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IMC, brand communications, and corporate cultures Client/advertising agency co-ordination and cohesion Lynne Eagle, Philip J. Kitchen. European Journal of Marketing. Bradford: 2000. Vol. 34, Iss. 5/6; pg. 667 Abstract (Summary) The concept of integrated marketing communication (IMC) has received considerable coverage in the literature, but even its most ardent supporters have noted problems in translating the concept into reality.

Reports on an extensive two-phase study of the New Zealand advertising and marketing industry, undertaken as part of an international series of studies of IMC implementation and usage, which was conducted over the 1997-1998 period. The findings of the first phase, conducted in mid-1997, reveal a strong commitment to the integration of marketing communications (marcoms) by both marketers and advertising agencies. The study also revealed substantive differences in perception between these two groups as to how integrated marcom processes should be managed and/or outcomes evaluated.

The second phase of the study was conducted in mid-1998. It focuses on an analysis of the extent to which leading organizations have implemented IMC. It also identifies and evaluates barriers and obstacles that have impeded progress in developing and implementing IMC programs, and reviews ways in which such problems have been tackled. Introduction This paper explores the concept of integrated marketing communication (IMC) in terms of its value to marketers and the advertising agencies who service their needs, and examines the extent to which leading organizations from these two industry sectors have implemented IMC.

It reviews how and in what ways firms have implemented IMC programmes and analyses barriers and obstacles that have (potentially) impeded progress in developing and implementing IMC. The definition of IMC used by the American Association of Advertising Agencies was used as a foundation for the empirical analysis, i. e. :”… a concept of marketing communications planning that recognizes the added value of a comprehensive plan that evaluates the strategic roles of a variety of communications disciplines, e. . general advertising, direct response, sales promotion and public relations – and combines these disciplines to provide clarity, consistency and maximum communication impact (cited in Duncan and Everett, 1993, p. 31). ” Demonstrably, this definition has weaknesses, but at the time of the study was regarded as the most suitable definition that had been accepted by the world’s largest marketing organization. Moreover, the same definition was used in other IMC studies around the world.

New Zealand has moved from a highly regulated economy post-1945 to one of the world’s least regulated economies by the late 1980s. The deregulation mostly occurred following the victory of Labour in 1984. Subsequently, advertising of newly deregulated imported products grew at a phenomenal rate, with some advertising campaigns producing questionable results. This may explain why pressure grew from the marketing community and from within the marketing communications industry to evaluate individual marketing communications elements and their cumulative synergies in terms of both effectiveness and efficiency.

Considering New Zealand’s small population of just under four million, and the fact that the marketing communications industry is almost totally located in two cities (75 per cent within Auckland alone, 20 per cent Wellington), industry wide experiences with the implementation of IMC programmes can be analyzed in a straightforward manner. Lessons learned can then be contrasted with, or perhaps implemented in, much larger markets, particularly in countries experiencing similar deregulative forces.

Both the marketing and advertising industries are dominated by multinational organizations. For example, McDonalds, Cadbury, and Kimberly Clark are highly visible marketers. Saatchi & Saatchi and McCann Erickson are leading New Zealand advertising agencies. “ New Zealand” organizations generally have substantive international shareholdings. The first part of this paper represents a phase of a longitudinal multinational investigation (i. e. Schultz and Kitchen, 1997; Kitchen and Schultz, 1998) of the emergent concept and field of Integrated Marketing Communications (IMC).

Both parts of this study and paper were conducted with the full support of the two major industry organizations; the Association of New Zealand Advertisers (ANZA) representing major marketing organizations, and the Association of Advertising Agencies (3As). Advertising agencies were selected as they are the dominant marketing communication supplier in New Zealand. Public relations, direct marketing and sales promotion organizations, while important providers of marketing communications, take a subservient role to advertising agencies in strategy development and many of these organizations re either owned by, or combine in strategic alliances with, advertising agencies. Literature review There is no doubt that the marcom industry (in all of its multifaceted formats) is transitioning through a period of marked, sometimes turbulent, change, forcing a reexamination of roles and responsibilities of both marketers and of marketing communications (marcoms) suppliers. Most marketing texts (i. e. Boyd et al. , 1998) stress variations of the conventional received wisdom that planning and co-ordination of all company activity be centered around the primary goal of satisfying customer needs.

