Solving Marketing Problems with an Integrated Process

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In this inaugural issue of the *International Journal of Integrated Marketing Communications,* it will be useful to review some of the basic issues, elements and factors that have driven the development of this new discipline over the past dozen or so years. The greatest changes in Integrated Marketing Communications (IMC) have occurred since the electronic era of communications emerged in the middle 1990s with the advent of the internet and the World Wide Web. Other technological changes have since occurred, coming primarily from the development of digital technologies that have enabled the so-called 2G systems, mobile, social networks and a host of other new media technology tools and delivery channels. In my view, it is this challenge of combining traditional outbound marketing communication approaches, such as television, magazines, newspapers and the like, with the new consumer activated systems such as search, blogs, social networks and the like which is the greatest challenge to the marketing communications field today.

In this article, I identify how the changes occurred and what they mean to students and educators. I then provide a market-tested process which can be used to help develop an on-going approach which can be used in all markets, for all types of products or services in any type of economic system. Using this approach, faculty will find a process that is easy teach to teach, students can easily comprehend and a methodology that will stand both in good stead in the marketplace they both will face going forward. I start first with a brief background to set the stage of the new IMC process.

BACKGROUND

As long as there have been buyers, makers, and sellers, there have been marketing and marketing communication challenges and opportunities. Historically, these problems were solved on an individual level. The seller had immediate and personal contact with the buyer in the marketplace . . . the bazaar, retail shops, peddlers going from town to town and a multitude of other alternatives. The key thing about these markets was that the seller could learn first-hand what the buyer wanted or needed and the buyer could express his or her wishes and desires. So, the matching process between buyer and seller was immediate and effective. But, while the system was personal, it wasn't very efficient.

As the marketplace evolved, complexity emerged primarily as sellers attempted to meet the needs of more buyers and buyers sought more alternatives than the ones offered by a single seller. Thus, the distance between the buyer and the maker increased, even though the seller channels and distribution systems helped make the market more efficient. The major problem, of course, was because of the distance, the maker didn't really know the buyer's needs or wants. And, alternatively, the buyer often didn't know where to find the maker's products or services. It was often simply a case of matching that was required which was often solved through increasingly large and more complex physical, marketplaces.

As the market became even more diffused over time, both in terms of products and through geographshift. And, as technology diffused, many products and entire categories became commoditized, that is, there was little product differentiation other than the name and the price. In short, in the last 15 years or so, buyers have come to dominate the makers and re-sellers. Buyers know what they want and have a variety of ways to access products, services and, of course, makers and re-sellers. Makers and sellers, having focused most of their resources on economies of scale and logistical efficiencies, have limited customer or prospective buyer information. Thus, sellers know primarily what they have to offer, not what buyers want. Alternatively, consumers know what they want, where they'd like to buy it and what price they are willing to pay. Thus the gap between buyer and seller not only continues to exist, it has likely increased over the past few years. So, while buyers were developing changing needs and requirements, makers and sellers have often remained mired in the internally-focused 4Ps concepts of a supply-chain approach.

The problem today is that the 4Ps approach, developed over 50 years ago, was created for a marketing organization, a marketplace, and groups of customers, channels, and consumers that are dramatically different now than they were then. The 4Ps approach also is primarily managed for and by people inside the various "making and selling" organizations. Thus, because of their focus, they often have little knowledge, understanding, or regard for customer wants, needs, or requirements. Their goal is to manage the activities they control and "sell" the products they have available. So, while buyers have gotten closer to re-sellers, the up-stream sellers, and particularly the makers, have not gotten very much closer to their buyers.

ENTER INTEGRATION

In the late 1980s, a movement called Integrated Marketing Communication, or IMC, began in the United States. Initially, IMC was focused primarily on how to align and coordinate the firm's external marketing communication activities. That is, the goal was to "integrate" all the communication efforts the firm was sending out to prospective buyers so that a clear, concise view of the product or service being promoted was presented. The premise was, as has been the 4Ps approach over the years, that if the maker or seller could develop effective selling messages, the buyer would respond. Thus, the concept of IMC originally developed as a way in which the maker or re-seller could get closer to the buyer by aligning and integrating internally the various marketing and communication tools the selling company used externally.

