



## Performance Audit of Integrated Marketing Communication in Small and Medium Scale Industries in Tamilnadu

\* J. Joshua Selvakumar \*\* Dr. P. Vikkraman

\* Asst. Professor, PSG Institute of Management, Coimbatore

\*\* Associate Professor, Anna University of Technology, Coimbatore

### ABSTRACT

The traditional factors like technological advances, globalization and branding keep on driving the market; Integrated Marketing Communication carries this scenario effectively. There is limited empirical evidence supporting the benefits of IMC outcomes, which is the constraining factor for implementation of IMC in organizations. So, evaluation of IMC performance is imperative, in order to gain acceptance from top management to implement IMC in an organization. The main objective of the study is to explore the insight of relationship between IMC process and brand outcomes, such as brand advantage and customer satisfaction. The research data were collected from 100 marketing managers of small and medium scale industries in Tamilnadu. The constructs of IMC Process considered for study were interactivity, mission marketing and cross-functional strategic planning. The study reveals a relationship between the implementation of IMC process and brand outcomes. Interactivity is the major construct which is proportionally related with customer satisfaction. This assessment model suggests the implementation of IMC with its benefits in an organization.

**Key word : IMC, Brand Outcomes, Interactivity, Mission marketing**

### Introduction

For many years, the promotional function in most companies was dominated by mass media advertising. Companies relied primarily on their advertising agencies for guidance in nearly all areas of marketing communication. Most marketers did use additional promotional and marketing communication tools, but sales promotion and direct marketing agencies as well as package design firms were generally viewed as auxiliary services and often used on a per-project basis. Public relations agencies were used to manage the organization's publicity, image, and affairs with relevant publics on an ongoing basis but were not viewed as integral participants in the marketing communications process. IMC is the process of developing and implementing various forms of persuasive communications programmes with customers and prospects over time. The goal is to influence or directly affect the behavior of the selected communications audience. In sum the IMC process starts with the customer or prospect and then works back to determine and define the forms and methods through which persuasive communications programmes should be developed."

The primary goal of IMC is to affect the perception of value and behavior through directed communication. The development and diffusion of IMC is closely associated with fast technological advancement and of a rapidly globalizing and deregulations of markets and individualization of consumption patterns. This has emphasized the need to adjust objectives and strategies to changing marketing and communication realities.

From this point of view, communication has to move from tactics to strategy. In the rapidly changing and highly competitive world of the twenty-first century only strategically oriented IMC can help business to move forward.

The marketing environment has changed dramatically in the last two decades. Media fragmentation and the need for more cost-effective and efficient marketing has apparently changed the way marketers approach the task of marketing and marketing communications.

Companies are forced to change the way they organise and conduct their marketing communication activities and seemingly led to more integrated approaches (Kotler & Keller, 2006; Shimp 2003; Kitchen & De Pelsmacker, 2004). This forms the rationale for considering integrated marketing communications (IMC) because companies are inevitably cast into the role of communicator in order to survive and grow.

Figure 1: Path Model of IMC-Market Performance Relationship



### Review of literature

From research conducted with SMEs (Low, 2000; Fam, 2001; Reid, 2005) it seems that the characteristics of these types of companies might have a strong influence on the implementation of IMC. SMEs tend to be flexible and non-bureaucratic. They have limited capital managerial resources; marketing power and access to networks (Knight, 2000). Their marketing is likely to be haphazard, informal, unstructured, spontaneous and reactive (Gilmore et al., 2001). The early literature suggested that IMC was likely to be more relevant to SMEs than other types of business (Schultz et al, 1993; Nowak & Phelps, 1994; Low, 2000). These early recommendations have not been pursued assiduously by researchers. Thus there seems to be a gap in the burgeoning literature of IMC and in relation to a highly important sector of national economies. There thus seems to be an imperative to explore the emergence of IMC in SMEs. Given a scenario of increased globalisation, media fragmentation, technological sophistication, and consumer recognition of marketing communications techniques, no business in the world is immune or protected from these trends. SMEs are not immune to these trends. Also, given that they are located everywhere, and have access to the world wide web, they can also communicate anywhere in the world. They are under a financial and indeed survival imperative to ensure that they communicate effectively with target markets, and that these markets respond in behavioural (i.e. sales) terms (Knight, 2000; Gilmore et al., 2001). In addition, SMEs have increased in importance recently and their unique characteristics, and the development and implementation of IMC in these organisations, warrant more detailed investigation (McCartan-Quinn & Carson, 2003; Burns, 2001). Hence, the purpose of this study is to research how relevant, applicable, and operational IMC is to SMEs.

