

## **IMC: A Tool for Building Competitive Advantage**

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### **Abstract**

*Integrated Marketing Communications (IMC) is defined as customer centric, data driven method of communicating with the customers. IMC is the coordination and integration of all marketing communication tools, avenues, functions and sources within a company into a seamless program that maximizes the impact on consumers and other end users at a minimal cost. This management concept is designed to make all aspects of marketing communication such as advertising, sales promotion, public relations, and direct marketing work together as a unified force, rather than permitting each to work in isolation.*

*Keywords: Accountability, 4 C's, Integrated Marketing Communications (IMC), Integration Tools, Trade Promotions,*

### **I. Introduction**

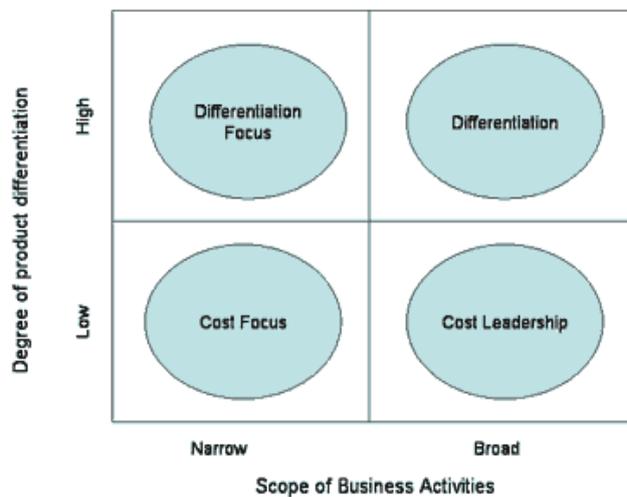
Integrated marketing communications (IMC) is a process for managing customer relationships that drive brand value primarily through communication efforts. Such efforts often include cross-functional processes that create and nourish profitable relationships with customers and other stakeholders by strategically controlling or influencing all messages sent to these groups and encouraging data-driven, purposeful dialog with them. IMC includes the coordination and integration of all marketing communication tools, avenues, and sources within a company into a seamless program in order to maximize the impact on end users at a minimal cost. This integration affects all firm's business-to-business, marketing channel, customer-focused, and internally directed communications. Integrated Marketing Communications is a simple concept. It ensures that all forms of communications and messages are carefully linked together.

### **II. Competitive Advantage**

A competitive advantage is an advantage over competitors gained by offering consumers greater value, either by means of lower prices or by providing greater benefits and service that justifies higher prices.

### III. Competitive Strategies

Following on from his work analysing the competitive forces in an industry, Michael Porter suggested four "generic" business strategies that could be adopted in order to gain competitive advantage. The four strategies relate to the extent to which the scope of businesses' activities are narrow versus broad and the extent to which a business seeks to differentiate its products. The four strategies are summarised in the figure below:



The differentiation and cost leadership strategies seek competitive advantage in a broad range of market or industry segments. By contrast, the differentiation focus and cost focus strategies are adopted in a narrow market or industry.

#### 3.1 Strategy - Differentiation

This strategy involves selecting one or more criteria used by buyers in a market - and then positioning the business uniquely to meet those criteria. This strategy is usually associated with charging a premium price for the product - often to reflect the higher production costs and extra value-added features provided for the consumer. Differentiation is about charging a premium price that more than covers the additional production costs, and about giving customers clear reasons to prefer the product over other, less differentiated products.

Examples of Differentiation Strategy: Mercedes cars; Bang & Olufsen

#### 3.2 Strategy - Cost Leadership

With this strategy, the objective is to become the lowest-cost producer in the industry. Many (perhaps all) market segments in the industry are supplied with the emphasis placed minimising costs. If the achieved selling price can at least equal (or near) the average for the

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market, then the lowest-cost producer will (in theory) enjoy the best profits. This strategy is usually associated with large-scale businesses offering "standard" products with relatively little differentiation that are perfectly acceptable to the majority of customers. Occasionally, a low-cost leader will also discount its product to maximise sales, particularly if it has a significant cost advantage over the competition and, in doing so, it can further increase its market share.

Examples of Cost Leadership: Nissan; Tesco; Dell Computers

### ***3.3 Strategy - Differentiation Focus***

In the differentiation focus strategy, a business aims to differentiate within just one or a small number of target market segments. The special customer needs of the segment mean that there are opportunities to provide products that are clearly different from competitors who may be targeting a broader group of customers. The important issue for any business adopting this strategy is to ensure that customers really do have different needs and wants - in other words that there is a valid basis for differentiation - and that existing competitor products are not meeting those needs and wants.