This is perceived to be the most effective mechanism to achieve competitive advantage. However, competitive advantage must also be sustained over time and in the face of competitive reaction. It is not simply dependent on tangible assets – it may be built in terms of strategic assets and associated skills. Aaker (1995) stresses the role of synergy at all levels of an organization as key to maximizing competitive advantage. Marketing strategy, through effective brand/product positioning and the communication of superior benefits offered, is a key tool in development of strategic competitive advantage. Duncan and Moriaty (1998, p. ) note that customers and stakeholders automatically integrate brand messages and that marketers must therefore decide whether to abdicate or manage this process. IMC, therefore, offers the promise of becoming a strategic tool in helping to ensure synergy and consistency of message(s) regardless of the communication vehicle used to deliver that message. Effective implementation requires reassessment of the coordination and control of marketing communication programmes in these new relationships. These issues have been debated at length (i. e. Beard, 1996; Walker, 1997), and form the crux of ongoing argument (see Kitchen, 1999).

For example, van Riel (1995, p. 26) suggests that the focus on IMC has been too centered on function. He proposes that it should be viewed within the wider context of heightened awareness of the need to harmonize all forms of internal and external communications (i. e. total corporate communications) “ so as to create a favorable basis for relationships with groups upon which the company is dependent”. While co-ordination and control of such a philosophy is contestable, there is little opposition to the concept of “ raising a corporate umbrella over all communications activities” (Kitchen, 1999, p. 235).

Indeed, the two facets of communication – IMC and integrated corporate communications – still offer many problems and dynamic issues of control and coordination that have yet to be substantively addressed in the literature. In New Zealand, as elsewhere, the dynamic and turbulent market environment has forced reassessment of the entire marcoms industry and of the role various specialists perform within it. This reassessment is consistent with rethinking the marketing concept and strategic coordination of organizational skills and resources advocated by Kotler in the 1980s with his now famous “ megamarketing” concept (see, e. . Whalen, 1984; Kotler, 1986). A more recent echo of Kotler’s views can be seen in Schultz’s (1999, p. 8) critique of current organizational structures which, he suggests, stifle integrated success. Both marketers and their marcom suppliers need new skills but do not appear to have fully embraced the education, training and upskilling required (e. g. Eagle et al. , 1997; Kitchen and Schultz, 1998). Organizational theorists (e. g. Argyris and Schon, 1978; Miles and Snow, 1986; Huber, 1991), have long stressed this requirement.

Stata (1989) suggests that the rate at which organizations learn may become the only sustainable source of competitive advantage in a knowledge-intensive business. Tertiary educators themselves have been slow to recognize the need to adapt programmes to meet changing marketplace needs. Hutton (1997) criticizes the tendency of marketing and advertising educational programmes to focus on “ campaign concepts” rather than on developing a truly integrated business systems perspective or approach (there are exceptions to this).

A major organizational and management concern has been voiced that centralizing all marketing communications with one advertising agency rather than a number of different specialist suppliers would mean that clients would be “ putting all their eggs in one basket”. McLaughlin (1997) notes that this could potentially lead to higher costs and more complicated transition processes in the event of a termination of the client-agency relationship. The need to redefine relationships – and, indeed the dangers of not doing so – are substantial.

Beard (1996) cites lack of congruence between agency and client expectations regarding the service(s) the agency produces/offers and the role(s) the client wishes to perform as being a major source of potential dissatisfaction by clients in terms of agency performance. Undoubtedly, there have been arguments that have had the temerity to suggest that advertising agencies co-ordinate and control the IMC function (e. g. McArthur and Griffin, 1997; Schneider, 1998). While this (enthusiastic) support appears to originate from advertising agencies, client organizations do not share this view (e. . Eagle et al. , 1997; Schultz and Kitchen, 1997). However, a closer working relationship appears to be supported by both sectors. Gronstedt (1996) argues that a close partnership with a single supplier fosters open communication and facilitates effective joint problem solving; but, nonetheless, such partnerships require openness and trust; responsibility for which rests largely with client organizations. Achrol (1997) noted that organizational changes are occurring and that both marketing departments and their marcom supplier organizations are becoming leaner and meaner.

New organizational structures are evolving, often involving “ networks of alliances and partnerships with other organizations specializing in related technologies and functions” (Achrol, 1997, p. 68). These new relationships are quite different from the old client-supplier (some would suggest master-servant) relationships of the past, based on rigid commission structures and equally areas of specialization. Such new relationships could usefully be viewed in the context of marketing orientation and learning organizations.

Slater and Narver (1995) suggest a marketing orientation focuses an organization on continuously collecting information about customer needs and competitors’ capabilities. This information is then used to create continuously superior customer value. They note that, to be effective, an organization requires an appropriate organizational climate and a spirit of entrepeneurship. Market orientation promotes organizational learning, and the organization’s ability to learn then enhances performance.

