

CHAPTER 1

INTEGRATED MARKETING COMMUNICATIONS AND ITS SYNERGISTIC EFFECTS

CHAPTER OVERVIEW

This chapter begins with a message about the importance of diagnoses before developing a marketing communications (marcoms) campaign. We then use the idea of communication barriers to help explain why creating an effective marcoms campaign is so challenging, before providing a broad understanding of what integrated marketing communications (IMC) is and why it is used.

The chapter discusses both the theory and practice of achieving integration and synergy, and how synergistic effects come about. The managerial application of integration is also discussed, and its complexity is brought to life with the award-winning case of 'Magnum Gold?!' This chapter also provides a nine-step IMC planning model, including the importance of understanding how consumers make decisions. The consumer decision journey is suggested as a useful model, illustrated with another award-winning case involving the Korean car maker Hyundai, which broke into the consideration set of United States (US) car buyers during the global financial crisis (GFC).

Learning goals

After reading this chapter, you will understand:

- the importance of diagnoses before developing a campaign
- what IMC is, why it is used and how to integrate it
- what communication barriers are
- what synergies are and their psychological explanations
- how to integrate campaigns and levels of integration
- the IMC planning process.

IS MARKETING COMMUNICATIONS THE ANSWER?

Before planning any campaign, a marcoms manager should ask whether a marketing communications campaign is really the solution that is needed. Often, the product may not be ready, the distribution may be inadequate, or the service may not be up to scratch. In fact, there might be a host of reasons why a manager may not necessarily need to start a marcoms program

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immediately. For instance, if the product is not ready, a great marcoms program can destroy the brand faster than if there were no campaign at all. We often say ‘nothing kills a bad product faster than a great campaign’ – a gentle reminder to always step back and study the situation before starting the campaign.

Or consider the case of two brands of potato chips. Both brands may be of equal quality and price, and equally well known (i.e. similar level of brand awareness), but somehow one brand consistently outsells the other. If this is the case, then it is likely that this brand has better distribution and not because it has superior value or awareness. Under such circumstances, it may be more efficient for the competing brand to improve distribution *first* before embarking on a marcoms campaign. In fact, a marcoms campaign may *not* be necessary, especially if marcoms is not the cause of poor sales. Figure 1.1 suggests starting with diagnosis before developing strategies and tactics. In chapter 2 (uncovering insights), we will learn more about diagnosis.

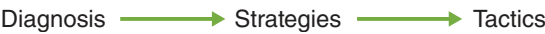


Figure 1.1 Three fundamental steps in planning a campaign

Assuming there are no other problems with the marketing mix, and the solution is solely communication based, there are a host of other challenges to be considered.

THE CHALLENGE: OVERCOMING COMMUNICATION BARRIERS

A communications campaign may fail for many reasons. Communication barriers may impede our acceptance of the message (implicitly or explicitly) and so decrease the probability that we will buy the brand. Figure 1.2 shows some of the major communication barriers we need to overcome.

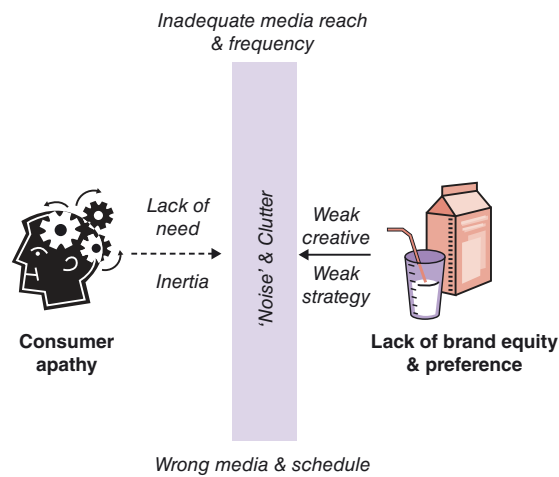


Figure 1.2 Barriers to marketing communications

Noise and clutter

The terms ‘noise’ and ‘clutter’ refer to two major communication barriers. Noise is any ambient stimulus (e.g. a radio playing or people chatting) that distracts attention from the message. Clutter, on the other hand, refers to the sheer number of ads we see in the media or in our

environment. Competitive clutter (such as another brand’s advertising or promotion) creates memory interference.¹

Consumer apathy

Another major challenge for any marcoms campaign is overcoming the apathy of the target audience. There are a number of reasons why consumers may be apathetic.² First, they may simply not be interested (i.e. they are not really ‘in the market’) or they may be too busy (we all lead busy lives), and so consumers tend to filter out excess environmental stimuli while they concentrate on activities more closely aligned to their goals. In other words, they exhibit selective attention and will only ‘tune in’ if they find something of interest in the content.

