

School of Communications

Universiti Sains Malaysia

Pulau Pinang

**Integrated Marketing Communications (IMC) as a
Model and Its Application: An Exploratory Study in
Malaysia.**

By:

Shuhaida Md Noor

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ABSTRACT

A topic of growing interest in marketing communications is Integrated Marketing Communications (IMC). It is the philosophy and practice of systematically coordinating a brand's marketing communications elements, both through planned and unplanned messages. IMC is believed to be able to provide a better management of the traditional promotional mix as well as an improved management of customer contact points, thus bringing greater return on investment for a company's marketing communications activities.

This research explored the diffusion of IMC in Malaysia focusing on the concept development, implementation and added values of IMC based on the experience of advertisers and advertising agencies. A five-country comparison study in the U.S, U.K, Australia, India and New Zealand found that the diffusion of the IMC concept and its application was found to vary from organization to organization, and from country to country. Therefore, it is believed that a similar study in Malaysia will be able to contribute to the development and conceptual framework of IMC in general, and specifically the understanding of IMC in Malaysia. It is also hoped that this research will provide a platform for future IMC research.

The triangulation method was used to answer the research questions. Data was first collected through the questionnaire used in the five-country study which was distributed to the Malaysian Advertisers Association (MAA) ordinary members and the Malaysian Accredited Advertising Agents Association (4As). In-depth interviews with advertiser

and advertising agency representatives were also conducted to provide support for the findings from the questionnaire, and to clarify confusing questionnaire responses, assist in the interpretation of the results and provide illustrations to the findings.

Three research questions were posed for this study revolving around the areas of concept definition, implementation and added values of IMC. In general, based on the view of the advertiser and advertising agency respondents in this study, it can be implied that IMC is rapidly growing in importance in Malaysia. To the respondents, IMC goes beyond the idea of "one-sight, one-sound." Concepts such as synergy, branding and customer contact points were also believed to be part and parcel of IMC. In terms of implementation, currently IMC is more likely to be executed using various unaffiliated agencies rather than a one-stop shop. Value-adds of IMC was perceived to be mostly derived from the consistencies in communications and synergy among various promotional tools. In addition, IMC also offers operational efficiencies that were found lacking in the traditional approach.

ABSTRAK

Komunikasi Pemasaran Bersepadu atau dalam bahasa Inggerisnya, Integrated Marketing Communications (IMC), semakin mendapat perhatian sejak akhir-akhir ini. IMC ialah falsafah dan amalan yang menitikberatkan penggunaan pelbagai elemen komunikasi pemasaran secara sistematik dan terancang. Dari segi amalannya, IMC dipercayai dapat mengukuhkan pengurusan elemen komunikasi pemasaran serta hubungan di antara pelanggan. Seterusnya, IMC dikatakan dapat membawa pulangan pelaburan yang lebih baik.

Kajian ini meninjau tahap penyebaran IMC di Malaysia terutamanya dari segi kefahaman konsep, amalan dan kelebihannya berdasarkan pengalaman pengiklan dan agensi periklanan. Kajian di lima buah negara di Amerika Syarikat, United Kingdom, Australia, New Zealand dan India menunjukkan bahawa tahap penyebaran IMC berbeza-beza di antara satu negara dengan negara yang lain. Oleh itu, kajian yang dijalankan di Malaysia ini diharapkan dapat menyumbang ke arah pembangunan kerangka konsep IMC secara amnya, dan ke arah pembangunan IMC di Malaysia secara khususnya. Juga diharapkan kajian ini dapat menjadi asas kepada penyelidikan IMC di masa hadapan.

Kaedah *triangulation* digunakan untuk menjawab persoalan kajian. Dalam fasa pertama, data dikumpul menerusi borang soal selidik yang telah digunakan di dalam kajian lima buah negara yang disebutkan tadi. Borang soal selidik tersebut di hantar kepada para ahli *Malaysian Advertisers Association (MAA)* dan *Accredited Advertising Agents Association (4As)*. Seterusnya, temubual bersemuka diadakan bersama wakil dari pengiklan dan agensi pengiklanan untuk memberikan sokongan kepada data yang diperolehi dari borang

soal selidik dan seterusnya memberikan penerangan mendalam serta ilustrasi untuk data tersebut.