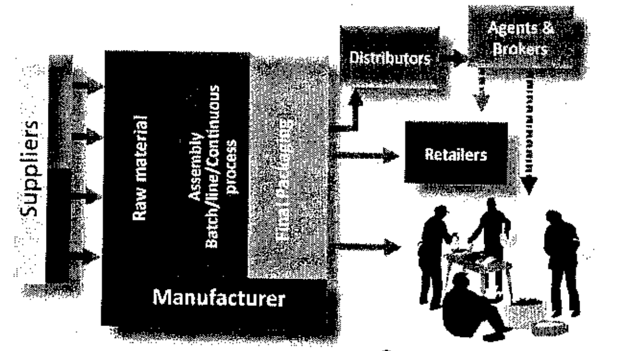
Using this view, the first IMC efforts were focused on creating "one sight, one sound" for the maker or seller. The basic premise was that these "integrated communication activities" would provide a more effective and efficient selling tool for the marketer or re-seller. It was hoped this integration of communication might also offer some customer or buyer value as well, but that was expected to come as a by-product of the effort, not as the primary goal. Again, we can see the traditional 4Ps thinking . . . here's what we want to do and here are some ways we can do it.

As information, transportation, logistics, and distribution techniques improved in the 1980s and 1990s, the concept of integration began to expand. It became clear to most maker and re-seller managers that integration was needed to organize all the firm's efforts to focus on finding and serving customers, effectively and efficiently, at least from the sellers view. Thus, integration fed into the conceptual base for what has now become supply chain or logistics management approaches and activities. The supply-chain is, of course, simply an extension of the 4Ps idea. That is, sellers, by managing various activities they control, should or would or could be able to create marketplace value by enhancing the activities involved in producing and distributing products and services and making them available to buyers. For example, by reducing time to market, creating just-in-time distribution systems, enlarging economies-of-scale that enable lower end-user pricing and the like, makers and re-sellers believed they could create more value for the buyer and, of course, more profit for the marketing organization.

And, that, essentially, is how the marketing systems developed during the decade of the 1990s. A supply-chain approach in which the maker and re-seller attempted to integrate and align ways and methods of creating what they believed would be actual or perceived value for the buyer. That concept is illustrated in Exhibit 1.

The supply-chain approach is a great idea, at least

Traditional 4Ps Supply Chain Model



Adapted from M. Porter Exhibit 1 Customers/End Users

Customer-Driven Demand-Chain Model

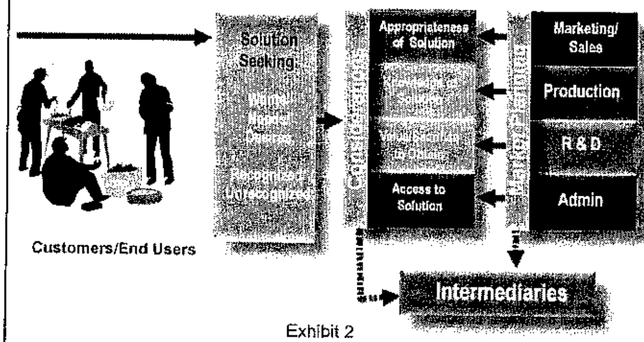


Exhibit 2

from the seller's point of view. It is practical and possible, and it adds value that the maker and seller can acquire during the process. But, in too many cases, it is totally out of sync with what customers want or need. The reason? It is still based on the 4Ps, that is, what the maker and seller want and can do with the products and services, elements and activities they control. That simply means that the maker and reseller are still focused on the development of the supply-side elements (i.e., products or services), the pricing of those products or services to provide a return to the marketing organization, distribution in ways that are most effective and efficient for the maker, and an outbound promotional communication system that is focused on efficient delivery of the marketing organization's messages and incentives. So, while we use new terms, such as supply chains and logistical systems, the approach is still based on the elements of the 4Ps of marketing.