Duncan and Moriarty (1998) offered a set of criteria that successful companies are using to integrate their marketing communication activities. The criteria identified by them offer a valuable theoretical framework consisting of ten drivers falling into one of three integration categories namely corporate focus, institutional processes, and infrastructure. According to Duncan and Moriarty (1998) the integration that results from the implementation of the drivers includes customer retention, interactional, ongoing communication, the expansion of marketing beyond the marketing department to the whole organization, and improved brand equity.

### Need for the study

- Reduced faith in mass marketing as marketing communication channels fragment and consumer brand and media loyalties diminish
- Increasing reliance on more highly targeted marketing communication methods to reflect a growing "relationship marketing" orientation.
- Loss of learning and knowledge regarding consistent promotional strategy and market experience.
- Increased efforts to measure and improve marketing communication return on investment
- There is limited empirical evidence supporting IMC outcomes, which may be a constraining the acceptance of IMC in boardrooms and practice of IMC by organizations. (Duncan and Mulhern 2004)

### Objectives

- To evaluate the impact of IMC performance on the market performance of an Organization.
- To determine the other factors influencing the level of IMC achieved.
- To suggest the successful implementation of IMC for the benefit of an Organization

### Research methodology

The study was carried out to determine the impact of IMC performance on market performance in small and medium scale industries in Tamilnadu region. This study also identifies the other factors influencing the level of IMC achieved. Study is descriptive in nature. The primary data was collected using a questionnaire method prepared with respect to the objective of the report. Secondary data regarding the industry, IMC and market performance were obtained from various sources such as Internet and Books. The sampling units are Sales Managers, Marketing Managers, Marketing communication Managers, Advertising Managers and Brand Managers of small and medium scale industries in Tamilnadu. The target population of this research is small and medium scale industries in Tamilnadu. The survey was conducted on 103 respondents from various organizations in Tamilnadu. Single stage cluster sampling method is used in the research.

### Measures

This study used existing scales to capture the data on the IMC process, brand outcomes and customer satisfaction. A modified version of the Duncan-Moriarty IMC mini audit (Duncan and Moriarty 1998) was used to capture information on IMC process. IMC items were measured on a five-point scale (1 = strongly disagree, 5 = strongly agree).

Market performance and orientation was measured using a validated 19-item scale employed by Conduit and Mavondo (2001) in their study on internal customer orientation and its relationship with market orientation (1 = strongly disagree, 5 = strongly agree). The external market environment scales were drawn from the research undertaken by Gray et al. (1998) and included questions on customer, competitor, and technological turbulence, as well as market opportunity. Interactivity, mission marketing, cross functional strategic planning, brand advantage and customer satisfaction were also measured using a five-point Likert scale (1 = strongly disagree, 5 = strongly agree). Similarly, the performance measures were drawn from the research by Gray et al. (1998) and were modified for use in a brand outcomes context. The nine items included four perceptual items related to relative sales and profitability, four items related to relative customer brand equity, and one item related to relative channel support for the brand. All perceptual-based items were measured using a five-point scale (1 = very much less, 5 = very much more). Other items in the questionnaire sought information on respondent characteristics, company characteristics, and brand position and objectives, as well as on the size of the marketing communication budget.

### Analysis and Interpretation

Regarding demographic detail of the study, majority (55.3%) of respondents are holding the designation of marketing manager with an average experience of 4 to 6 years. Majority of them are male between an age ranges of 35 to 40.

The majority of industries responded are performing as a market leader in their sector and their brand objective is to grow in the existing market and secondary is to expand into new markets. Their objective is firmly supported by the annual marketing communication budget allocated. Majority of organization spend more than 25 lakh annually to succeed their communication plan.

Table 1: IMC Performance Vs Planning & Evaluation

		IMC performance	Planning & Evaluation
IMC performance	Pearson Correlation	1	.836 <sup>**</sup>
	Sig. (2-tailed)		.000
	N	76	76
Planning and Evaluation	Pearson Correlation	.836 <sup>**</sup>	1
	Sig. (2-tailed)	.000	
	N	76	76

\*\* . Correlation is significant at the 0.01 level (2-tailed).