Tiga persoalan berkaitan kefahaman konsep, amalan dan kelebihan IMC telah diketengahkan untuk kajian ini. Secara amnya, kajian mendapati IMC semakin tersebar luas di Malaysia. Para responden menyatakan IMC melangkaui konsep “satu imej, satu suara.” Konsep seperti sinergi, jenama dan hubungan pelanggan dikatakan turut menjadi tulang belakang kepada IMC. Buat masa ini IMC lazimnya diuruskan melalui penggunaan khidmat pelbagai agensi berlainan dan bukannya menerusi agensi sahenti. Kelebihan IMC pula lazimnya dikaitkan dengan konsistensi dalam komunikasi di samping sinergi hasil gabungan pelbagai elemen komunikasi pemasaran. Selain itu, IMC juga dikatakan memberikan kecekapan pengendalian yang sukar dicapai menerusi amalan komunikasi pemasaran tradisional.

TABLE OF CONTENTS

Chapter

1. Introduction.....	1
1.0 Focus of the study.....	1
1.1 Problem definition.....	5
1.2 Significance of research.....	8
1.3 Research questions.....	9
1.4 Research objectives.....	9
1.5 Scope and limitations of the research.....	10
2. Literature review.....	12
2.0 Overview.....	12
2.1 IMC development.....	16
2.2 IMC in Malaysia.....	20
2.3 Conceptual framework.....	25
2.3.1 Concept definition.....	25
2.3.1.1 Integration.....	26
2.3.1.2 Consumer focus.....	29
2.3.1.3 Synergy.....	32
2.3.2 IMC implementation.....	37
2.3.2.1 Stages of implementation.....	37
2.3.2.2 Barriers in implementation.....	41
2.2.3 IMC added values.....	45
3. Research methodology.....	49
3.0 Introduction.....	49
3.1 Sampling procedure.....	51
3.2 Structure of questionnaire.....	51
3.2.1 Reaction to the IMC definition.....	51
3.2.2 Implementation of IMC.....	55
3.2.3 Added Values of IMC.....	55
3.2.4 Personal and organizational demographic.....	55
3.3 Data analysis.....	55
4. Findings and Data Analysis.....	5
4.0 Demographic response profile.....	5
4.1 Concept definition and growth of IMC.....	7
4.1.1 Definition of IMC.....	7
4.1.2 Factors driving the growth of IMC.....	7
4.2 IMC implementation.....	9
4.2.1 Stages of integration.....	9
4.2.2 Client-agency relationship.....	9
4.2.3 Internal management structure.....	9
4.2.4 Barriers to integration.....	10
4.3 Added values of IMC.....	10

5. Discussion and conclusion	11
5.1 Concept definition and growth of IMC.....	114
5.1.1 Concept definition.....	114
5.1.2 Growth of IMC.....	117
5.2 Implementation of IMC.....	119
5.2.1 Promotional mix.....	119
5.2.2 Client-agency relationship.....	120
5.2.3 Internal management structure.....	122
5.2.4 Barriers to integration.....	123
5.2.5 Stages of IMC implementation.....	125
5.3 Added values of IMC.....	125
5.4 Implication of study.....	127
5.5 Direction for future research.....	127
5.6 Conclusion.....	128
References.....	131
Appendix 1 – Questionnaire (Advertiser).....	135
Appendix 2 – Questionnaire (Advertising Agency).....	149
Appendix 3 – Questionnaire attachment letters.....	163
Appendix 4 – Questionnaire reminder letter.....	166
Appendix 5 – Interview session line of enquiries.....	168

LIST OF FIGURES AND TABLES

List of Figures

4.1 Amount of time devoted to IMC programs.....	60
4.2 Budget 2003 allocation for marketing functions.....	63
4.3 Extent of integration of marketing functions (advertisers).....	67
4.4 Extent of integration of marketing functions (advertising agencies).....	68
4.5 Effect of IMC on the number of staff employed.....	98

List of Tables

2.0 The differences between classic and integrated communications.....	14
4.1 Demographic response profile.....	58
4.2 Budget 2003 allocation for IMC programs.....	61
4.3 Budget outlook for IMC in 2004.....	64
4.4 Compensation method used by advertisers and advertising agencies.....	65
4.5 Reactions to definition of IMC.....	72
4.6 Growth of IMC.....	77
4.7 Factors driving IMC's growth.....	79
4.8 Stages of integration.....	91
4.9 Statements on implementation (client-agency relationship).....	93
4.10 Statements on implementation (internal management structure).....	99
4.11 Barriers to integration.....	101
4.12 Added values of IMC.....	105

