THE RELATIONSHIP BETWEEN INTEGRATED MARKETING
COMMUNICATION AND BRAND EQUITY

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Abstract

This article focuses on the importance of marketing communication both for customers and for companies. In today’s globalized society the use of an integrated marketing communication (IMC) strategy plays a major role in persuading customers to buy the products or services of a particular firm. But IMC has a much more significant value: it contributes to the development of a company’s brand equity. The following article presents the concept of brand equity, both from a financial and market perspective, and it deals with the relationship between IMC and brand equity, also analyzing its implications.

Keywords: communication, integrated marketing communication, brand equity, customer-based brand equity.

1. INTRODUCTION

Marketing communication represents a concept that first occurred during the last decades of the twentieth century, as a result of the incredible development of marketing during that period. Although so far, the opinions of various specialists differ in terms of concept content, one may speak about a consensus on the role and importance of marketing communications.

In today’s global economy characterized by high dynamism and fierce competition, companies are looking for the best way of communicating with their clients and they do everything humanly possible to persuade the customers of their product’s quality and the benefits that people get from using their products or services.

Therefore, communication has become a fundamental aspect of marketing, and a key success factor for the company. Organizations use various forms of marketing communication in order to meet financial or non-profit targets.

Integrated Marketing Communication (IMC) is one of the most important communications trends adopted all over. The emergence of this concept has influenced thinking and acting among companies but also authorities, state owned companies and political parties, all facing the realities of competition in an open economy.

Marketing organizations are increasingly paying an emphasis on integrating their messages, procedures, and communications within their formal organizational boundaries. Some 20 years ago academics and professionals discussed theory and practice of business communication but without considering the idea of integration as a realistic approach to reach a competitive strategic position for the company. Some early attempts in the beginning of the 1980s initiated academic interest and articles appeared in the academic literature. From the beginning of the 1990s IMC became a real hot topic in the field of marketing.

Few years back, major portion of marketing budgets went to advertising. Now the situation has changed, the money is allocated into various activities such as trade promotions, consumer promotions, branding, PR and advertising. The allocation of communication budgets away from mass media and traditional advertising has obviously promoted IMC in recognition and importance for effective marketing. The emergence of IT has fundamentally affected the media practices, contributed to an extensive deregulation of markets and individualized patterns of consumption and increased the segmentation of consumer tastes/preferences. The key has been ‘value’ and several combinations of methods are used, all aiming to raise benefits and reduce costs.

Companies cannot be considered legitimate players if there is no consistency between messages, words, behaviors, procedures and
deeds. Therefore, it is very important for people to understand the importance of integrated communications.

The American Association of Advertising Agencies defines IMC as “a concept that recognizes the added value of a comprehensive plan that evaluates the strategic roles of a variety of communication disciplines, and combines these disciplines to provide clarity, consistency and maximum communication impact”. Jones & Schee, (2008) consider that integrated marketing communication represents a combination of direct marketing, general advertising, sales promotion and public relations.

The eventual role of the IMC is to convey a consistent message to customers. Effective IMC approaches foster companies to effective usage of promotional resource and to build longer term sustainable consumer relationships.

The concept of IMC is increasingly accepted by many firms due to a number of advantages. The mass media advertising was initially thought of as viable and useful. However, nowadays specialists consider it ineffective because of high cost involved and the unpredictable target audience. Today, firms use precisely targeted promotional techniques such as direct mail, cable TV, the Internet, etc. Today almost all companies seek for effective implementation of information technology in promotional aspects. These new initiatives of information technology have foster buyers and sellers to share and to promote an effective customer relationship management.

Integrated marketing communication represents the reunion of all marketing tools, approaches, and resources within a company which maximizes the impact on the consumer’s mind and which leads to maximum profit at minimum cost. Generally marketing starts from the “Marketing Mix” and also includes internet marketing, sponsorship, direct marketing, database marketing and public relations. The integration of all these promotional tools along with other components of the marketing mix to gain edge over competitors is referred to as Integrated Marketing Communication. Using outside-in thinking, it 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.

The objectives of any marketing communication process are to create brand awareness, deliver information, educate the market, and advance a positive image of the product brand. In simpler terms, “IMC refers to speaking with one voice, eliciting a response”. Therefore, “IMC is a return to building brand loyalty by building brands that deserve loyalty”.

2. BRAND EQUITY

There are two opposing viewpoints regarding brand equity. Some specialists favor the consumer-oriented perspective while others consider that the market performance-oriented perspective is best suited to conceptualize this concept. Motomeni and Shahrokhi (1998) identified two opposing perspectives or schools of thought: the marketing perspective and the financial accounting perspective.

The financial accounting perspective deals with brand equity in terms of asset valuation for the balance sheet or for merger, acquisition or divestiture purposes. One should also study brand equity because it helps improve marketing productivity. Due to higher costs, greater competition, and flattening demand in many markets, companies try to increase the efficiency of their marketing expenses. Therefore, marketers need a more thorough understanding of consumer behavior in order to improve the decision making process and the positioning of the firm’s products. It is believed that one of the company’s most valuable assets for improving marketing productivity is the knowledge that has been created about the brand in the minds of the consumers from the firm’s investment in previous marketing programs. Financial valuation issues have little relevance if no underlying value for the brand has been created or if managers do not know how to exploit that value by developing profitable brand strategies.

2.1. The marketing perspective: Customer-based brand equity

Marketers start from the assumption that the power of a brand lies in the minds of consumers and what they have experienced and learned about the brand over time. The advantage of conceptualizing brand equity from the consumer’s
perspective is that it enables managers to consider specifically how their marketing program improves the value of their brands. Although the ultimate goal of many marketing programs is to increase sales, it is first necessary to establish knowledge structures for the brand so that consumers respond favorably to marketing activity for the brand.