Their views are supported by Hurley and Hull (1998) who stress the need for innovation in marketing orientation, citing the dynamic nature of most markets which drives the need for innovation and reorientation. Schein (1996a) cautions that organizations that fail to learn may remain competitively marginal. He traces the origin of learning failure to the lack of alignment between cultures within the organization, noting that cultures are based on education, shared common technology and work experience. Schein (1996b) suggests that the importance f culture, incorporating shared norms, values and assumptions, has been underestimated and that failure to align cultures can lead to organizational “ learning disabilities”. Given that the cultures within organizations may be misaligned, the differences in cultures between organizations, such as client/marketing communications suppliers, are likely to be even greater. Failure to recognize this and to seek ways to align inter-organization activities to promote the development and use of new knowledge to improve performance may be a serious limiting factor in evolving marketing communications relationships.

As structures and remuneration systems change, agencies are seeking ways to demonstrate, but of course also to be compensated for, strategic thinking and other non-traditional functions. Schneider (1998) reports that (US) advertising agencies are finding ways to bill for strategic thinking and other non-standard activities by moving from the traditional commission-based billing methods to more flexible fee or hourly rate systems (see Kitchen, 1999). Some problems still appear to remain within advertising agency structures (i. . Robbs and Tauber, 1996) particularly where creative department structures and reward systems (both financial and many industry awards) remain focussed on big budget television work, with non-television work continuing to be relegated by “ the creative pecking order” (Schultz, 1997, p. 9) to entry level staff. This may work against advertising agencies’ attempts to demonstrate skill and expertise in non-traditional areas. The issue of evaluation and measurement of IMC programmes remains a major area requiring addressing[1].

Duncan and Everett (1993) raised concerns that evidence of IMC success deals mainly with superficial case studies and anecdotes, a view echoed more recently by McArthur and Griffin (1997). Part of the difficulty appears to lie with individual marcoms specialists having developed separate and distinct measurement approaches and that these have yet to be reviewed and integrated as part of overall IMC processes. While there are isolated reports (e. g. Schneider, 1998), that IMC is having positive effects on both marketer and advertising agency bottom lines, empirical evidence of the determinants of success remain elusive.

Research objectives The first phase of the study explores three related objectives in New Zealand: – to determine how and in what ways IMC as a concept is developing; – to examine the extent to which advertising agencies and marketing organizations are developing or practicing IMC; – to understand the importance and value of traditional advertising agencies in a marketplace where IMC is apparently becoming more important. The second phase of this study endeavours to explore a number of issues identified from the earlier research phase.

Specifically, the following objectives were set: – to explore the IMC concept in terms of its value to marketers and to advertising agency management (as represented by selected senior marketers and senior advertising agency executives); – to ascertain the extent to which leading organizations have implemented IMC; – to elicit up-to-date experiences regarding IMC programme implementation; – to identify potential barriers/obstacles impeding progress in developing/implementing IMC programmes; and – to explore opinions as to whether IMC implementation should or could be accelerated and, if this was held to be desirable, how this might be achieved. Method Phase 1

For the first phase of the study, a postal questionnaire was used to survey all 59 members of the Advertising Agencies Association of New Zealand (3As) and all 87 members of the Association of New Zealand Advertisers (ANZA). ANZA’s membership constitutes, among others, all major brand marketing organizations in New Zealand, including major fast-moving-consumer-goods companies, airlines, banks, petroleum, pharmaceutical, and automobile companies. All respondents held senior positions within their organizations. ANZA respondents were all marketing managers/marketing directors. 3A respondents were all general managers/managing directors of their respective organizations. In both studies covering letters of support were included from the Executive Directors of both organizations.

Follow up telephone calls were made and reminder letters sent to improve response rates normally associated with these industrial associations. Usable responses were received from 19 advertising agencies (a 32. 2 per cent response rate) and from 24 marketing organizations (a 27. 6 per cent response rate). The study is based upon the “ construct explication” approach, with IMC being defined, both conceptually and operationally, and a series of questions used to provide “ real world” measurements. The New Zealand research instrument was based on that used in the USA and in England (Kitchen and Schultz, 1997), with adaptations made to ensure relevance for the local market.

The result was a self-administered questionnaire, with 86 questions for the advertising agency version and 80 questions for the marketers’ version. The questions were organized into major topic areas that related back to the objectives set for the study: – reaction to the definition of IMC provided, and – agreement or otherwise with contingent statements using a ten-point Likert scale (1= strongly disagree to 10= strongly agree). The questionnaire was pre-tested by experts within the two industry organizations. Phase 2 The second phase of the study was based on depth interviews with ten senior executives from companies belonging to the Association of New Zealand Advertisers (ANZA) and ten senior executives from the Advertising Agencies’ Association of New Zealand (3As).