CHAPTER 1

INTRODUCTION

1.0 Focus of the Study

Traditionally, marketing communications elements such as public relations and advertising were often treated as separate practices run by different units within an organization. Schultz, Don and Kitchen, Philip (1997:8) believed that marketing communications in the past was driven by the basics of segments and segmentations, focusing on breaking down concepts and activities into ever more finite specializations. Promotional tools such as advertising, personal selling, public relations, sales promotion, sponsorship and point of purchase communications were usually developed, run and monitored separately from one another. The common view was that specialization would lead to effectiveness in reaching the target audience. In addition, most marketing communications activities were run independently without much involvement with other organizational functions such as finance, corporate development, and other marketing mix such as price, product and placement. Consequently, the hierarchical structures practiced in many organizations compartmentalized authority into segregated units thus hampering the integration of resources and the sharing of knowledge within the organization (Fill, 2001:415). External marketing communications service providers also tended to specialize in a single field, either in advertising, or public relations or sales promotion. The lack of integration resulted in discordant communications that demonstrated little systematic effort to coordinate the messages consumers received.

The changing marketplace however urged marketers to reevaluate the traditional form of marketing communications. In today's marketplace, marketers are increasingly pressured

to improve the management of traditional promotional mix as well as to find new customer contact points in order to increase the return on investment for their marketing communications activities (Iacobucci & Calder, 2003:xxi; and Shimp 2000:423). Advertising, the key traditional marketing communication tool, was found not to be the most effective or financially efficient medium for communicating with customers or other stakeholders (Shimp, 2000:423; Iacobucci & Calder, 2003:8; Fill, C., 1995: 6). It was realized that customers have many brand communication contact points beyond the measured media such as at point of purchase, packaging of products and word-of-mouth situations (Iacobucci & Calder, 2003:9). The cost of reaching audience has also increased due to the fragmentation of audience, and proliferation of media. Moreover, the rise of the Information and Communications Technology (ICT) particularly the Internet has increased consumers' sophistication in information gathering. At the same time ICT provides marketers with greater information on customers and the marketplace as well as better market management tools. The above mentioned market trends are among the factors that have motivated marketers to find a better way to communicate with the consumers.

Integrated marketing communications (IMC) surfaced from the belief that the integration of all communications elements is imperative for successful communications in the changing marketplace. IMC is the philosophy and practice of systematically coordinating a brand's marketing communications elements, both through planned and unplanned messages. It is believed to provide a better management of the traditional promotional mix as well as an improved management of customer contact points, thus bringing greater return on investment for a company's marketing communications activities (Iacobucci, 2003: xxi; and Shimp, 2000:423). Iacobucci and Calder (2003:9) observed that marketers

integrate firstly, in the marketing effort over more finely tuned segments, secondly integrate over time and other dimensions of consumer behavior and thirdly, integrate over both measured media and other communication activities.

IMC has been proclaimed as marketing best practices by many marketing communication researchers. The Journal of Business Research has published a special edition on IMC in 1996 to discuss issues of IMC and build a conceptual framework on the subject (*Journal of Business Research*, Vol 37, 1996). A review of recent Marketing Communications textbooks revealed that IMC forms an integral part of academic discussions on marketing communications (Shimp, 2003; Iacobucci & Calder, 2003; Czinkota et. al. 2000; Pelsmacker, 2001; Smith, 1999). A study on marketing management view of IMC on 121 US companies also revealed that IMC is considered a subject of major importance when considered among 12 other advertising and/or marketing subjects (McArthur & Griffin, 1997:20).

However, the diffusion of the IMC concept and its application was found to vary from organization to organization, and from country to country. A five-country comparison study in the U.S, U.K, Australia, India and New Zealand found that although IMC is prevalent in these countries, the stage of its development varies from the introduction stage in the case of India and Australia, growth in the case United Kingdom and New Zealand and early maturity in the case of United States (Kitchen & Schultz, 1999).

In Malaysia however, there has been little comprehensive research on IMC development although interest on the subject is growing rapidly at both the academic and industry level. In Universiti Putra Malaysia for example, IMC is taught in the Masters of Business

Administration program. In Universiti Teknologi MARA as well as many other higher learning institutions, the subject of IMC has been incorporated in their Mass Communications curricula.