Aaker (1991) defined brand equity as “a set of five categories of brand assets (liabilities) linked to a brand’s name or symbol that add to (subtract from) the value provided by a product or service”. He presented in his model the five dimensions of brand equity: a) brand awareness; b) brand perceived quality; c) brand associations; d) brand loyalty; and e) other proprietary brand assets, such as patents, trademarks and channel relationships. Aaker (1991) considers these dimensions the main bases for brand equity measurement.

Conceptualizing brand equity from the consumer’s perspective is useful because it suggests both specific guidelines for marketing strategies and tactics and areas where research can be useful in assisting managerial decision making. Two important points emerge from this conceptualization. First, marketers should take a broad view of the marketing activity for a brand and recognize the various effects it has on brand knowledge, as well as how changes in brand knowledge affect more traditional outcome measures such as sales. Second, markets must realize that the long-term success of all future marketing programs for a brand is greatly affected by the knowledge about the brand in memory that has been established by the firm’s short term marketing efforts. In short, because the content and structure of memory for the brand will influence the effectiveness of future brand strategies, it is critical that managers understand how their marketing programs affect consumer learning and thus subsequent recall for brand-related information.

In conclusion one could state that brand equity helps to differentiate the product from competitors’ offerings; serves as a proxy for quality and creates positive images in consumers’ minds; presents market share erosion during price and promotional wars; and prevents market share erosion by giving a firm time to respond to competitive threats.

3. THE RELATIONSHIP BETWEEN INTEGRATED MARKETING COMMUNICATION AND BRAND EQUITY

What is the connection between IMC and brand equity and how does integrated marketing communication contribute to a company’s equity? Schultz, Tannenbaum, and Lauterborn (1993) conceptualize the effects of integrated marketing communication in terms of “contacts”. According to these authors, a contact is any information-bearing experience that a customer or prospect has with the brand, including word of mouth and the experience of using the product. All of these contacts with customers can potentially influence the firm’s brand equity. Keller (2001) considers that customers or prospects can also have contacts with the brand through marketer-controlled communication, such as: media advertising; direct response and interactive advertising; place advertising; point-of-purchase advertising; trade promotions; consumer promotions; event marketing and sponsorship; publicity and public relations; and selling. There is ample evidence in the literature that suggests that various marketing communications influence brand equity, including advertising, sponsorship, and various alternative communication options.

Taking into account Keller’s opinion, who considers that the most important purpose of the marketing communication is to create brand equity, and Schultz, Tannenbaum, and Lauterborn’s (1993) notion of marketing communications through “contacts”, one can argue that firms can use IMC to achieve high brand equity through marketer-controlled brand contacts.

Integrated marketing communication has been advanced as a strategic business process that could contribute to building brand value. Although systematic research on several strategic and tactical aspects of IMC is gaining momentum, it is widely accepted that effective communication is critical in enabling the formation of brand awareness and brand image, that is, brand equity.

Brand equity has been identified as a valuable source of competitive advantage for many organizations. Given its importance, it is not
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surprising that many organizations devote considerable amounts of resources to developing strategies that will allow them to build and/or maintain strong brands. For Duncan (2002), marketing communications is the glue that enables the connection between the firm’s efforts and customers’ favorable responses22. As Schultz (2004b) notes, brand equity is not merely built through independent forms of communication (such as advertising or public relations), but is generated by managing brand equity contacts via IMC23. IMC, with synergy among the various communications vehicles as its fundamental concept, could potentially create the greatest persuasion effect in consumers’ encounters with brand contacts24. Indeed, based on their empirical study, Naik and Raman (2003) conclude that by adopting an IMC perspective, marketers harness synergy across multiple communication vehicles to build brand equity across products and services25.

Effective marketing communication enables the formation of brand awareness and a positive brand image26. These then form the brand knowledge structures, which, in turn, trigger the differentiated responses that constitute brand equity. These researchers effectively argue that the IMC strategy is essential to the firm’s strategic brand development and that it strengthens the interface between the company’s brand identity strategy and its customer-based brand equity, that is, brand awareness and brand image. Specifically, they propose a conceptual model of brand equity in which the aspirational brand identity guides IMC in an effort to develop and maintain customer-based brand equity.

CONCLUSIONS

The ability to measure the strength of the ongoing brand relationship has been enhanced through advanced technologies that enable interactive IMC. By understanding the value and nature of customer relationships, it becomes practical for the marketer to categorize customers based on their value to the brand and the value of the brand to the customer27. Where moderate relationships exist, they might be strengthened. Where they are strong, they can be reinforced. The marketer can become proactive in developing lasting relationships with desirable customers and prospects by understanding the reciprocity that must exist between the two28.

In order for companies to display an integrated marketing communication which will enhance brand equity, they have to begin with a very well-defined and operationalized brand identity. This is the reason why firms should focus on efforts that define and develop brand identity. Next, the brand managers and firm employees should concentrate on communicating the established brand identity to every individual responsible for the firm’s marketing communications efforts. After brand managers clarify their aspirations for the brand, and are able to clearly and accurately communicate them to the brand stewards, the IMC program should commence. Whether internal or external to the marketing firm, if the brand stewards have a clear and accurate understanding of the brand identity, they are better able to develop a comprehensive, strategic IMC program that more clearly and accurately communicates that brand identity. Finally, feedback from customers, prospects, and publics regarding brand awareness and brand image, along with feedback from other entities in the environment, including competitors, will enable brand owners to adjust their brand image strategy, and/or its IMC strategy. Therefore, the firm should pay particular attention to brand-related market information from the environment.

References

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Endnotes