Second, even if a consumer is in the market, they may not be aware of the brand; that is, they may have no ‘brand awareness’. We are brand aware when a brand comes to mind when thinking of a product category. People tend to buy brands they know, and they buy out of habit. If this is the case, it is necessary to get the new brand into their evoked set (a list of brands we recall when we think of a product category; in other words, a mental ‘shortlist’).

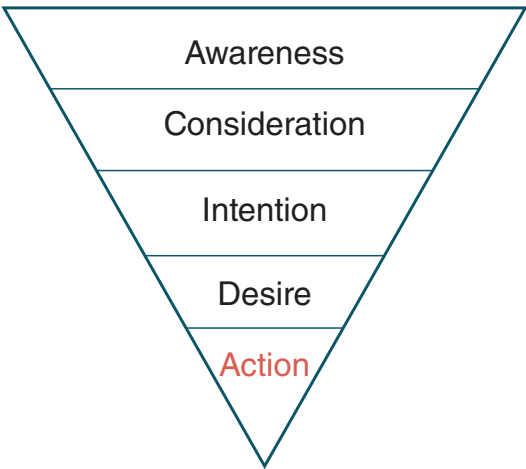


Figure 1.3 Sales funnel

Third, even if people are aware, there may not be enough incentive to drive them to want to take the next step. In marketing, this is often called the ‘sales funnel’ (see figure 1.3). Many barriers can impede the movement from awareness down the funnel towards action or sales. For instance, people may misunderstand the benefit and never consider the brand, they may fail to translate their intention to desire because it is too difficult to buy, or they may fail to translate desire to action (purchase) because it is too expensive. Good quantitative research can reveal the percentage of the target audience who fall into each of these bands (in comparison with competitors), and the reasons why translation down the funnel fails to occur. In chapter 4, we will revisit this funnel and see how it can be ‘reverse-engineered’ when developing a media plan.

Brand parity

Brand parity is another significant communication barrier. Brand parity means that a brand is not differentiated from its competition, leading consumers to develop no brand preference and, thus, buy based on price. The aim of marcoms, especially in relation to advertising, is to build a predisposition in consumers so that brand preference and ultimately brand equity will develop over time (see chapter 3). This involves building brand strength (knowledge and esteem) and brand stature (differentiation and relevance).

Weak creative ideas or strategies

The barriers described so far present a major challenge to the advertiser. Given the apathy of consumers, the clutter and noise in the environment, and the dangers of brand parity,

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advertisers have no choice but to ensure that their creative ideas and selling strategies are second to none.

These barriers, while considerable, are not insurmountable if the right solutions are applied. But there is yet another challenge, and that is the ever-increasing complexity of the business environment. This is where IMC can help.

WHAT IS IMC AND WHY DO WE NEED IT?

There are many definitions of IMC.³ In this text, we adopt the following definition:

IMC is defined as a research-based, audience-focused, result-driven communication planning process that aims to execute a brand communication program over time so that there is clarity and consistency in the positioning of the brand. This is achieved by coordinating different communication tools and channels and integrating multiple pieces of creative content across different media in order to create synergistic effects. The aim is to achieve short-term financial gain and long-term brand equity.⁴

Although this definition is long, it covers several key points a marcoms manager should know in order to develop an effective marcoms program.

First, IMC is a planning process rather than a concept. It aims to achieve a coordinated execution of a marcoms program. This means much thinking must be done up-front. Second, the communication tools chosen for an IMC campaign – for example, advertising, direct response, sales promotion, marketing-oriented public relations (PR), sponsorship and content marketing – must complement each other, so that the strength of one tool makes up for the weakness of another.