At the industry level in Malaysia, advertising agencies have also shown interest in employing IMC to enhance their services. Khairudin Rahim (1999: 40), Managing Director of the advertising agency Ammirati Puris Lintas Kuala Lumpur in 1998 urged that advertising agencies view their services beyond the advertising of ideas. He believed that advertising agencies should provide a total persuasion program encompassing the realms of brand-customer relationship, customer acquisition programs, and customer retention programs. Total persuasion according to a source that he quoted means: "*to involve consumers at different points in time, at different places, in different mindsets until a sale is made*". In 1998, Grey Malaysia produced a booklet, *Certain Solutions for Uncertain Times*, to guide advertisers in maintaining brands in hard times through the integrated approach (Orr, 1998:14). The booklet reflected Grey's Malaysia's philosophy of "*Total Communications, Totally Integrated*." The integrated approach was believed to be valuable in building a communications program that is more focused on building sales on a reduced budget, ensuring that the momentum of building brand values is not lost during hard times. Bates is another advertising agency in Malaysia that offers a fully integrated total communications solutions (Osborn, 1999: 20). Rick Osborn, the president of Bates Asia in 1999 believed that the Malaysian advertising industry must adopt new approaches in the face of shrinking advertising budgets. He emphasized the needs for the integrated approach that incorporates various marketing communications solutions in order to provide seamless campaigns using the most economical and efficient pathways to reach consumers.

From the advertisers' front, local and multinational companies alike are moving towards IMC. TMNet and Perodua are two examples of local companies that are increasingly using the integrated marketing communications approach. As for multinationals, Nestle and Cadbury are two companies that have been noted to extensively embrace the IMC approach.

The IMC approach, therefore, is not new in the Malaysian market. The past five years, specifically at the onset of the 1997 financial crisis, saw marketers and academicians beginning to take a serious look at IMC both in practice and in theory. This research will study how the IMC approach is developing based on the experience of advertisers and advertising agencies.

1.1 Problem definition

The varying degree of IMC development discovered in Kitchen and Schultz (1999) five-country study prompted similar research to be carried out in Malaysia. Among the objectives of the five-country study was to develop an overarching perspective on IMC and to broaden its levels of understanding (Kitchen & Schultz, 1999). It is believed that a similar study in Malaysia will be able to contribute further to the development of IMC and its conceptual framework. A preliminary study shows that there is a dearth of academic research on IMC in Malaysia despite the common opinion among academicians that IMC is in fact widely practiced by companies in Malaysia. This study aims to explore the multiple dimensions of IMC development in Malaysia. It is hoped that this research will provide a platform for future research.

The concept of IMC emerged in the United States as a reaction towards its market trends such as the rise of database marketing and increased media fragmentation. As shown in the five-country study, the degree of IMC development differs from country to country as each country is faced with different market challenges. Therefore, a replication of this study in Malaysia, will offer a broader parameter for the conceptual understanding of IMC, particularly in understanding IMC's diffusion in a developing economy such as Malaysia and its development in an Asian business culture.

Malaysia is first and foremost a developing economy that is increasingly liberalizing its trade particularly with the onset of AFTA in 2003 (Siow Chen Meng, 2002). Although Malaysia is still buying time, it is expected that the agreements have to be fully complied between 2005 and 2007. These trade agreements are expected to effectively increase the competition in the Malaysian marketplace with more products and services being offered, thus forcing marketers to be more effective in trying to gain consumers and customers' ringgit.

Demographically, Malaysia is a small country with a population of 23 million that is diverse in ethnicity, religion and language. Its demographic composition poses a challenge for IMC adaptation as consistency will be much more difficult to achieve across the strata. Not only that the diverse groups embrace diverse cultural practice and norms, the wealth distribution also differs from one group to another. In this respect, one could visualize the complexity of the Malaysian population. There are various characteristics of the population that have to be taken into consideration when adopting the IMC such as wealth and geographical distribution of different groups as well as the prevailing rituals, religious practice and language preferences.