Examples of Differentiation Focus: any successful niche retailers; (e.g. The Perfume Shop); or specialist holiday operator (e.g. Carrier)

### ***3.4 Strategy - Cost Focus***

Here a business seeks a lower-cost advantage in just on or a small number of market segments. The product will be basic - perhaps a similar product to the higher-priced and featured market leader, but acceptable to sufficient consumers. Such products are often called "me-too's".

## **IV. IMC Components**

***The Foundation*** - corporate image and brand management; buyer behavior; promotions opportunity analysis.

***Advertising Tools*** - advertising management, advertising design: theoretical frameworks and types of appeals; advertising design: message strategies and executional frameworks; advertising media selection. Advertising also reinforces brand and firm image.

***Promotional Tools*** - trade promotions; consumer promotions; personal selling, database marketing, and customer relations management; public relations and sponsorship programs.

***Integration Tools*** - Internet Marketing; IMC for small business and entrepreneurial ventures; evaluating and integrated marketing program.

## **V. Marketing Mix Components**

The Internet has changed the way business is done in the current world. The variables of segmentation, targeting and positioning are addressed differently. The way new products and services are marketed have changed even though the aim of business in bringing economic and social values remain unchanged. Indeed, the bottom line of increasing revenue and profit are still the same. Marketing has evolved to more of connectedness, due to the new characteristics brought in by the Internet. Marketing was once seen as a one way, with firms broadcasting their offerings and value proposition. Now it is seen more and more as a conversation between marketers and customers. Marketing efforts incorporate the "marketing mix". Promotion is one element of marketing mix. Promotional activities include advertising (by using different media), sales promotion (sales and trades promotion), and personal selling activities. It also includes Internet marketing, sponsorship marketing, direct marketing, database marketing and public relations. Integration of all these promotional tools, along with other components of marketing mix, is a way to gain an edge over a competitor.

The starting point of the IMC process is the marketing mix that includes different types of marketing, advertising, and sales efforts. Without a complete IMC plan there is no integration or harmony between client and customers. The goal of an organization is to create and maintain communication throughout its own employees and throughout its customers.

Integrated marketing is based on a master marketing plan. This plan should coordinate efforts in all components of the marketing mix. A marketing plan consists of the following six steps:

[1] Situation analysis

[2] Marketing objectives

[3] Marketing budget

[4] Marketing strategies

[5] Marketing tactics

[6] Evaluation of performance

Integrated marketing communications aims to ensure consistency of message and the complementary use of media. The concept includes online and offline marketing channels.

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Online marketing channels include any e-marketing campaigns or programs, from search engine optimization (SEO), pay-per-click, affiliate, email, banner to latest web related channels for webinar, blog, micro-blogging, RSS, podcast, Internet Radio, and Internet TV. Offline marketing channels are traditional print (newspaper, magazine), mail order, public relations, industry relations, billboard, traditional radio, and television. A company develops its integrated marketing communication program using all the elements of the marketing mix (product, price, place, and promotion). Integrated marketing communications plans are vital to achieving success. The reasons for their importance begin with the explosion of information technologies. Channel power has shifted from manufacturers to retailers to consumers.

Using outside-in thinking, Integrated Marketing Communications is a data-driven approach that focuses on identifying consumer insights and developing a strategy with the right (online and offline combination) channels to forge a stronger brand-consumer relationship. This involves knowing the right touch points to use to reach consumers and understanding how and where they consume different types of media. Regression analysis and customer lifetime value are key data elements in this approach.

## **VI. Importance of IMC**

Several shifts in the advertising and media industry have caused IMC to develop into a primary strategy for marketers:

- From media advertising to multiple forms of communication.
- From mass media to more specialized (niche) media, which are centered on specific target audiences.
- From a manufacturer-dominated market to a retailer-dominated, consumer-controlled market.
- From general-focus advertising and marketing to data-based marketing.
- From low agency accountability to greater agency accountability, particularly in advertising.
- From traditional compensation to performance-based compensation (increased sales or benefits to the company).

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- From limited Internet access to 24/7 Internet availability and access to goods and services.