Third, IMC must be supported by research, and not guesswork. This means using diagnostics or other forms of research to help increase the probability of success. Fourth, it must take the target audience into consideration. This means understanding their decision process, motivations for buying (or not buying) and their media usage habits.

Fifth, it must be results-driven, which entails being accountable and ensuring a fair return on investment (ROI). Sixth, it must aim for clarity and consistency in the 'look, feel and voice'⁵ of the brand over time, so that there is no confusion in people's minds. This demands clear and consistent brand positioning across all communication content. If there is a campaign, then it must also be consistent with the creative idea of the campaign.

Seventh, the media channel and creative content must support each other in this endeavour to create synergistic effects (to be discussed later). This means that the creative content must be appropriate for the medium and the use of multiple pieces of content geared to achieve a synergistic effect. All of these must also support the communication tool employed so that there is a seamless brand experience.

Several studies have shown that having an IMC orientation is correlated with market performance.⁶ Generally, the more different channels used, the more effective the campaign.⁷ For instance, a television-led campaign achieves the highest ROI (+126%) when combined with digital and outdoor (see figure 1.4).⁸ However, there are downsides to IMC too. Consumers complain there are too many advertisements and less than half of the campaigns (46%) are well integrated and customised to the channel or device.⁹

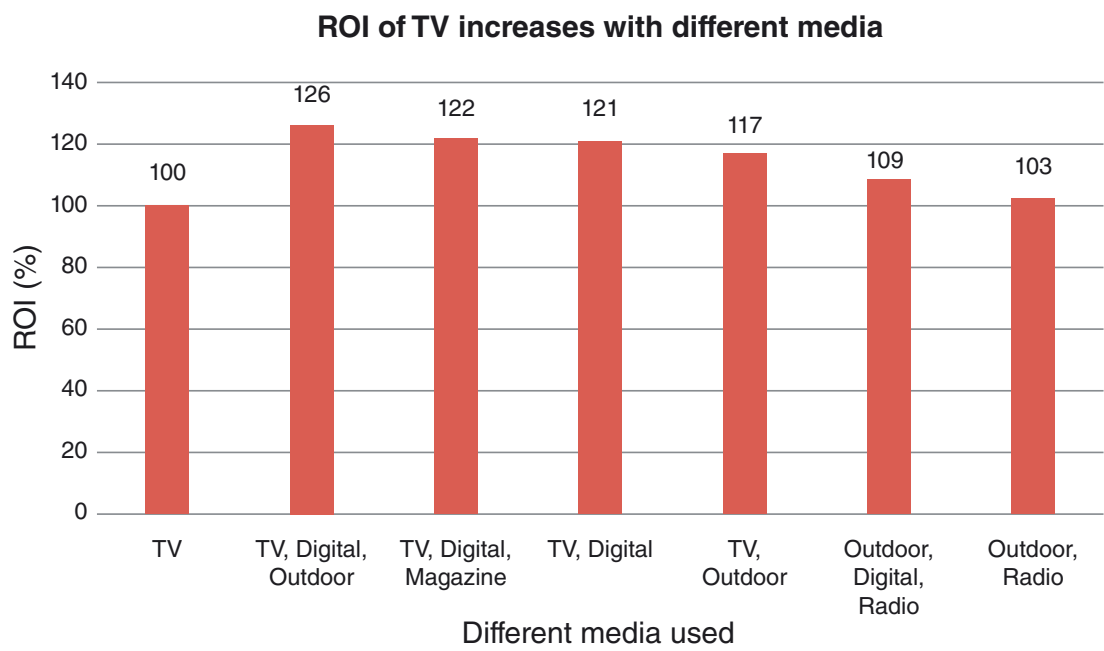


Figure 1.4 Synergistic effects of different media combinations

Now that we know what IMC is, we can consider when it should be used. IMC is only needed when there is complexity, which may come from having:

- many communication tools (sales promotions, direct marketing, personal selling and so on)
- many brand touch points
- more than one target audience
- more than one message to be communicated
- target audiences that habitually use different media
- different geographical areas to target
- the need for trade support.