As pointed out by Schultz (1996), the growth of IMC has been much attributed to the growth of technology. Looking at the current state of technology in Malaysia, there is an increasing trend towards the adaptation of ICT in businesses although more widely so in bigger companies as opposed to Small and Medium Enterprises (SMEs). Interestingly however, a study by the National IT Council (2003) shows that the use of ICT in companies however is mostly geared towards basic communications such as emails, and simple processing such as the use of spreadsheet for operational functions such as finance and human resource. The use of IC at the strategic level such as in database management for strategic marketing is not as widespread as in countries such as the United States and United Kingdom. Therefore, the state of technology may affect the development of the IMC approach in Malaysia.

One of the characteristic of Southeast Asian businesses, including Malaysian businesses, is their opportunistic approach to business, as opposed to a planned approach (Laserte & Probert, 2001:8). According to Batey, Ian (2002:21), short-term thinking applies across most Asian based brands in Asia, with the exception of Japanese brands. Temporal, Paul (2000:3) echoed similar view, diagnosing Asian companies as suffering from strategic myopia by settling for complacency and short term gains. Following this business sentiment, the advertising-communications services industry in Asia has also been distracted by short-term thinking and practices (Batey, 2002:31). As IMC is most often thought to signify a move towards a long-term and planned approach in business, it would be interesting to explore the Malaysian businesses reaction towards the integrated approach in communications

Given the aforementioned background of Malaysia, a replication of the five country study in Malaysia is believed would be valuable in contributing to the wider understanding of IMC by providing a broader parameter for the development of the conceptual framework of IMC. The different challenges of the marketplace in Malaysia may have different ramifications on how IMC develops in Malaysia, and how it is perceived by advertisers and advertising agencies compared to their counterparts in other countries.

1.2 Significance of Research

The significance of this research are as follows:

1. To provide a baseline data that can be used to set directions in analyzing the development of IMC in Malaysia.
2. To contribute to the growing foundation for IMC conceptual framework by exploring IMC from the perspective of Malaysian advertisers and advertising agencies
3. To provide a new perspective on how marketing communications should be taught, that is to shift mindset from discipline-related curricula (e.g. advertising, public relations) to teaching about the communication processes.
4. To provide the advertisers and advertising agencies with the latest trends and perspective on IMC in Malaysia.

1.3 Research Questions

This research is designed to answer the following research questions:

1. What is the level of advertisers' and advertising agencies' understanding of the IMC concept?
2. In what ways is IMC being implemented in Malaysia?
3. What are the added values of IMC perceived by advertisers and advertising agencies?

1.5 Research Objectives

1. To explore the dimensions of IMC concept development as perceived by advertisers and advertising agencies in Malaysia. The research will attempt to discover what advertisers and advertising agencies understand from the concept of IMC. In addition the driving factors for the growth of IMC will also be explored.
2. To explore the various facets of IMC implementation particularly with reference to the client-agency relationship and internal management structure. Barriers to its implementation will also be explored.
3. To ascertain the extent to which advertisers have implemented IMC, with reference to the four stages developed by the American Productivity and Quality Center (APQC: 1998).

4. The research aims to look at the areas in which advertisers and advertising agencies find IMC most relevant or valuable to their practices.

1.6 Scope and Limitations of the Research

1. The findings of this study are confined to the perception of the Malaysian Advertiser Association (MAA) and the Accredited Advertising Agents Association (4As) members. As this research is utilizing a non-probability convenience sampling method, the population characteristics cannot be estimated with any statistical confidence.
2. The researcher is guided by the findings from previous studies that show advertising agencies are the leading suppliers for communication activities. The researcher is aware, however, that IMC services are not only supplied by advertising agencies, but also other organizations such as public relations firms and event management firms. Limited resources however did not allow these groups to be included in this research although the researcher acknowledges that IMC may develop differently for these groups. For example, advertisements may not be utilized as heavily by these groups compared to advertising agencies.
3. Findings from the five-country study that has formed the platform for this research show that the IMC definition used has found acquiescence though not necessarily widespread acceptance (Kitchen and Schultz, 1999). Despite this limitation, the same definition is used in this study firstly, to allow consistency with the five-country findings and secondly, due to the lack of a better and widespread acceptance of other IMC definitions. This research therefore employed the

definition with the aim to drive the thinking process and stimulate opinion on how the IMC concept should be defined.

4. The lack of input on the size of organizations by respondents did not allow the researcher to determine the relationship between organization size and the implementation of IMC. The researcher is aware however that organization size may influence the ways in which IMC is implemented.

