IMC, its Antecedents and Brand Performance

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Abstract

This paper examines the relationship between Integrated Marketing Communication (IMC), Market Orientation (MO), Learning Orientation (LO), Brand Orientation (BO) and brand performance. It is proposed that there is a significant positive relationship between these constructs, with MO, LO and BO considered necessary conditions for successful IMC. It is proposed that BO is the implementation of market and learning orientation at a business unit level, whilst IMC is the implementation of the MO, LO and BO concepts in the context of developing and implementing external communication. The findings from a study of 187 organisations are presented which support this proposition. It is concluded that IMC, MO, LO and BO are interdependent constructs that have an important strategic role to play in maximising brand performance. These findings make an important research contribution, and serve to reinforce the value of supporting the IMC construct.

Introduction

Integrated Marketing Communication (IMC) is now being recognised as critical to both branding and maintaining stakeholder relationships (Dawar 2004; Srivastava et al. 2000). It has also been suggested that IMC and branding will assume such prominence to become the essence of marketing approaches and competitive advantage in the 21st Century (Kitchen and Shultz, 2001). A definition that encapsulates this thinking describes it as "an ongoing, interactive, cross-functional process of brand communication planning, execution, and evaluation that integrates all parties in the exchange process in order to maximize mutual satisfaction of each other's wants and needs" (Duncan and Mulhern 2004 p.9).

The environment in which this prominence has occurred presents considerable challenges, with expectations from all key stakeholders. Competition is a major consideration, with organisations continually striving to be heard above others; an objective which generally requires significant financial investment. Furthermore, with an increasing focus on accountability to stakeholders, organisations are becoming even more focussed on bottom line results and ROI has become a major consideration (Kitchen 1997; Schultz 1998), and hence the pressure to maximise communication performance. The implementation of IMC is considered to support brand performance (Duncan and Mulhern 2004; Kitchen 1999; Low 2000; Mc Arthur 1997). However, there is a lack of clarity over what it actually means to practice 'IMC', and in what conditions it is most likely to be successful in terms of brand performance (Baker and Mitchell 2000; Beard 1996; Cornelissen 2001; Kitchen 1999; Low 2000; Phelps and Johnson 1996). In light of the aforementioned definition, IMC is seen as implementation oriented but does have an SBU orientation, with several factors identified as antecedent concepts that support IMC behaviours. This paper examines the proposition that there are certain organisational conditions under which IMC will be most effective, and posits that there is a significant positive relationship between IMC and market orientation (MO) and the emerging concept of brand orientation (BO), with MO and BO considered necessary conditions for successful IMC. It is proposed that BO is the implementation of market and learning orientation at a business unit level, whilst IMC is the implementation of the MO, LO and BO concepts in the context of developing and implementing external communication.

Market orientation and its relationship to IMC

MO has been described as the operationalisation of the marketing concept by an organisation (Brady 2006), and is presumed to be attained by the dissemination of marketing intelligence across departments and by an organisation–wide responsiveness to both prospective and existing consumers (Kohli and Jaworski 1990; Narver and Slater 1990). Similarly, marketing communications planning and activities need to be connected to customers and prospects ie an outside-in driven process (Duncan 2002; Kitchen et al 2004) where IMC is seen as linking organisational processes with brand relationships that connect customers to organisations (Duncan 2002). Organisations that practice IMC are assumed to have in place a customer-centric notion, systems for linking the organisation to the market and customer, and have processes, systems and mental models that link various functional areas of the organisation (Stewart 1996; Slater 1997; Duncan and Moriarty 1998). An MO assumes that all information on all important buying influences permeates every area within the organisation and that strategic and tactical decisions must be made interfunctionally and interdivisionally (Reid, Luxton and Mavondo 2005). IMC is thought more likely to exist in organisations that have adopted an MO, with IMC being an expression of this orientation in terms of the approach to creating value over time.

Learning orientation and its relationship to IMC

A key activity of market oriented organisations is that of information gathering with such organisations described as more proficient at acquiring, distributing and acting on market information in a systematic manner (Jaworski and Kohli 1993). LO assumes that organisations will proactively question existing beliefs and practices (Argyris and Schon 1978), pursue new knowledge/understanding, and challenge the status quo (Sinkula et al 1997). To achieve successful outcomes, such as improved business performance, IMC and its proposed antecedents need to be accompanied by the values represented by LO, which is thought to augment MO (Baker and Sinkula 2002), although there is debate over whether MO or LO is the pre-eminent strategy to achieve superior performance (Bell, Whitwell and Lucas 2002; Farrell and Oczkowski 2002). IMC requires that organisations practice a learning perspective in order to achieve strategic consistency and improve brand equity (Duncan and Moriarty 1997). IMC requires the involvement of all functional areas of the organisation in the collection and dissemination of knowledge and experience which is thought to impact strategic consistency, implementation and performance (Farrell and Oczkowski 2002; Santos-Vijande et al. 2005). LO is said to facilitate purposeful dialogue with customers and other stakeholders, and to enhance profitable brand relationships by bringing together people and organisational learning (Schultz 1998).