**Hypothesis**

H1: IMC Performance has positive association with organization planning and Evaluation

Interpretation:

Since  $r=0.836$  (which is  $>.05$ ) the variables IMC Performance and Planning & Evaluation are highly correlated. i.e. hypothesis is accepted.

Regression Analysis

IMC Performance Vs Market Performance:

H2: There is positive association between IMC performance and market performance

Table 2: IMC Performance Vs Market Performance

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	2.062	.607		3.396	.001
Overall IMC	.517	.121	.446	4.286	.000

Regression Equation:  $Y = A + BX$

Market performance =  $2.062 + 0.517$  (Overall IMC performance)

Interpretation:

As the significant value is less than 0.05, therefore hypothesis is accepted. Hence there is a positive association between IMC performance and Market performance. If IMC performance is increased by 1 then market performance gets increased by 0.517 times the IMC performance.

Customer Satisfaction Vs Interactivity:

H3: Interactivity is positively associated with customer satisfaction

Table 3: Customer Satisfaction Vs Interactivity

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.095	.657		3.190	.002
Interactivity	.489	.135	.388	3.625	.001

Regression Equation:  $Y = A + BX$

Customer Satisfaction =  $2.095 + 0.489$  (Interactivity)

Interpretation:

As the significant value is less than 0.05, therefore hypothesis is accepted. Hence there is a positive association between Customer Satisfaction and Interactivity. If Interactivity is increased by 1 then customer Satisfaction gets increased by 0.489 times the Interactivity.

IMC Performance Vs Interactivity:

H4: IMC performance is positively associated with interactivity

Table 4: IMC Performance Vs Interactivity

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.939	.568		5.173	.000
Interactivity	.510	.117	.453	4.371	.000

One way ANOVA: Educational Qualification Vs Inter-functional Co-ordination

Regression Equation:  $Y = A + BX$

IMC Performance =  $2.939 + 0.510$  (Interactivity)

Interpretation:

As the significant value is less than 0.05, therefore hypothesis is accepted. Hence there is a positive association between IMC performance and Interactivity. If Interactivity is increased by 1 then IMC Performance gets increased by 0.510 times the Interactivity.

H5: Educational qualification of the employee influences inter-functional co-ordination

Table 5: Educational Qualification Vs Inter-functional co-ordination will lead to effective marketing communication

	Sum of Squares	Diff.	Mean Square	F	Sig.
Between Groups	4.452	1	4.452	5.023	.028
Within Groups	65.588	74	.886		
Total	70.039	75			

Interpretation:

As the significant value is less than 0.05, educational qualification influences the preference of inter functional co-ordination that leads to effective marketing communication. Hence educational qualification plays a strong role in determining whether inter functional co-ordination leads to marketing communication or not.

**Key Findings**

- Major finding of the study is that there is a positive relationship between IMC performance and market performance of small and medium scale industries.
- Customer Satisfaction has a positive association with Cross functional strategic planning (Interactivity, Mission marketing & Organizational Infrastructure) and also with IMC performance.
- Sales Performance has a positive association with Interactivity, Organization infrastructure and Strategic consistency.
- Majority of the respondents strongly agreed that marketing communication efforts depends on annual budget & effective marketing communication efforts depends on budget change.
- Majority of the respondents agreed that there is customer turbulence in the market.
- Inter-functional co-ordination is vital in IMC. It will lead to effective marketing communication.
- Majority of the respondents strongly agreed that there is a plenty of opportunity in the market.
- With the help of correlation analysis we find that IMC performance is highly correlated with planning & evaluation and so with strategic consistency.

**Suggestions**

- Since there is a positive relationship between IMC performance and market performance, the organizations can use the IMC strategy to penetrate the new market and new area.
- Think customers first. Wrap communications around the customer's buying process. Identify the stages they go through before, during and after a purchase. Select communication tools which are right for each stage. Develop a sequence of communications activities which help the customer to move easily through each stage.
- Focus on a clear marketing communications strategy. Have crystal clear communications objectives; clear positioning statements. Link core values into every communication. Ensure all communications add value to the brand or organisation.

- Start with a zero budget. Start from scratch. Build a new communications plan. Specify what company needs to do in order to achieve its objectives. In reality, the budget allocated is often less than ideally needed, so managers may have to prioritise communications activities accordingly.
- Build relationships and brand values. All communications should help to develop stronger and stronger relationships with customers. Ask how each communication tool helps to do this. Remember: customer retention is as important as customer acquisition.