CHAPTER 2

LITERATURE REVIEW

2.0 Overview

The integration of marketing communications has been practiced in varying forms for more than two decades. Cornelissen (2000:8), proposed that the idea can be traced back as early as 1970s and gained salience in the early 1980's. However, in its earlier form, integration was found mostly in the view of the marketers, who adopted the "one-sight, one sound" approach (Kitchen & Schultz, 1999:22), but not integrated from the customers' point of view (Iacobucci & Calder, 2000: ix). The concept of Integrated Marketing Communications as it is known today has only evolved in the past ten years when researchers took a more holistic view of marketing communications where customers' standpoint took precedence (Schultz, 1996; Gronstedt 1996; Englis & Solomon 1996).

The APQC (1998: 6) proposed that the rise of IMC can be attributed to the realization that communications must move beyond functionally driven, internally focused approaches and embrace a more holistic strategy focusing more on external factors such as customer insights and customer values. Ultimately, the APQC believed that IMC should lead to a distinct sense of customer orientation reflected in all aspects of an organization and its operations that will add value for customers, provide a framework for resource allocation, and achieve sustainable competitive advantage.

The IMC approach recognizes that consumers absorb information about a good, service or organization from various sources. These include both formal marketing messages that are controlled by the marketer, and unplanned messages beyond the control of marketers (Englis & Solomon, 1996: 183). The plethora of messages in the marketplace may confuse the consumers if the messages are inconsistent or conflicting. According to Pelsmacker, Geuenes and Van de Bergh (2001: 10), the integrated approach reduces the confusion by emphasizing consistency and synergetic effect between tools and messages. The integrated approach acknowledges that all marketing communications activities must start with the consumers. Emphasis is placed on the things that are relevant and meaningful to each segment of consumers by considering all contact points or touchpoints of the consumers and the brand. The ultimate goal of IMC is to develop a communication program that will form a single integrated experience from the consumer's point of view.

According to Pelsmacker, Geuenes and Van de Bergh (2001:10), integrated communications are much more personalized, customer-oriented, relationship-based and interactive compared to traditional marketing communications. The major differences between traditional marketing communications and IMC were delineated in Table 2.0 below:

Table 2.0: The differences between classic and integrated communications

Classic communications	Integrated communications
Aimed at acquisition	Aimed at retention, relationship management
Mass communications	Selective communications
Information is sent	Information is requested
Information provision	Information – self service
Sender takes initiative	Receiver takes initiative
Persuasive ‘hold up’	Provide information
Effect through repetition	Effect through relevance
Offensive	Defensive
Hard sell	Soft sell
Salience of brand	Confidence in brand
Transaction-oriented	Relationship-oriented
Attitude change	Satisfaction

Source: Pelsmacker, Geuenes and Van de Bergh, J. (2001:10).

The rise of IMC is also often linked to the changes in the marketplace brought about by technological advancements. Schultz (1996) provided a comprehensive analysis on how and why integrated communications emerged. He believed that integration in the marketplace is inevitable because it is being driven by technology. By technology, he not only referred to the much publicized information communication technology, but also the total technological revolution that has moved the society from the industrial to the information age.

According to Schultz (1996), one of the most significant effects of the information age on the marketplace is that it created the intersection of communication and distribution. In the industrial age, the “mass” approach typified most marketing communications activities. One message is commonly used to address consumers at all level, focusing on the product rather than the consumer. Mass advertising was the most popular method used to reach consumers. Communications were conducted as a linear, one-way process with limited feedback from the consumers. Schultz (1996:140) believed that technological advancement has reversed the situation. The first indication came in the form of the Universal Product Code (UPC) system that was used to track products sold in retail stores. The system provided a feedback system that could tell how consumers react to the changes introduced in the marketplace such as advertising, price promotion and new product introduction. The information from the UPC system told the marketers and advertisers that consumers’ behavior is influenced by compounded factors and not just advertising. It was realized that the whole system has to be taken into consideration when devising communications program because the whole is generally greater than the sum of the parts. It is the recognition of the holistic communications system that drive the current acceptance and use of the integrated communication programs.