IMC is generally more relevant for large businesses because of its complexity. However, with the growing number of channels and technology, small businesses may also take a leaf out of the IMC playbook. Take the example of brand contact points. Today, a customer can contact an organisation (small or large) in a range of ways, from a simple telephone call to a message sent through the brand’s social media pages. Further, customers have all this literally at their fingertips, using their smartphones. With the advent of voice assistance, a simple voice command (e.g. ‘Hello Alexa’) is all that is needed to send a message, search the internet, schedule an event, play music, and control the devices in your home. As communication technologies expand, more coordination of activities will be needed even for a small business.

What are synergistic effects?

One of the hallmarks of IMC is to create synergistic effects, which are the incremental effects above and beyond the expected summative effects. We can illustrate this with a simple

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mathematical example. For instance, when we add $1 + 1$, we expect the total to be 2. But if we get a total of 3, then there is an incremental effect. This is called positive synergy where the total is more than the sum of its parts.

There is no guarantee, however, that the interactive effects will always be positive. One study into four fast-moving consumer goods in Europe found that when advertising and company-sponsored word of mouth (WOM) activities are simultaneously deployed (see buzz agents in chapter 8), the effectiveness of the latter actually dropped.¹⁰ This means that advertising has interacted negatively with WOM, decreasing its effectiveness. In fact, for every 1% increased spend on advertising, WOM equivalent effectiveness in increasing sales decreased by between 0.6% and 2.3%. Generally, when the expected summative effects are reduced, antergy (i.e. $1 + 1 = 1.5$)¹¹ is said to occur (see also the Further Thinking section later in this chapter).

Ideally, we want the interactions to be positively synergistic. This means when different channels (or communication tools) are used in a campaign, the effects are stronger than when only one channel (or communication tool) is used. For instance, when an internet display ad is combined with search advertising, the sales for a retailer climbed by 199%. On the other hand, use of the internet display ad alone increased sales by only 16% and use of search advertising alone by 82%.¹² Another study into a retailer for home improvement shows that shifting the radio advertising to the same week as when exhibitions are held or when there is heavy advertising generated 891 *additional* leads, 548 *more* appointments and 140 *extra* sales for the retailer.¹³

Since positive synergistic effects are never guaranteed, the IMC manager *must* always evaluate the interactive effects of the various channels (or communication tools) campaign (see chapter 12). Only then can one be confident that an optimal mix is achieved.

Explanations of synergy

Why then does synergy work? What is the underlying process that causes synergy? The following are some psychological explanations.¹⁴

1. Encoding variability – when a message is seen in a different context (e.g. channels or creative asset), consumers may form different memory traces or pathways for easier retrieval later.
2. Central processing – when a message is seen in different variants across channels, consumers are more likely to pay attention and think more deeply about it.
3. Forward interest encoding – the message in one channel primes or arouses interest or curiosity in the brand for consumers when it is subsequently exposed in a different channel.
4. Mental playback – the message in one channel (e.g. radio ad) triggers a mental playback because consumers remember a related message in another channel (e.g. related television (TV) ad).
5. Multiple source credibility – when consumers see a message from different sources, the information is perceived to be more credible because the sources are thought to be independent.
6. Financially healthy perception – when a brand is advertised across different channels, consumers see the brand as financially fit and strong.¹⁵

Synergy is therefore a complex psychological effect. This is not to be confused with the notion of extended reach. In IMC, different channels often are used to reach different segments of the market, leading to extended reach. Figure 1.5 illustrates this notion. For instance, with TV alone, one can reach 60% of the target audience, but by including radio and newspaper, one might increase the reach to 70%. There may be audience overlap, but it is the non-overlapping audience that extends the reach.

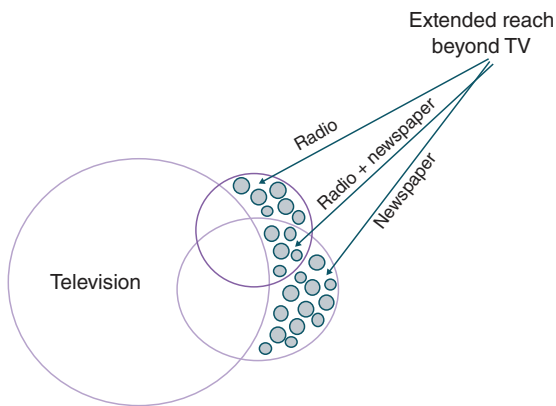


Figure 1.5 Using additional channels, like radio and newspaper, extends the reach beyond TV

However extended reach does not create synergy. This is because extended reach is about reaching more *unique* audiences, while synergy is about getting the *same* audience to be exposed to the same message (or its variant) in different channels. In other words, synergistic effects can only come from the overlapping of media (see bubbles in figure 1.5).