AN ALTERNATIVE VIEW OF INTEGRATION

In the early 1990s, an expanded and alternative view of integration began to develop in the Integrated Marketing Communications Department at Northwestern University. That view was a composite approach, suggesting that rather than developing integrated approaches from the view of the marketing organization or the seller, better marketing results could or would come from developing an integrated approach around the views and needs of the customer or buyer. Using a variety of existing tools and approaches in new and different ways—data and databases, interactive communication systems, financial models of customer income flows, and the development of processes rather than more corporate functions—a new demand-based marketing system began to emerge. That's illustrated in Exhibit 2.

The IMC approach, as it has been developed at Northwestern, is just the reverse of the traditional 4Ps marketing approach. Rather than looking at how the seller can create value for the buyer, it starts with identification of the problem solutions or benefits customers want, need, and desire. Rather than identifying how the organization wants to sell, it starts with how customers want to buy. Rather than looking at how the organization wants to price the product or service, it starts with the level of value the customer is seeking and how much sacrifice (i.e., money, time, effort, etc.) they are willing to make to obtain that value. And, rather than looking at what the marketing organization wants to tell the customer, the IMC approach starts with what the customer wants or needs to know about the solution to their problem, question, or concern, and how they, the buyer, would like to obtain the information that would enable them to make informed and relevant purchasing or acquisition decisions.

MOVING FROM FUNCTIONS TO PROCESSES

The primary difference in the IMC approach to developing marketing solutions and the traditional methods, based on the 4Ps, that have been used for the last 50 years, is the introduction of a marketing and marketing communications process. While there have been methodologies developed over the years to provide methods of developing advertising campaigns, public relations programs, sales promotion events and the

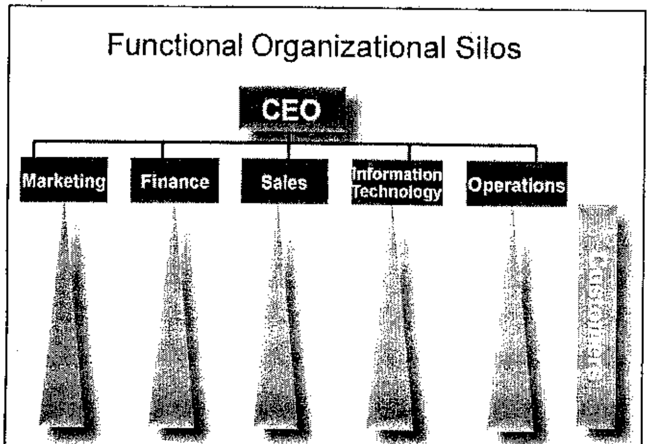


Exhibit 3

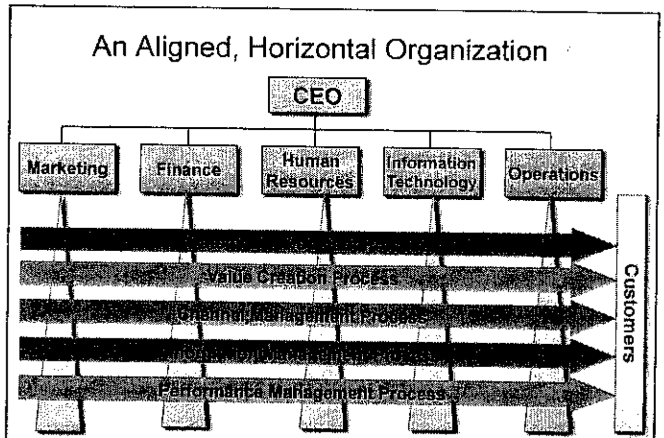


Exhibit 4

like, there has, until this point, not been a coordinated process that assists the manager in developing and executing an integrated marketing communications (IMC) plan.

What we have developed is, in reality, a process, not a planning tool. Process is an approach that can be used to solve problems in a rational, information-based, consistent way starting with the customer needs and moving all the way through the process to resolution and marketplace execution. Best of all, the IMC process is quantitatively based, that is, organized on a financially measurable, accountable approach, an area in which marketing and marketing communication practice has been notoriously weak.

