford, for example, has acquired Jaguar and Volvo to position itself more prominently in the sports and prestige sectors of the market. Nissan and Renault have joint-venture operations in the European market. It is interesting to note that in many cases of these mergers and takeovers, original brand names are being maintained.

Customer context

Cars are produced for a wide range of customer segments, in different price categories based on product designs and specifications. Companies such as Ford and Nissan operate in the so-called high-volume sectors where price levels range between £7000 and £15,000 and engine capacities between 1000cc and 2000cc. Brands like BMW and Mercedes sell in lower volumes but at significantly higher prices, with higher specification and levels of comfort. More recent trends have followed customer demand for 'people carrier' and four-wheel drive models in response to changing lifestyles of customers. Customer attitudes toward car buying and ownership are often based on emotive and other personal feelings. This provides an interesting platform for positioning and communications development.

Internal context

Resource issues are significant in this market. Car manufacturers are big companies employing large numbers of people in many countries. The consolidation in the sector through merger and joint venture referred to earlier has, in many cases, led to manufacturing plant closures with significant effects on local communities. It is important for car producers to communicate at all levels within their businesses to inform and motivate employees. Financial resources have been constrained as market demand has slowed in volume markets, levels of profitability have been reduced and heavy losses incurred by many companies. Nevertheless, significant amounts continue to be spent by all manufacturers as they seek to both protect and develop market share.

External context

With manufacturers operating on a global basis, political, economic, social, technological and environmental changes in circumstances have varying degrees of impact. This leads both to change in demand cycles, as economic factors change and to opportunities to reach new markets as economic and political climates improve. The changes in the eastern Europe and former Soviet bloc markets illustrate this point. Environmental issues raise concerns in areas such as oil consumption and shortages of other raw materials. There is pressure on automotive manufacturers to improve fuel efficiency and reduce harmful emissions from their cars.

Stakeholder context

There are many stakeholder groups with interests in these markets, such as financial investors/banks, shareholders, employees, suppliers, distributors, trade associations, local and national governments, pressure and special interest groups, media and other publics. They all have different communications needs that require satisfaction via a range of communications methods.

Objectives

It is important that the communications objectives are consistent with the company's marketing and business objectives. The business objectives of a specialist car manufacturer such as Bentley or Rolls-Royce are very different from those of a volume producer like Nissan. They are competing in different market segments with significantly differentiated products. Marketing objectives are based on all aspects of the marketing mix, not just promotion. Sales success depends on the effectiveness of the product and service support, pricing strategies and distribution network in addition to the success of the communications mix. Communications objectives centre on awareness creation, attitude development and influencing behaviour.

Launching a new model involves creating and developing awareness; repositioning brands involves changing consumer attitudes, and purchasing behaviour may *case study 26.2 (continued)*

be influenced by directing potential buyers to a particular dealer or a manufacturer's website.

Strategic options

Depending on the objectives to be achieved, the appropriate communications strategies must be created. For most car manufacturers, these decisions will usually include a mix of pull, push and profile. There is a need to:

- communicate directly with customers to promote product benefits and establish positioning concepts
- work with distributors and dealers who sell vehicles on a personal basis
- develop the overall image of the company.

Communications mixes

For each strategy employed, there will be a need for a communications mix to be devised to support each strategic approach.

To support pull strategies – for volume manufacturers such as Ford, major communications tools will include TV and print advertising to raise and maintain awareness objectives. Volvo has been using TV, print, direct mail and website development in order to reposition itself from being a solid but safe producer to one which blends style with everyday living – e.g. 'Volvo for life' campaign. TV advertising for most manufacturers now includes interactive elements and linkages to websites and call centres (refer to campaign/ website – www.volvocars.co.uk).

To support push strategies – showroom design and point-of-sale displays, sales literature, merchandising goods, personal sales incentives and local/regional advertising are typical areas in which manufacturers support the communications efforts of their dealers. Trade promotions include price discounting, extended warranties and low-interest extended credit terms.

To support profile strategies – PR and sponsorship are major communications tools used for developing image at either a product, brand or corporate level. Ford's long-term sponsorship of soccer on satellite Sky TV has been effective in maintaining a fun, sporty, active image for a range of its models. A campaign for Honda promotes the benefits of car sharing by highlighting a scheme it supports in Singapore. This confirms its positive support for meeting environmental objectives. Major trade exhibitions around the world allow manufacturers to profile new product developments.

Budgets and implementation

Car manufacturers are among the largest spenders on marketing communications. Ford spent a little over £66 million just on media advertising in the UK in 2003. Much expenditure is scheduled on an ongoing basis but attention needs to be paid to specific events such as new model launches, exhibitions and major events such as the football World Cup or the Olympic Games.

Effectiveness measurement

This depends on what objectives have been set and therefore what has to be measured: awareness levels, attitudes or behavioural characteristics. Individual campaigns are monitored for response using a range of market research methods and specific measurement devices, such as hits on websites, calls received by the call centre or related visits to dealer showrooms.

Case reflection

This case provides illustrations of many of the points made throughout the chapter. It both highlights the need for, and illustrates the mechanisms of, the integrative approach. It presents the issues at each stage within a planned framework. Although this is presented in linear form, it should be remembered that planning of this nature is cyclical and ongoing. Significantly in the area of marketing communication, there needs to be scope for flexiblity and creativity when and where appropriate, even if this sometimes moves away from 'plan'.

Summary

In this chapter the changing environment surrounding marketing communications has been examined and the need for an integrated approach explored. This has identified the need for integration at a number of levels – strategic planning, branding, and communications mix applications – and the need for a structured (and integrated) approach to agency selection and deployment. The 'volume' of marketing communications has led to consumer scepticism of mass market messages and a desire to discriminate between acceptable and unacceptable message delivery. This has led to the need for a change in approach, both strategically and tactically to the organisation and management of marketing communications. For those companies with wide brand portfolios in global markets, as well as small firms operating within limited geographical boundaries, integration can provide a sound platform for implementing such an approach.

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