The executives of the two organizations nominated the selected members as being best qualified and experienced to provide informed comment on the subject. All organizations, and in most instances (allowing for personnel changes) the specific individual nominated, had taken part in the earlier phase of the study and were therefore familiar with the key issues involved. As there was a wide geographic spread of organizations, telephone interviews were used, and these interviews took on average 20 minutes. Only one nominee refused to participate – a replacement was nominated by their organization. All organizations were, by New Zealand standards, large organizations, with lengthy histories of operation within the country.

However, as the two organizations nominated the actual participants for the study, it was not possible to control for factors such as leadership or management structure. The purpose of this phase of the study was to learn from active practitioners rather than study the people per se, therefore a random selection from the two organizations’ memberships would not have been appropriate. Anonymity was guaranteed for all participants in order to establish willingness to participate and to allow any “ negative” comments regarding agency/client relationships to be freely expressed. The names of the participating organizations and of the individuals interviewed therefore cannot be revealed.

An interview checklist with a number of open-ended questions was used to determine perceptions of the value, necessity and worth of IMC programmes, and experiences in developing and implementing programmes (including successes, and facets that had proved unsuccessful). Barriers and obstacles to development and implementation of these programmes were then explored in detail, along with ways in which such problems had been overcome. The use of open-ended questions allowed respondents to structure topics themselves rather than follow a more constrained perspective that would have been occasioned by closed questioning. Responses were recorded verbatim and then transcribed later.

Respondents were asked to reflect on statements made in the first research phase regarding barriers to IMC, and to comment on these in the light of recent experiences with such programmes. Statements were given individually and comments again recorded verbatim. This section was then followed by more general questions regarding whether (and how) IMC implementation might be accelerated, who or what should be the driving force behind IMC programme adoption, and other general observations. Responses were then compared, both within and between the two industry sectors, in order to identify common themes, and to relate comments back to the empirical data derived from the first phase of the study and to the preceding literature review.

This allows a measure of generalizability from the findings, although in a more restricted form than more traditional, randomly sampled surveys based on empirical research forms. Selected verbatim quotes have been used to illustrate particular aspects of the findings, particularly where the quotes support (or contradict) theoretical concepts identified in the literature. Research findings The definition of IMC utilized for the two studies reported here is repeated below:”… a concept of marketing communications planning that recognizes the added value of a comprehensive plan that evaluates the strategic roles of a variety of communications disciplines, e. g. eneral advertising, direct response, sales promotion and public relations – and combines these disciplines to provide clarity, consistency and maximum communication impact (cited in Duncan and Everett, 1993, p. 31). ” There was a reasonable level of agreement with the definition provided – and there were no statistically significant differences between the mean responses for the two sectors (Table I). IMC is regarded as a fundamental and marked shift in the thinking and practice of marcoms, with key accelerant forces being technology, customers, consumers and by organizational desire to efficiently allocate finite resources, while simultaneously maximizing return on investment. It is, however, regarded as an emergent discipline.

Of marketers (ANZA members), 13 per cent indicated that marketing communication programmes were integrated fairly recently (less than six months ago); 39. 1 per cent integrated their marketing communication programmes in the past 12 months, and in 17. 4 per cent of respondent firms marketing communication programmes were integrated between one and three years ago. A total of three 30. 4 per cent responded that their marketing communication programmes were integrated more than three years ago. Advertising agencies (3As) were not as positive with regard to timing of integration. Seventy-six per cent of agency respondents (3A members) did not answer the question.

Of those who did respond 60 per cent stated that actions of client firms were too variable to provide a lucid response; 20 per cent suggested that their client firms were likely to integrate marketing communications during the next two-to-three years. The remaining 20 per cent indicated that they expect their clients to integrate marketing communications in the next four to five years. One potential reason for this divergence in response may be that agencies are not fully aware of all their client companies are doing or are planning to do as regards marketing communications. Further, they may not act as sole agency for all of their clients’ work.

A number of potential organizational barriers within both marketer and agency structures were identified and there were statistically significant differences in expectations of the two sectors regarding co-ordination and control of IMC activities. In addition, evaluation and measurement of IMC programmes outcomes was perceived as a critical and largely unresolved issue. This issue, as yet, has not been soundly addressed by industry or academia and still offers significant challenge to writers in this area (see[1]). The findings from phase 1 of the research are supported by the literature and helped to form the basis for phase 2 of the investigation. 1. IMC perceptions The first stage of the study showed strong support for the statement that “ IMC is definitely the future as far as firms in my sector are concerned” (ANZA mean 7. 29; 3As mean 7. 4, where 1 = strongly disagree and 10 = strongly agree). In the second stage of the study, all advertising agency respondents agreed that IMC was a valuable concept, driven by increasing complexities within the communications environment, media fragmentation, and changes in the way(s) consumers access and use media. Respondents identified IMC as an effective means of achieving consistency in brand communications. One respondent suggested that the agency sector had been guilty of being out of touch with the wider business environment and that IMC forced an appreciation of broader business issues and of the impact of marketing decisions on them.