For the most part, organizations lack processes in dealing with customers. Many have no specific group dedicated to customers or customer understanding. This responsibility is commonly shared among a number of groups ranging from market research to customer service. Thus, there is no locus of knowledge representing the customer. And, even if there is a common locus, it is not often shared among the functional silos that are touching or attempting to serve customers and prospects.

Much of the problem comes about because most firms, indeed even the smallest, are put together using some type of functional organizational structure. In this system, managers report upward vertically to other, higher level functional managers. Unfortunately, there is little or no cross-functional activity among or between the functional groups. Further, marketing generally is only one of the functional groups found in an organization that makes and attempts to sell the firm's products and services. For example, there is often a sales force, distributors, call centers and the like. The typical structure of many modern-day companies is illustrated in Exhibit 3.

As can be seen, in organizations of this type, marketing is simply one of the organizational functions, along with finance, human relations, operations, and so on through which the firm is structured. All these functional groups report upward in some type of command-and-control system. Managers of the functions are dedicated to maximizing the facilities and resources they control or for which they are responsible. (That's really what the 4Ps is all about, managing the internal resources of the firm.) Customers, as shown, are off to the side, in essence, an afterthought. The assumption is that if each of the functions does its job, optimizes its resources, and meets management's goals, customers and buyers will magically appear, will buy the firm's output, and come back for more, hopefully on a continuous basis. Clearly, this is a supply-chain approach that suggests that, somehow, the organization can create value within the functions and find some way to deliver those values to the customer or buyer without knowing much, if anything, about the needs or goals of the customers they are trying to serve. It's a 4Ps approach, applied to the entire organization.

While the structure shown above might have been relevant in the 1940s and 1950s when the 4Ps and current-day marketing management theory and practice were developed, it is less relevant today. What is needed in the 21st century is an integrated process or system that focuses on customers and brings all the functional elements of the organization together to meet customer needs and solve customer problems.

One approach is illustrated in Exhibit 4.

As shown, there are five "processes" required to bring the firm closer to the customer and to align and integrate the firm from the customer's perspective.

The introduction of these new processes create many problems for the functionally-organized maker or seller. It requires that the various functional groups work together and relate to customer needs, not management mandates. It requires an external view of the marketplace, i.e., what customers want and need, not what the organization can or is capable of producing. It challenges the seller to think "demand chain," not "supply chain," a radical departure from what most managers are accustomed and trained to do. In short, it requires a different type of maker or seller organization than the one that was in place when the 4Ps were first developed in the 1950s.

While the change in the seller's focus is almost revolutionary, results can be, and often are, dramatically greater for the organization that is able to take on and master this type of realignment. Examples of organizations that have either mastered this approach or are well on their way to doing so include IBM, Dell Computers, FedEx, Cisco, CEMEX, and others.

Quite honestly, this change from "supply chain" to "demand-chain" is one of the biggest challenges facing most "marketing" organizations today, that is, moving from a production to a customer orientation. Or, better said, moving to a buyer view from that of a maker or seller.

PROVIDING STUDENTS WITH RELEVANT TOOLS TO MAKE THE CHANGE

The question, of course, is what do all these changes mean for the marketing or marketing communications instructor and his or her students? This is a journal we hope will, over the coming years, be filled with all sorts of methods, approaches, concepts, and the like that will improve the teaching and, ultimately, the practice of marketing and marketing communications around the world. We hope to fill it with proven examples and illustrations of marketing organizations that have set and achieved specific goals and objectives with their IMC programs. We hope to provide articles, examples, illustrations and case histories that will illustrate solutions to the marketing problems managers have identified and described in some detail from which students can learn.