1. It can create competitive advantage, boost sales and profits, while saving money, time and stress. 2. IMC wraps communications around customers and helps them move through the various stages of the buying process. The organisation simultaneously consolidates its image, develops a dialogue and nurtures its relationship with customers. 3. This 'Relationship Marketing' cements a bond of loyalty with customers which can protect them from the inevitable onslaught of competition. The ability to keep a customer for life is a powerful competitive advantage. 4. IMC also increases profits through increased effectiveness 5. Carefully linked messages also help buyers by giving timely reminders, updated information and special offers which, when presented in a planned sequence, help them move comfortably through the stages of their buying process 6. Finally, IMC saves money as it eliminates duplication in areas such as graphics and photography since they can be shared and used in say, advertising, exhibitions and sales literature. 7. IMC also makes messages more consistent and therefore more credible. This reduces risk in the mind of the buyer which, in turn, shortens the search process and helps to dictate the outcome of brand comparisons.

## **VII. 4P's VS 4C's**

### **7.1. Not *PRODUCT*, but *CONSUMER***

You have to understand what the consumers' wants and needs are. Times have changed and you can no longer sell whatever you can make. The product characteristics have to match the specifics of what someone wants to buy. And part of what the consumer is buying is the personal "buying experience."

### **7.2. Not *PRICE*, but *COST***

Understand the consumer's cost to satisfy the want or need. The product price may be only one part of the consumer's cost structure. Often it is the cost of time to drive somewhere, the cost of conscience of what you buy, the cost of guilt for not treating the kids, the investment a consumer is willing to make to avoid risk, etc

### **7.3. Not *PLACE*, but *CONVENIENCE***

As above, turn the standard logic around. Think convenience of the buying experience and then relate that to a delivery mechanism. Consider all possible definitions of "convenience" as it relates to satisfying the consumer's wants and needs. Convenience may include aspects of the physical or virtual location, access ease, transaction service time, and hours of availability.

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**7.4. Not PROMOTION, but COMMUNICATION**

Communicate, many mediums working together to present a unified message with a feedback mechanism to make the communication two-way. And be sure to include an understanding of non-traditional mediums, such as word of mouth and how it can influence your position in the consumer's mind. How many ways can a customer hear (or see) the same message through the course of the day, each message reinforcing the earlier images?

**VIII. Effective Communication Elements**

The goal of selecting the elements of proposed integrated marketing communications is to create a campaign that is effective and consistent across media platforms. Some marketers may want only ads with greatest breadth of appeal: the executions that, when combined, provide the greatest number of attention-getting, branded, and motivational moments. Others may only want ads with the greatest depth of appeal: the ads with the greatest number of attention-getting, branded, and motivational points within each.

Although integrated marketing communications is more than just an advertising campaign, the bulk of marketing dollars is spent on the creation and distribution of advertisements. Hence, the bulk of the research budget is also spent on these elements of the campaign. Once the key marketing pieces have been tested, the researched elements can then be applied to other contact points: letterhead, packaging, logistics, customer service training, and more, to complete the IMC cycle.

One common type of integrated marketing communication is personal selling. Personal selling can be defined as "face to face selling in which a seller attempts to persuade a buyer to make a purchase."

Personal selling is occasionally called the "last 3 feet" of the marketing functions. It is called the "last 3 feet" because this is usually the distance between a salesperson and his customer on the retail sales floor. The "last 3 feet" also applies to the distance across the desk from a sales representative to his prospective business customer. Personal selling occurs in two main categories:

- a. *Retail sales*
- b. *Business-to-business selling*

**IX. Promotion Opportunity Analysis**

A major task that guides the way in creating an effective Integrated Marketing Communications plan is the promotions opportunity analysis. "A promotions opportunity analysis is the process marketers use to identify target audiences for a company's goods and services and the communication strategies needed to reach these audiences." A message sent

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by a marketer has a greater likelihood of achieving the intended results if the marketer has performed a good analysis and possesses accurate information pertaining to the target audience. There are five steps involved in developing a promotions opportunity analysis:

1) Conduct a communication market analysis

- Competitors
- Opportunities
- Target markets
- Customers
- Product positioning

2) Establish communication objectives

- Develop brand awareness
- Increase category demand
- Change customer belief or attitude
- Enhance purchase actions
- Encourage repeat purchases
- Build customer traffic
- Enhance firm image
- Increase market share
- Increase sales
- Reinforce purchase decisions

3) Create communications budget: Several factors influence the relationship between expenditures on promotions and sales:

- The goal of the promotion

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- Threshold effects
- Carryover effects
- Wear-out effects
- Decay effects
- Random events

4) Prepare promotional strategies

The fourth step of a promotions opportunity analysis program is to prepare a general communication strategy for the company and its products. Strategies are sweeping guidelines concerning the essence of the company's marketing efforts. Strategies provide the long term direction for all marketing activities.