How do you integrate?

According to the English Oxford dictionary, the word integration is derived from the Latin word *integrat*, meaning to

'make whole'. In IMC, this means combining different communication tasks to fulfil the communication objectives. IMC planning involves five tactical components: (1) select complementary marcoms tools; (2) select channels to maximise affordable reach; (3) create a consistent 'look, feel and voice'; (4) develop amazing, shareable content; and (5) synchronise activities.¹⁶ We will now discuss each of these tactics in greater detail.

1. SELECT MARCOMS TOOLS WITH A CLEAR ROLE AND COMPLEMENTARY STRENGTHS

Different tools tend to have different strengths. Depending on the communication objectives, investment should only be in those that have a clear role to play. For instance, if the objective is to sell new products which require the use of moving images and sound, then the use of an electronic dynamic medium like TV or online video may be more suitable than say radio or print. An electronic medium, however, may be poor in closing purchase, which can be compensated by including a sales promotion using a print medium (e.g. promotion brochure). Each communication tool (i.e. dynamic videos and sales promotion) must have a clear role to play.

2. SELECT COMMUNICATION CHANNELS THAT MAXIMISE AFFORDABLE REACH

Regardless of the communications forms chosen, one must still try to get the selling message to the target audience as efficiently as possible. Since many communication channels are available, the critical question is how to achieve maximum reach within an affordable budget. Trade-offs may have to be made. If, for instance, one cannot afford TV as the primary channel, even if it has excellent reach and the communication form is ideal (i.e. dynamic video to sell a new product), then this communication channel is out. One then chooses the next best affordable media option (or some combination thereof), subject to its ability to support the communication objectives discussed above.

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However, it should be noted that when a combination of media is used, the extended reach with the added secondary channels may not be substantial. One study across nine countries in the alcoholic beverage category found that 60% of the target audience in the second channel is duplicated. This is quite a substantial duplication. This means if a campaign were to be successful, primary reach cannot be ignored. In fact, the authors went on to argue that the reach of the *primary* channel used in the campaign is probably the most important factor in any multi-channel campaign.¹⁷

3. STRIVE FOR CONSISTENT 'LOOK, FEEL AND VOICE' ACROSS ALL CHANNELS

At a very basic level, integration means ensuring all the communication collaterals (including touch points) have the same look, feel and voice. This means at the very minimum all communication content should have the same brand cues (e.g. brand logo, brand name, slogan, corporate colour and sound effects). This should always be the case even if there is no active campaign so that the brand image will be consistent across all touch points.

When there is a campaign, however, something else is added other than the brand cues, and that is a selling message. Here, every piece of content should be amazing, but still coherently linked together in selling the brand. A simple way is to use similar cues across multiple executions. This can be the music, a scene from an ad, a colour scheme, a character, a motif or symbol and so forth. A good example is the Budweiser campaign in China. The selling message is 'This Bud's for you', and the campaign features Eason Chan, a popular Chinese singer and actor. All the ads use similar cues including the use of electronic music (where possible). They all aim to convey the impression that Budweiser is a young, passionate and forward-looking beer. Another example is the Toyota Vitz campaign in Japan. All the executions including TV ads, online video, Instagram video, online banner and magazine play on the distinctive design and aesthetic features of the car. Having the same cues across multiple pieces of content is often called 'matching luggage', or cosmetic integration, which consumers seem to appreciate in a campaign.¹⁸