The situations inside the organization are given. The marketing organization is in place. The student, attempting to solve or provide alternative methods of finding relevant answers to the questions raised, can't change the management. Can't change what the organization does or makes. Can't totally re-do the marketing system. All the student can do is, with the assistance of knowledgeable and dedicated instructors, take the information given and try to develop pertinent answers or a meaningful solutions to the problems marketing organizations face now and will likely face in the future. The beauty of this approach, from the view of the student and instructor is that the discussions and approaches are being made within the confines of the classroom. Thus, both are free to experiment, to question, to challenge and to develop better alternatives to conventional wisdom. That means both student and professor are free to explore, and, most of all, challenge existing marketing and communication thinking.

What I believe both students and instructors need to accomplish the tasks requested and required in the years ahead is to develop a new problem-solving process. A method of gathering the right information. A process of thinking through to find the relevant alternatives. A road map to follow in evaluating those alternatives and selecting the most appropriate solution. And, that's what the IMC process my associates and I have developed. We provide a system that starts with the customer and then leads through a logical and relevant process that enables the student and instructor or the real-world manager to generate rational, or at least reasonable and practical, solutions to increasingly complex marketplace issues. A journal such as we hope IJIMC will be can provide nothing less.

The IMC process described below is one of what we hope will be a number of methods and approaches which can be used to solve IMC problems. However, the process described below is only one approach. We anticipate publishing many others in future issue of the *Journal*. The process described below is not some academic concept that sounds good in the classroom, but is totally unusable in the "real world." This approach has been accepted and implemented by a large number of companies all over the world and is in the process of being implemented by hundreds more. It works for organizations as diverse as IBM, Hyatt Hotels, and 3M. It is in place in geographies as widespread as Finland, Australia, and China. In short, it is a new, more effective way to analyze, think about and solve marketing and communication challenges in the 21st century. But, as before, it is only one approach. We hope to be able to publish a number of others in future issues of the *Journal.*

THE IMC PROCESS

The IMC process consists of five continuous and repeatable steps. It starts with the customer (it can be either the re-seller, end user or any other person or firm that moves the product toward the final user) and moves through how the marketing organization understands what solution the that customer is seeking or the alternative ways in which the buyer's needs or wants can be filled. To do that, the maker or seller must first identify the customer or prospect and their needs, wants or requirements. Next, the marketing organization, because it has limited resources, must define which customers its products and services are most suited for and how much time and effort the firm can invest in these identified customers or customer groups. That requires some type of customer valuation. Next, the marketing organization must find some way to communicate with the buyer or customer, and then measure the results of those communication plans. Once that is done, the marketing organization must evaluate the results obtainer and determine what, if any changes need to be made on the next round of communication and then recycle the process. This is what differentiates IMC from many other communication planning and development processes; that is, the marketer is engaging in an on-going, continuous communication process, not just a one-off promotion event.

With this continuous process approach, IMC moves away from the "campaign" or short-term thinking that is used in most marketing and communication approaches. Campaigns have finite and limited time frames. IMC assumes the customer is a dynamic individual or firm that changes over time and, therefore on-going communication of some form or another would be beneficial to both parties. Thus, the IMC process is continuous and ever-adapting and is designed to change as the customers or buyers the organization is attempting to serve change and evolve.

The 5-Step Integrated Marketing Communication Process

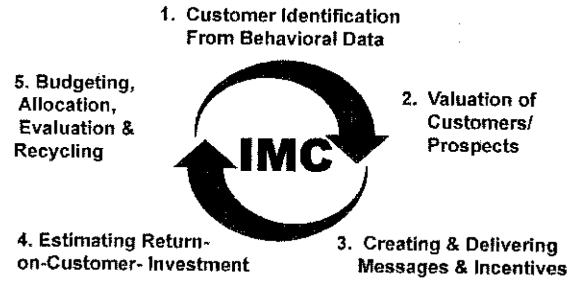


Exhibit 5

Following is brief description of the IMC process. Since the description of the process is limited here by space constraints, both students and instructors will likely want to reference the text *IMC: The Next Generation* (Schultz and Schultz, Mc-Graw-Hill, 2004) for more details.

The process, as shown below, has been constructed as a logical, step-by-step approach; therefore, it is not difficult to follow. The only caveat: The basic assumption of the IMC process is that the maker or seller within the marketing organization has, or can acquire some type of customer or buyer behavioral data. That is, data on the relevant customers and prospects it wants to serve and that is available through some type of database or data repository. A brief description of the IMC 5-Step Process follows.