Brand orientation and its relationship to IMC

Brand Orientation represents the functional or business unit focus on brands that support strong customer and stakeholder relationships and suggests that an organisation has a clear brand vision and identity (Bridson and Evans 2004). BO provides both brand specific cultural foundations and strategic foundations for IMC. The concept of BO is similar in many respects to the strategic consistency and mission marketing dimensions of Duncan and Moriarty's (1997) view of integrated marketing and communications. By considering BO separately from IMC there is a greater ability to separate the confounding strategic factors found in some interpretations of IMC, and indeed preliminary measures of IMC, from the specific campaign level and tactical aspects that also underpin the organisation's ability to communicate with stakeholders Furthermore, there is a proposed link between MO and BO with IMC thought more likely to exist in organisations that have a brand focus, inclusive of both MO and LO.

Research question and hypotheses

The preceding discussion reflects the research question: What is the relationship between IMC, MO, LO and BO, and what is its impact on brand performance? Consequently, the relevant hypotheses are:
H1: Market orientation is directly and positively associated with level of IMC
H2: Learning orientation is directly and positively associated with level of IMC
H3: Brand orientation is directly and positively associated with level of IMC
H4: IMC is directly and positively associated with brand performance
H5: Brand orientation is directly and positively associated with brand performance
H6: IMC is directly and positively associated with financial performance
H7: Brand performance is directly and positively associated with financial performance

Methodology

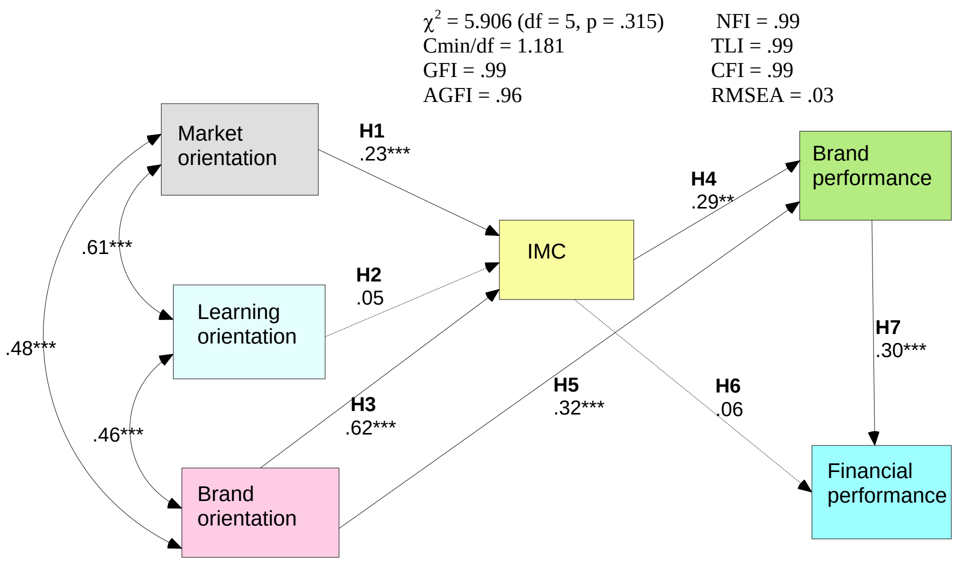
A commercial mailing list was used target 1000 organisations across Australia. 1000 questionnaires were initially mailed, followed by a single follow up, resulting in a total of 187 useable responses. Respondents were brand related marketing communication managers at the SBU level. The sample was constructed of a cross section of large and small organisations including consumer durables and packaged goods, consumer services, B2B goods and services, and NFP. The mailout incorporated an explanation of IMC to ensure that they had a consistent focus when answering questions. As with many studies in our discipline, the data was based on self reported behaviours and performance and was therefore not independently verified Where possible, existing scales were adopted (Bridson and Evans 2004; Narver and Slater 1990; Sinkula et al. 1997) or extended (Duncan and Moriarty 1997) based on an extensive literature review and in-depth interviews with 8 senior marketing and brand practitioners. Further modification to the instrument and items also occurred after an instrument review by a further 6 brand managers and 6 academics. The final instrument comprised 7 point Likert scales.