Marketer respondents agreed that IMC was a worthwhile concept, focussing both on effectiveness and efficiency and thereby helping simplify and further concentrate the attention of communications planners and management. A caveat was suggested by several respondents – that, fundamental to IMC’s implementation and success is a detailed understanding of customers, what influences them, and which they access and use. One marketer respondent, while noting that IMC “ should be in the marketing armoury”, identified restricted resources as a major problem in supporting individual brands which often resulted in inability to implement levels of integration, irrespective of desirability. Another respondent cited ongoing internal company structural changes as hindering attempts to achieve effective integration. 2. Organizational implementation (success factors)

Advertising agency respondents indicated that total integration was their ultimate aim and was rapidly becoming the foundation of new business activity. They stressed the value of early involvement in strategic planning, and in “ thinking up front to ensure that ideas travel”. They acknowledged that only 50-70 per cent of their existing client base were actively implementing IMC programmes, suggesting lack of resources, such as severe budgetary restrictions, as principal barriers for the remaining clients. Lack of sophisticated marketing thinking by clients and their perception of advertising agencies’ capabilities were also suggested as lesser barriers. Success was identified in terms of “ brand lueprints” development, or key guidelines and principles which are more open than more traditional historical briefs and which therefore allow a wider range of strategies to be considered with the specific objective of helping build brands. Two respondents also specifically cited improved financial returns for their agencies, coupled with closer and more productive/beneficial relationships with their clients as direct benefits of their IMC endeavours; views consistent with Schneider’s (1998) suggestion that IMC has positive effects on the “ bottom line”. Marketers were somewhat cautious regarding success to date, generally noting less progress than was desired.

Success factors included getting individual involvement in the planning and development stages and “ acceptance of the integrity of the IMC vision”, leading to “ ownership” of, and “ commitment to” programmes developed. Several respondents noted that IMC had forced focus onto brands and, specifically, on the impact of marcom activity on brands. Two cited considerable periods (up to two years) spent in fine tuning “ visual interconnectivity devices” across all marcoms functions before they were comfortable with resultant programmes. Thus, IMC seems to work better in the longer rather than the short term. Advertising agencies were, as always, reluctant to acknowledge or outline failures, but gave several examples of programmes that had not been as fully integrated or as consistent as originally desired.

Problems identified included doing too many things with too few resources, and, particularly, “ not putting appropriate measurement processes in place up front – and failing to evaluate in hindsight” In cases where marketers faced severe budget restrictions or were “ struggling with (their own) identity”, IMC was viewed as not being implementable under these circumstances. In these cases the old promotional short term tactics prevailed. 3. Perceived barriers and developed strategies Half of advertising agency respondents identified with lack of up-front planning as a limiting factor; however all identified the more pressing problem of “ preconceptions” and of “ turf wars”.

One suggested that effective IMC implementation “ requires people whose professionalism is bigger than their ego … skilled and knowledgeable people who will consider all forms of communication”. Others lamented preconceptions and mindset barriers both within agencies and across all marcom specialists. Teamwork was stressed as the essential component, with one respondent suggesting that IMC should beapproached as a “ different religion or system of beliefs” and that “ enlightenment was sought”. Overwhelmingly, ad agency respondents endorsed the overriding objective desired of all participants as being “ brand guardians” but noted that considerable education, re-education, training or upskilling was required to change particular mindsets.

Two lamented the industry’s poor track record in educating/training young staff and in squarely addressing any redefinition of traditional client/advertising agency relationships (including remuneration issues) which successful IMC programmes require, and which are perceived as vital for subsequent development. Client organizations endorsed the need for strategic planning and for the setting of “ clear and measurable objectives and an understanding of cause and effect” as being a prerequisite for success and suggested that shortcomings in this area had caused substantial planning and implementation problems. One lamented lack of ability among advertising agencies to effectively contribute to strategy planning, but conceded that this shortcoming is both recognized and being addressed – although not by the total sector.

One further client identified the need to get enough customer information to make IMC work as a factor potentially retarding programme evaluation success. In common with agency colleagues, marketers identified “ private agendas”, often with short-term focuses, as the major barrier. They stressed the need to “ get around an ‘ imposing’ mindset” and to get people to recognize the value of others’ input, to persist, and to “ work with, not against, others in the team”. Two respondents highlighted the problems of “ decentralized distribution and multiple points of contact with customers as a major complicating factor, especially in balancing head office priorities with local area/branch priorities and targets”.