THE PROCESS CHART

An overview of the IMC process is shown in Exhibit 5

As can be seen, the IMC process is a series of five interlocking steps, providing a closed-loop investment and return system. That simply means that once the IMC planner has completed the fifth step in the process, that is, budgeting, implementation and evaluation, the process is designed to be repeated. That is why the IMC process is considered to be a continuous learning system that focuses on taking the results of the current marketing and communication programs, evaluates the results, and then uses those to identify changes or adaptations that should be made in the next series of communication efforts.

The best way to understand the IMC process is a walk through the methodology.

Step One: Customer Identification from Behavioral Data

The key to understanding buyers or customers is to be able to look at them as people, not as demographic groups, psychographic cohorts or slices of a firm's sales pie. People buy products and services, not demographic groups and not psychographic units. And, to effectively develop marketing communication messages and incentives that will be of value to the customers and prospects the marketing firm wants to serve and to solve the problems they have, the marketing communications manager needs to identify customers who might have those needs or wants. There are any number of ways to identify customers, but the most common is through some type of analysis of the information commonly held in the organization's database.

Step Two: Valuation of Customers and Prospects

To develop effective, efficient plans and programs, the marketer must invest in various forms of marketing communication to influence the buyer or prospect's behaviors. That means the marketer must find some way to determine how many units customers have bought, might buy now or perhaps buy in the future. Those units must then been converted into financial measures, commonly dollars. Marketing firms invest dollars in marketing communication, and, therefore, there must be some way to estimate how many dollars the firm should invest in various customers and prospects in terms of marketing communication funds and what type of returns the firm might expect to receive. This generally is assumed to be the level or amount of present or future income flows from those customers might be.

Step Three: Creating and Delivering Messages and Incentives

To develop and deliver effective marketing communication messages and incentives is key to any marketing communication program. Those messages and incentives should have some behavioral impact on customers and prospects. And, by delivering those messages and incentives effectively and efficiently, the marketer should be able to see some behavioral reinforcement or behavioral change in the customers and/or prospects to whom they are directed.

Step Four: Estimating Return on Customer Investment

If the marketer is able to develop and deliver effective messages and incentives against the identified customers and prospects, some behavioral change or reinforcement among those selected groups should occur. And, if the marketer knows enough about those customers or prospects, the communication planner should be able to forecast what those results might be. Thus, the goal of the IMC process is for the marketing communication manager to be able to estimate returns as well as identify expenditures.

Step Five: Budgeting, Allocation Evaluation, and Recycling

If the marcom manager has some idea about the returns the communication program will achieve, it should now be possible to develop a marketing communication investment plan. Budgeting or expenditures, therefore, are at the end of the process rather than at the beginning. The logic is simple: Unless and until the marketer knows enough about its customers and prospects to estimate their present and future value to the firm, it is quite difficult to estimate what level of marketing communication investment should be made in them. Thus, unless and until the manager can estimate what level of return might be achieved at a certain spending level, he or she really has no idea how much the firm could, would, or should invest. So, the final step in the IMC process is to invest the firm's resources in marketing communication programs to the selected customers, measure the returns, and use that as the basis for the next level of investment.

With the completion of the five-step process, the Integrated Marketing Communication plan has been completed. The marketing communication manager now knows the customers or prospects the plan is designed to reach. Enough is known about them to make reasoned and reasonable investments in them through various marketing communication activities. The objective is to influence the behaviors of those customers or prospects and if the plan is successful, some estimate of the returns to the firm can be estimated in advance. . As a result, the closed loop process on which IMC is based will have been accomplished. That "closed loop" approach is illustrated in Exhibit 6.