Internal reliabilities were assessed to determine construct validity, and resulted in acceptable coefficient alphas of: market orientation 0.87, learning orientation 0.92, brand orientation 0.95, IMC 0.94, and brand performance 0.89. The average variance extracted for each of the constructs was shown to be greater than its shared variance with any of the other constructs (Fornell and Larcker, 1981). The pre-existing scales utilised were assessed via confirmatory factor analysis. IMC and performance, because they were predominantly new scales, and BO because it was significantly adapted and had not previously been rigorously validated in the literature, were assessed firstly via exploratory factor analysis to examine the dimensionality of the constructs, and then confirmatory factor analysis was used to assess all the scales for discriminant validity (Hurley 1997), and facilitate the development of a structural equation model (Schumacker & Lomax, 1996). Path analysis using Amos (6) was then employed to test the hypothesised relationships.

Discussion of Results

Overall the results support the idea that IMC is an important strategic business process that has an impact on brand performance. The goodness of fit and path model presented in Figure 1 indicates that the proposed model fits the data well with support for H1, H3, H4, H5, and H8, but not H2 or H6.

Figure 1 Path Model – IMC, antecedents and performance



MO was found to have a direct and positive relationship with IMC, supporting the proposition that MO is an implicit theme underlying the implementation and management of IMC. It can be argued that the critical commonality is the customer-centric approach of both constructs which require systems to be in place to link all functional areas of the organisation to the market, and hence to the customer (Duncan and Moriarty 1997; Reid, Luxton and Mavondo 2005; Slater 1997; Stewart 1996).

LO was not found to have a direct and positive association with IMC. In recent literature (Farrell and Oczkowski 2002, Santos-Vijande et al. 2005) there has been mixed support for the LO construct. It has been suggested that LO is actually an antecedent to other constructs such as MO with the former described as the *underlying* set of organisational values from which an MO is developed (Farrell and Oczkowski 2002). One would therefore expect a strong relationship between MO and LO, but not necessarily directly with other inputs, as in this case, with IMC.

BO was found to have a direct and positive association with IMC, supporting the proposition that BO is linked to IMC through both having a very clear focus on the brand as an asset and the impetus to communicate it consistently into the market.

Both IMC and BO were found to have a direct and positive association with brand performance, supporting the proposition that the level of IMC achieved by an organisation has an important role in promoting increased brand performance, as measured in this research. There was no support for the proposition that IMC has a significant direct association with financial performance as measured in this data. This result may be a reflection of the fact that there are clearly many other contributing factors downstream that are associated with all of the elements of marketing and business operations. Furthermore, the Market Based Assets literature suggests activities lead to assets which lead to market efficiencies (ie brand related) which then have a flow on effect to financial performance, so one wouldn't expect strong direct effects but would expect indirect effects.

Conclusions

In terms of the implementation and management of IMC, these findings make an important contribution and serve to reinforce the value of supporting the IMC construct. There is a need for consistent brand positioning across the various message elements which are likely to change over time (Aaker 1996; Duncan 1997; Ewing et al. 2000; Phelps 1994; Smith 1996). IMC requires a predisposition for employees in different areas to work cooperatively, and is reliant on the market and customer sensing mechanisms of the organisation to develop communication strategies It also requires the adoption of an informed zero based approach to choosing the right tools for the communications task drawing on brand and target market history through the learning mechanisms of the organisation (Stewart 1996). The IMC process is driven by, and responsive to, customer data, understanding stakeholder perceptions about the brand, and finally, it assumes that the outcome of efficient and effective customer and stakeholder relationships in the essence of brand equity.

More broadly, it is argued that firms operating with a good level of MO are also likely to have the mechanisms and structures in place to facilitate the implementation and management of IMC. This research also provides some early support that BO provides a foundation for building and managing brands and IMC is critical as the means of connecting this position with the customer and in building relationships with all key brand stakeholders (Duncan and Moriarty 1998). Consequently, MO and BO are confirmed as necessary conditions for successful IMC, with the role of LO requiring further investigation as a possible antecedent to MO.

IMC, MO, LO and BO are considered here to be interdependent constructs that have an important strategic role to play in maximising brand performance. 'Synergy' is a term that has long been associated with IMC (Aaker 1996; Beard 1996; Cornelissen and Lock 2001; Duncan and Everett 1993; Duncan and Moriarty 1997; Linton and Morley 1995; Pickton and Hartley 1998; Phelps and Johnson 1996; Rossiter and Bellman, 2005; Schultz 1998) whereby its constituent parts are considered to have a greater marketplace impact by virtue of being integrated and orchestrated together. This same thinking can be extended to the relationships under investigation, with most exhibiting a strong association, suggesting a shared focus and a dynamic interplay. In summary, the interrelationships that exist between these constructs are central, in our view, to building market based assets that form the foundation of sustained competitive advantage.

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