Both agencies and their clients stressed the need for education/training and upskilling and open discussion among participants and the development of “ communication partnerships” which covered the broad business environment rather than the narrow focus seen in many historical marcom programmes. 4. Perception of barriers to IMC programmes Thirteen contingent statements regarding potential barriers to IMC success were tested in our previous study (Eagle et al. , 1997). These can be broadly grouped into four principal issue themes: (1) power, coordination and control issues; (2) client skills, centralization/organization and cultural issues; (3) agency skills/talent and overall time/resource issues; (4) flexibility/modification issues.

Tables II to V show the empirical findings from the first phase of the study for these statements, grouped by the predominant issue “ themes” identified above. Each table is followed by feedback from the respondents interviewed in the latest stage of the study. As can be seen, none of these statements was supported – although they were not strongly refuted either (see last statement, Table II). There were also no statistically significant differences between the two groups for any of the statements. In this latest phase of the study, advertising agencies refuted the suggestion that they should assume control of IMC and lead strategic direction, stressing that this should rest with client organizations.

They conceded that clients might feel too dependent if an advertising agency becomes the dominant supplier, particularly if there was, as one respondent suggested, “ suspicion that the agency partner cannot deliver equally in all areas”. Several agency respondents argued for agencies to be able to assume this dominant supplier role, one proposing that it was “ no different from using one core bank” or a sole supplier of raw materials. All agency respondents conceded that success in such a situation was dependent on agencies being able to build trust and demonstrate wider marcoms capabilities and flexibility in order to build a new type of working relationship with clients.

They all argued that competition was not the best motivator, one senior ad agency executive providing the most colourful analogy that “ you don’t keep your wife faithful by playing around yourself” Marketers emphatically supported the notion that they should be the principal coordinators and controllers, leading and orchestrating all marcoms activity. However, most marketers conceded that competition was not always a healthy motivator. One respondent suggested that agencies do not help perceptions of their desired broader role by consistently resisting ideas from non-agency marcoms providers. All respondents conceded that the success of a relationship depended on issues of trust, accountability, and shared expectations and on remuneration arrangements that fairly recognized work undertaken.

One respondent endorsed a potentially dominant supplier role for advertising agencies, comparing such a scenario to their experiences with the use of one single research company. This relationship was seen as having allowed the research organization to understand the business holistically and to be able “ to provide better analytical and strategic understanding”. However, one respondent also noted that agencies do not take the full financial risk as in a normal partnership – the ultimate financial risk for success or failure rests solely with clients! These findings regarding coordination and control issues refute the arguments put forward for advertising agency control of IMC programmes by some writers (e. g. McArthur and Griffin, 1997; Schneider, 1998).

The advocates of a redefined and close working relationship between marketers and a “ dominant supplier” do, however, find support in Grondstedt’s (1996) arguments regarding the benefit such a relationship brings to both parties. Respondents were specifically asked about who should be the driving force behind IMC programme adoption/acceleration, including whether an “ IMC Czar” was necessary or desirable. All respondents rejected the notion of a Czarist approach as implying adversarial relationships and of imposing individual views without consultation. One agency respondent labeled a Czar as being “ merely a lazy excuse for a poor relationship between client and agency”. Two suggested a “ visionary”, “ someone with passion” who would be able to demonstrate IMC’s benefits to all parties as a more desirable persona.

Despite reluctance for a champion-like Czar, agency respondents conceded that IMC, particularly in the initial stages, requires a champion, otherwise, as one respondent suggested, “ people go back to old habits”. They felt that the IMC philosophy should eventually be part of overall organizational cultures. All respondents reinforced the need for good working relationships between clients and their agencies. Statistically significant differences (at 0. 05 level) were found for four of the five statements tested in Table III. Comments gained during this latest phase of the research are illuminating. Responses from agencies were mixed, with the suggestion that some client structures, particularly those involving substantial offshore control, presented problems in terms of centralization and integration.

A second issue, seen as having a major impact on IMC implementation, was frequent changes in client staff, with product managers in particular changing frequently. Continual rebuilding of client-agency relationships and “ re-education” was seen as time consuming but necessary – as one respondent commented, “ new staff bring their own agendas and perceptions”. These findings are particularly apposite here, where multinationals often use New Zealand as a training ground for junior new marketing staff. It was felt that clients were doing at least as good a job as agencies (and over half of agency respondents suggested that they were in fact doing a better job) in improving/increasing their marcom skills, particularly in “ strategic thinking and broader business appreciation issues”.