As shown, by knowing the current value of the cus-

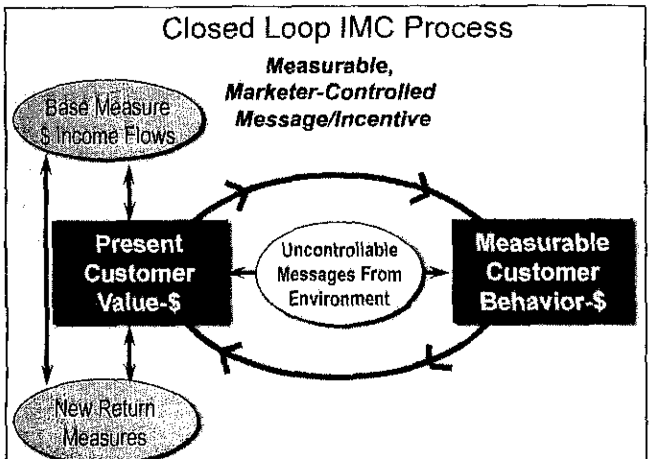


Exhibit 6

tomer or prospect, a managerial estimate of what might be invested can be made. That investment can then be compared with the hopefully increased value of the customer and thus close the loop on the process.

While there is still much work to be done to implement the marketing communication program that has been envisioned, the success of those programs should be much easier given the insights that have been developed from the 5 Step process.

IMPROVING AND EXPANDING THE IMC CONCEPT

With this view of an Integrated Marketing Communication approach, both students and instructors should have a better, more refined, methodology for the study of IMC. While this is only one approach to developing IMC programs, we believe it is a worthwhile base on which to build. Since this is the initial issue of the In this inaugural issue of the *International Journal of Integrated Marketing Communications,* we invite your comments and critiques of the approach and how it might be enhanced or improved. As before, the goal of the JOURNAL is to provide a forum for discussion and development of IMC concepts and approaches. We hope the discussion of the 5 Step IMC process has been helpful in developing these new IMC approaches.

SETTING A RESEARCH AGENDA

As with any new discipline or study area, a set of research needs are generally helpful for those entering the field or those already practicing in IMC but wishing to contribute. Below, in no particular order are the areas that appear to be the most relevant in moving our understanding of IMC ahead.

1. How do push and pull communication activities work together. That is, is there synergy among and between the various communication tactics? If so, what is that synergy and how might it be identified and used in developing more effective Integrated Marketing Communication programs?
2. What type of management or organizational structure is likely best to assure a customer-focused, integrated set of programs being delivered to customers and prospects? We know, for example, the product management approaches of the late 20th century are all internally focused with little regard for customer wants and needs. We also know the vertical silos currently in use tend to focus only on the activities of the firm. What type of organizational structure and management system will best insure a relevant IMC approach.
3. How do we measure the impact and effect of Integrated Marketing Communications programs? Presently, our measurement systems are focused on returns from primarily outbound messaging through the various forms of mass media. What is the best way to determine if and when IMC programs are working and if they are, what value they are creating for the both the customer and the organization?
4. Cross-cultural integration is critical going forward. Presently, most of our IMC concepts were developed for and by western scholars and focused on western-style markets. How does IMC work in holistic systems and communal cultures? Are the research systems the same and if not, what needs to be changed?
5. How can integrated programs be developed and implemented in less developed markets, particularly in those where research systems are not well developed and customer databases are sparse or non-existent? Is IMC only applicable in developed, data rich markets or can it be adapted to emerging markets as well?
6. What is the role of the agency and supplier organizations in developing IMC programs? Do

they lead, follow or just watch from the sidelines? In the traditional outbound, push market, their role was clear. What about now?

7. How do we teach IMC today and going forward? Do we start with a set of communication alternatives and then bring them all together at some point? Or, do we start with an integrated process and fill in the blanks as we develop the syllabus? This is a vexing problem as the articles in this first issue of the JOURNAL illustrate.

Clearly there are other issues but these seem to be the ones that continue to emerge from almost any serious discussion of IMC. We invite you to participate. Add to the list. Submit your own views and your own research. IMC is what we make it and the In this inaugural issue of the *International Journal of Integrated Marketing Communications* is dedicated to improving all aspects of IMC. So, please participate. Only if you do so will this publication become the vibrant communication vehicle we hope it will be.

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