### Conclusion

This descriptive study sought to answer questions related to understanding how IMC might be evaluated in organizations, and whether successful implementation of the principles and processes of IMC might result in positive brand outcomes. Specifically, this research employed a modified version of the Duncan-Moriarty IMC mini audit (1997) as a basis for evaluating the IMC process in organizations and as a basis for considering how the IMC process was related to brand outcomes as measured by customer satisfaction, and brand advantage. Furthermore,

the research sought to identify characteristics of organizations and the market environment that may be correlated with the IMC process. The findings suggested that IMC process had a significant and positive relationship with brand outcomes, and that market orientation, competitive turbulence, and the size and type of the organization were correlated with the implementation of the IMC process.

A concluding remark is that the concept of IMC is dominated by a simplified and insufficient theoretical perspective and handled by professionals with skills on a technical and tactical level. This indicates that there is a gap between two cultural, intellectual and empirical spheres. It is a matter of common interest for academics, professional schools and practitioners on strategic and tactical levels to close the gap in order to move IMC from tactics to strategy. This can be achieved by international research and reconsidering educational programs regarding management, marketing and marketing communications.

### Scope for further research

This study has been conducted in small and medium scale industries in Tamilnadu, India. This research can be further extended to include small and tiny industries where the inter-industry variations can be studied.

### REFERENCES

- IMC: The Next Generation- Five Steps for Delivering Value and Measuring Returns Using Marketing Communication by Don Schultz and Heidi Schultz (2004). | Integrated Advertising, Promotion and Marketing Communications 2nd Edition by Kenneth E. Clow and Donald Baack (2004). | J.P. Jones, When Ads Work (New York: Lexington Books, 1994) | Research Methods in Business by Nandagopal, Arul Rajan and Vivek (2008) | Russel H. Colley, Defining Advertising Goals for Measured Advertising Results (New York: Association of National Advertisers, 1961) | Baker, Susan, and Helen Mitchell (2000), "Integrated Marketing Communication: Implications for Managers," European Society for Opinion and Marketing Research (November), 239241. | Conduit & Mavondo (2001), Integrated marketing communications and the language of market development. International Journal of Advertising, 20(4), 483-499. | Conduit, Jodie, and Felix Mavondo (2001), "How Critical Is Internal Customer Orientation to Market Orientation?" Journal of Business Research 51; 11-24 | Cooper, D. R., & Schindler, P. S. (2001). Business Research Methods. New York: McGraw-Hill. Dewhirst, T., & Davis, B. (2005). Brand strategy and integrated marketing communication (IMC). Journal of Advertising, 34(4), 81-92. | Duncan, T., & Moriarty, S. (1997). Driving brand value: Using integrated marketing communications to manage profitable stakeholder relationships. New York: McGraw-Hill. | Duncan and Sandra Moriarty (1998), "A Communication-Based Marketing Model for Managing Relationships," Journal of Marketing 62(2); 1-13 | Grey et al, Brendan J., Sheelagh Matear, Christo Boshoff, and Phillip K. Matheson (1998), "Developing a Better Measure of Market Orientation," European Journal of Marketing 32(9/10); 884-903 | Helfert, Gabriele, Thomas Ritter, and Achim Walter (2002), "Redefining Market Orientation from a Relationship Perspective: Theoretical Considerations and Empirical Results," European Journal of Marketing, 36 (9/10), 1119-1139(21). | Jaworski, Bernard, and Ajay K. Kohli (1993), "Market Orientation: Antecedents and Consequences," Journal of Marketing 57; 53-70. | Low, George S. (2000), "Correlates of Integrated Marketing Communications," Journal of Advertising Research, 40 (3), 2739. | Reid, M., Johnson, T., Ratcliffe, M., Skrip, K., & Wilson, K. (2001). Integrated marketing communications in the Australian and New Zealand wine industry. International Journal of Advertising, 20, 239-262. | Reid, M., Johnson, T., Ratcliffe, M., Skrip, K., and Wilson, J., 2001. Linking Integrated Marketing Communications To Performance: Comparing The Performance of High Vs. Low Integration Brands In The Australian And New Zealand Wine Industry. International Journal of Advertising, 20(2), 1 -24.