This was occurring at a time where time intensive concepts such as IMC were developing in an environment where marketing departments were losing staffing resources, possibly, as two respondents suggested, resulting in more conservative thinking than would be desirable. Marketers believed that rigid “ divisionalized” companies still presented both communication and accountability problems, with overarching control needed at key decision points. One suggested that the concept of “ liaison” needed to be perceived as not involving “ wresting control” from departments or from individuals. It was felt that one senior person should co-ordinate/control all marketing (including sales) activity and, as one marketer proposed “ ensure continuity both with the consumer and retailer”.

Three marketer respondents conceded that staffing changes made coordination and centralization issues difficult and that adequate resourcing of marketing functions remained a major problem. Only the first statement was supported in the initial study, and, as can be seen, more strongly supported by marketers than by their agencies although the results were not statistically significant. There was moderate rejection by both groups of the suggestion that IMC use would increase required resources. In this latest phase of the study, it was not unexpected that most agencies did not attempt to refute the notion that integrated agencies do not have the highest levels of talent across all areas. Most conceded hat many agencies did not have good track records in all marcoms areas – one stated bluntly that “ half the agencies are useless” Only one respondent believed that agency staff members are as well skilled in all aspects of marcom as industry specialists. Two respondents suggested that insufficient emphasis had been placed on specific education, training and upskilling issues, one respondent suggesting that failings existed specifically in relation to “ the wider business environment and to issues of accountability and financial responsibilities”. Such comments are consistent with Hutton’s (1997) criticisms of fragmented marketing and advertising educational programmes.

Perhaps this re-education process could be usefully expanded to advertising agencies to enable the traditional “ recognition and reward” structures, particularly for creative staff, which were identified earlier by Robbs and Tauber (1996) to be addressed, thus encouraging agency staff to demonstrate expertise beyond their traditional functions. Marketers supported the views of the majority of advertising agencies regarding shortcomings in talent within agencies but conceded that agencies were improving in terms of resources, talent and ability to think strategically. One respondent noted that, due to historical structures and a lack of serious reeducation, advertising agencies were not seen as “ the principal employer of choice for skilled/talented (specialist) people”.

One suggested that an effective approach was to assess which area leads a programme and has the main strength – and then building additional specialist teams around that core strength if needful. All respondents, both marketers and agencies, felt that IMC initially required additional resources in terms of staff and of costs but that, in the longer term, allowing for “ massive learning curves” and for “ learning to be taken appropriately”, there was potential for resource requirements to decrease. Four respondents from each group suggested that these resource reduction/economies of scale would be “ substantial”/” fantastic”. One agency respondent suggested that, if costs do increase, this would be mainly due to “ not carving up one existing budget to do several new things” and that value would also increase to compensate.

One agency respondent proposed that agencies should find IMC in the long term offering greater returns as integrated agencies actually face lower margins than dedicated specialist agencies. One marketer suggested that additional staff are not required on the client side – but that clients tend to work more closely with the agency as an extra resource. Responses to this statement appeared to indicate that both sectors reject the suggestion that IMC somehow is more rigid and less flexible than traditional separate marcoms programmes. There was no evidence of particularly strong levels of conviction in the responses and there is no statistically significant difference in the means for the two groups.

In this latest phase of the research, opinion on this issue was divided across both groups. Three agencies felt that it was not possible to generalize, while the balance of respondents were split. One half of these suggested various versions of the proposal that “ clear definition of objectives, constant evaluation, evolution and growth” should result in continual fine tuning, not major change requirements. The remaining agencies felt that the centralization and coordination made modification easier, although two stated, “ there are more elements to adjust”/” there are more levels to pull” and that, while it might be difficult in terms of more elements, changes in ideas flowed more readily with integration.

A parallel suggestion from a marketer indicated that change was simpler as there were “ different aspects of only one central theme to tweak” … They argued that changes should not be a major difficulty “ if the relationships are right”. Among the remaining marketers, two were neutral, suggesting the need to balance short-term tactics and long-term strategies. The remainder were divided in terms of their own experiences regarding whether IMC campaigns had been easier or more difficult to change than conventional campaigns, but several conceded that progressing up the “ IMC learning curve” may have been a substantial factor influencing perception. 5. The need to accelerate IMC programmes

Advertising agencies were cautious about the suggestion to accelerate IMC programme development, one respondent noting that their main preoccupation was with “ survival in a shrinking and rapidly changing economy”. Other respondents expressed similar, if less dramatic sentiments. This may be due to the depressed state of the New Zealand economy at the time of the study and recent moves to centralize marketing operations on a regional rather than national basis, resulting in significant downsizing of some sectors within the marketing community. Respondents stated that, while agencies were adapting to change, the educational processes required within their organizations were substantial and that IMC was only one of many issues being dealt with.