It is critical that the company's communication strategy mesh with the overall message and be carefully linked to the opportunities identified by a communication market analysis. Communications strategies should be directly related to a firm's marketing objectives. Strategies must be achievable using the allocations available in the marketing and communications budgets. Once strategies have been implemented, they are not changed unless major new events occur. Only changes in the marketplace, new competitive forces, or new promotional opportunities should cause companies to alter strategies.

5) Match tactics with strategies

- Advertisements based on the major theme or a subtheme
- Personal selling enticements (bonuses and prizes for sales reps)
- Sales promotions (posters, point-of-purchase displays, end-of-aisle displays, freestanding displays)
- Special product packaging and labeling

## **X. Price Changes**

Other enticements companies may include in their tactical efforts includes: Coupons, gift certificates, bonus packs (a second product attached to a first), special containers (e.g.,

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holiday decanters or soft-drink glasses), contests and prizes, rebates and volume discounts (large-size packages, "buy two, get one free" promotions, etc.)

Throughout these steps, marketers should consistently review and analyze the actions and tools that major competitors are utilizing.

## **XI. Barriers of IMC**

Despite its many benefits, Integrated Marketing Communications, or IMC, has many barriers.

In addition to the usual resistance to change and the special problems of communicating with a wide variety of target audiences, there are many other obstacles which restrict IMC. These include: Functional Silos; Stifled Creativity; Time Scale Conflicts and a lack of Management know-how.

Take functional silos. Rigid organizational structures are infested with managers who protect both their budgets and their power base.

Sadly, some organizational structures isolate communications, data, and even managers from each other. For example the PR department often doesn't report to marketing. The sales force rarely meets the advertising or sales promotion people and so on. Imagine what can happen when sales reps are not told about a new promotional offer!

And all of this can be aggravated by turf wars or internal power battles where specific managers resist having some of their decisions (and budgets) determined or even influenced by someone from another department.

Here are two difficult questions - What should a truly integrated marketing department look like? And how will it affect creativity? It shouldn't matter whose creative idea it is, but often, it does. An advertising agency may not be so enthusiastic about developing a creative idea generated by, say, a PR or a direct marketing consultant.

IMC can restrict creativity. No more wild and wacky sales promotions unless they fit into the overall marketing communications strategy. The joy of rampant creativity may be stifled, but the creative challenge may be greater and ultimately more satisfying when operating within a tighter, integrated, creative brief.

Time horizons add one more barrier to IMC as different time scales affect a creative brief. For example, image advertising that is designed to nurture the brand over the longer term may conflict with shorter term advertising or sales promotions designed to boost quarterly sales. However, the two objectives of improving the brand and sales can be accommodated with IMC planning.

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But this kind of planning is not common. A survey in 1995, revealed that most managers lack expertise in IMC. But it's not just managers, but also agencies. There is a proliferation of single discipline agencies. There appear to be very few people who have real experience of all the marketing communications disciplines. This lack of know how is then compounded by a lack of commitment.

For now, understanding the barriers is the first step for successful implementation of IMC.

## **XII. Conclusion**

An IMC manager must know marketing. It is considered the driver of marketing communication. Things an IMC manager has to understand:

- An IMC manager has to understand well the process and concept of branding, and how communication aims to influence people's perception.
- A firm can get competitive advantage only when their IMC program focuses on the four important things always need to be kept in mind – Cost, Convenience, Customer and Communication.
- Positioning of company's brand image in the mind of stakeholders is very essential in today's dynamic marketing environment.
- An IMC manager needs to understand the effective measurement process of the communication to prove that the program will achieve its objectives, and ROI.

An interesting note by a client-corporation panelist:

*Manager's who describe their previous "achievements" but can't explain their impact on the business simply do not get invited back.*

The challenge now becomes what differentiates an IMC manager from other marketing or MC managers. When every marketer shows proficiency in marketing, what differentiates an IMC-focused from a non-IMC-focused candidate? Looking at the results, the important discriminator might be the belief of the importance of relationships.

*The IMC manager must work across divisions and institutions to ensure the success of the campaigns.*

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