4. DEVELOP AMAZING, SHAREABLE CONTENT AND/OR CREATIVE ASSETS, CENTRED AROUND A WINNING CAMPAIGN IDEA

Besides having a consistent image, the integration should have amazing content. That way it is more likely to be shared. Even better, the content should include creative assets that the company owns. These are recognisable properties which can be deployed and customised for each channel (online or offline). It brands the content and makes the campaign more distinctive. For instance, Disney might have the target message that its new Disney Cruise Line is family-oriented, fun and value for money. Here, Disney may decide to use Mickey Mouse as a moniker in the launch campaign. The campaign might include TV advertising featuring Mickey Mouse followed two weeks later by radio advertising in the voice of Mickey Mouse. Simultaneously, Disney could run a nationwide price promotional offer (e.g. 15% introductory offer) using the image of Mickey Mouse for its downloadable e-brochure.¹⁹

But what if a company is yet to develop a suite of creative assets? One solution is to creatively weave the brand cues (e.g. brand logo, brand name, colour, slogan and packaging) into the

message. Brand cues are distinctive codes the company owns and thus can still be exploited to make the ad distinctive. For instance, the Australian wine company 'yellow tail' has a kangaroo as a logo. For its TV ad campaign in the US (see figure 1.6), it uses an animatronic kangaroo and a yellow-suited man to spruik the wine to great success (volume purchase jumped 19%).²⁰



Figure 1.6 Brand cues (logo and brand name) can be weaved into a TV ad (left)

Yet another solution, which is more long term, is to develop new assets. For instance, in 2012, Melbourne Metro's safety campaign 'Dumb Ways to Die' created new assets using funny bean-like cartoon characters (see figure 6.28). The ad showed how these characters get killed performing dangerous activities (e.g. setting fire to your hair). Set to a catchy tune with hilarious lyrics, the campaign quickly became a worldwide sensation, with 350 million views on YouTube. Having created these memorable assets, Melbourne Metro then developed various games around the theme of train safety using the same characters and humour as the original ad. These games have been downloaded 375 million times.²¹ Creative assets that are recognisable and consistently used are far more effective in stimulating learning.²²

Finally, always strive for a winning idea for the IMC campaign. Sometimes called the big idea, it is a unique and compelling way of selling the brand in a campaign (see chapter 6). Once the winning idea is found, different content can be developed around this idea in a single-minded fashion, with amazing multiple pieces of execution, each customisable for the selected channels. But all of these should be seamless – every piece of content counts toward the effectiveness of the integration.²³ This form of integration is therefore very strategic (see case study 1.1). We can call this strategic integration.

5. SYNCHRONISE ACTIVITIES TO ACHIEVE SYNERGY

Finally, synergy does not happen by accident. Activities must be coordinated between different parties to ensure that the campaign is run seamlessly and on time. This includes tactics like the overlapping of exposures, sequencing of exposures, interlinking of creative content/assets, cross-publicising of products and complements, and timeliness and support (see figure 1.8). All these synchronising tactics will be discussed in greater detail later under managerial applications.

CASE STUDY 1.1 MAGNUM GOLD?!

To illustrate the idea of integrating around a single-minded winning idea, consider the case of Magnum Gold ice-cream. When Unilever wanted to sell their limited edition Magnum Gold?! ice-cream in Europe, their advertising agency came up with an idea of a spoof trailer, called the Heist. Filmed like a Hollywood blockbuster movie (2.5 minutes), it starred celebrities Benicio Del Toro and Caroline Correa.²⁴



Figure 1.7 The launch of Magnum Gold?! ice-cream starring two celebrities

It told the story of a couple planning to break into a high security vault and steal 75 million pieces of gold, except that in reality she played him because they were actually stealing Magnum Gold?! ice-creams. The teaser for this film was seeded on various entertainment sites and blogs before the TV launch and generated a great amount of buzz because of its unusual format (i.e. a spoof trailer). Real ads were also made showing a different side of this couple to fuel interest into their relationship. The launch was also supported by outdoor billboards. Furthermore, throughout the cities in Europe, armoured trucks and security vaults were used as street props to create curiosity.

For online activities, the agency created a special face-texturing feature that allowed consumers to superimpose their face in a video and customise the clip, which they could then share online. In terms of PR activities, there were competitions and special events where reporters (and a few consumers) met the glamorous couple, who were blowing up safes and dodging laser beams. The