Overall, steady progress, or as one respondent stated, “ evolution not revolution” was seen as desirable. Marketers were more positive, but stressed that IMC development should be seen in the context of broader issues which one individual identified as “ what tools will help meet the organization’s needs, for example, understanding consumers”. One respondent suggested that it “ may be just as profitable to accelerate the study of marketing within constrained budgets and how to evaluate more strongly what marketers are trying to do and how”. Again, steady evolution rather than rapid revolution was enjoined. 6. The IMC concept, management and implementation

Respondents felt that IMC has significant potential for the future but that progression up a fairly steep learning and developmental curve was needed, coupled with significant client-side restructuring. Key issues for IMC’s future success were seen as centering around, as one marketer proposed, “ resolving the issue of how to comprehensively and accurately measure IMC’s overall effectiveness – and that of its individual component parts” [1]. It was noted that various advertising agency organizations had approached IMC development in a range of different ways, such as buying specialist marcom providers outright or developing “ parallel corridors” and various forms of less formal relationships with specialists.

No one structure was seen as being inherently superior to any other – but a crucial factor was seen to be the ability to match/harmonize client and agency cultures in order to build effective ongoing relationships. Discussion The findings from the two stages of research strongly indicate that advertising agencies and marketers recognize that substantive changes are occurring in the marcom landscape coupled with the concomitant need to change operations to meet the challenges these changes are bringing. IMC is developing as a major marketing philosophy in response to the changing environment, with the expectation of greater effectiveness and efficiency in all marcoms activity.

It is apparent that new and broader relationships are being forged between clients and marcoms suppliers and that the effectiveness of these relationships appears to be a significant factor in IMC programmes’ ultimate success. Control will, undoubtedly, remain with client organizations, not advertising agencies, although agencies appear to be willing, if not necessarily universally able, to develop greater coordinating and strategic roles for themselves. In tandem with such evolving relationships is the need to reexamine agency-client remuneration arrangements – but also for agencies to demonstrate that they have the abilities and skills required to make such relationships work. Summary and conclusion IMC, either conceptually or practically does offer significant value to marketers and advertising agencies.

But, while these organizations have embraced integrated approaches to one degree or another; while potential barriers are being overcome; and while IMC implementation accelerates up a steep learning and conceptual life cycle curve; critical questions do remain. The major area against which IMC can be critiqued does not concern what it is, or how it works, but rather how to measure or evaluate effectiveness. The main problems surround the diverse and bizarre attempts to somehow reconcile IMC with attitudinal measurements, as opposed to the oft-repeated dictum of Schultz et al. (1993) to measure behaviourally segmented responses. Few agencies or for that matter the clients they serve seem willing to take the next step into behavioural segmentation and concomitant behavioural measurement devices.

Questions concerning the hierarchy-of-effects models, drifting back into the early 1960s, are no longer the appropriate questions. The real question is not: how is IMC developing? but, how is IMC linked to behavioural segmentation systems? A further area needful of empirical investigation is whether IMC is one or more subjects. For example, the relationship of marketing communications and corporate communications has yet to be substantively addressed. These two areas constitute a formidable area for empirical and conceptual investigation in the immediate future. Note 1. This issue has been substantively addressed in Schultz and Kitchen (1999). References 1. Aaker, D. (1995), Building Strong Brands, Free Press, New York, NY. 2. Achrol, R. S. 1997), “ Changes in the theory of inter-organizational relations in marketing: towards a network paradigm”, Journal of the Academy of Marketing Science, Vol. 25 No. 1, pp. 56-71. 3. Argyris, C. and Shon, D. A. (1978), Organizational Learning: A Theory of Action Perspective, Addison-Wesley, Reading, MA. 4. Beard, F. (1996), “ Integrated marketing communications: new role expectations and performance issues in the client – advertising agency relationships”, Journal of Business Research, Vol. 37, pp. 207-15. 5. Boyd, H. W. , Walker, O. C. and Larreche, J-C. (1998), Marketing Management: A Strategic Approach with a Global Orientation. Irwin-McGraw Hill, Boston, MA. 6. Duncan, T. and Everett, S. 1993), “ Client perceptions of integrated marketing communications”, Journal of Advertising Research, Vol. 33, May-June, pp. 30-9. 7. Duncan, T. and Moriaty, S. (1998), “ A communication-based marketing model for managing relationships”, Journal of Marketing, Vol. 62, April, pp. 1-13. 8. Eagle, L. C. , Hyde, K. F. , Fourie, W. A. , Padisetti, M. V. and Kitchen, P. J. (1997), “ Revisiting the concept of integrated marketing communications: contrasting perceptions between marketers and advertising agency executives”, paper presented at the 3rd International Conference on Marketing and Corporate Communication, University of Strathclyde, Glasgow, April 20-21, 1998. 9.

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