Schultz, D (1996:145), asserted that in the 21st Century Marketplace, “*senders become receivers and receivers become senders*” as the communication flow is now in both directions. In the Information Age, the feedback loop became more obvious as the consumers gained more and more control of the marketplace. Consumers today have the capability not only to communicate their desires and thoughts more directly to the suppliers, but also have the ability to purchase through the media, the retailer and the

manufacturer on an interactive basis. Consumers can access and requests information as and when they like it. They no longer depend on the marketers or advertisers to supply the information or messages they need. Moreover, with technologies such as the credit card, toll-free numbers and internet purchase, the consumers could purchase from home. As such, Schultz concluded that the integrated approach in marketing communications is inevitable in justifying and determining the roles of marketing communication activities such as advertising, direct marketing and sales promotion in the new marketplace. The question therefore is how to make sure that all the communications activities can be orchestrated to maximize impact, minimize wastage and elicit the desired response.

2.1 IMC Development

According to Kitchen and Schultz (1999), the first formal study on the conceptual framework of integrated approaches to marketing communication activities can be traced back to Caywood et. al. in 1991. The study reported that 67% of large consumer goods advertisers indicated that their companies used IMC. The study concluded that “...*the organizations responding to this study value and support integrated marketing communications,*” (cited in Phelps, Harris and Johnson, 1996: 218). In another study by Phelps, et. al. (1994) on publicly traded companies, 76% of the respondents were found to practice some form of IMC (cited in Phelps, J. et. al., 1996:218).

Exploratory studies on perceptions of advertisers and advertising agency further prove that IMC is not merely a “*managerial fad*” as claimed by IMC critiques (e.g. Cornelissen, 2000). Most perception studies involved advertisers and advertising agencies. One of the key studies is the study by Kitchen and Schultz (1999) conducted in the United States, United Kingdom, Australia, New Zealand and India. In that study,

advertising agencies responded to a survey designed to explore the perceptions on IMC. The goal of the study was to develop an overarching perspective on IMC and to broaden the parameters of IMC by considering its development in the five countries. The study revealed that the concept of IMC is a result of marketers' reaction to various market trends such as new forms of information technology, media fragmentation, clients' desire for interaction, synergy and global and regional coordination. At the individual level, however, discrepancies were observed among the countries studied. For example, the time devoted to IMC was found to be significantly higher in the US and UK compared to the other three countries. Of the five countries, the time and percentage of advertising budgets devoted to IMC activities was found to be markedly lower in Australia and India. It was also found that of the five countries, New Zealand and Australia have moved the least toward IMC.

The study most importantly indicate that although IMC was prevalent and accepted in the countries studied, the degree and forms of IMC implementation varied from country to country. Following the product life cycle analogy, the researchers of the study had categorized India and Australia as being in the introduction stage, growth in the case of United Kingdom and New Zealand and early maturity in the case of United States. The variations in the findings were attributed to various internal and external factors such as size of the country, local languages and culture. A study by George, Low (2000:31) for example showed that the rate of customer and competitive change in the marketing environment were found to be negatively associated with IMC. The state of technology of a country, particularly in database development, may also affect IMC adaptation as information technology has been recognized as one of the main drivers for IMC (Kitchen and Schultz, 1999:23).

The five-country study was also replicated in an emerging market, South Africa (Kallmeyer & Abratt, 2001). In addition to the objectives of the five-country study, the South Africa study was extended to include an investigation on how advertising agencies organize their operations when implementing IMC. The study revealed that most South African advertising agencies are developing IMC strategies quite extensively. The organizational changes in these agencies were made to improve efficiency, to satisfy client demands and to ensure international alignment. The study also highlighted that many advertising agencies were trying to become marketing consultants and multidimensional communications practitioners, and were becoming more marketing orientated rather than advertising driven. In general, the South Africa findings are similar to those of the five-country study, with differences being a matter of degree rather than substance.

Another study on IMC perceptions was conducted by McArthur, David and Griffin, Tom (1997). Instead of advertising agencies, the study was conducted to understand the advertisers' perspective on IMC. The perception study was conducted on leading U.S. national advertisers in consumers, business, service, and retail organizations. The study attempted to learn more about the variation of communication alternatives employed by the marketers. It also looked at how they coordinate and source the marketing communications activities. Like the five-country study, this study found that the subject of IMC is regarded as substantially important. However, the study discovered various inconsistencies with previous studies. Most importantly, the study found that different types of marketers gave different priorities to different marketing communications activities. For example, consumer, service, and retail marketers pay emphasis for point-of-sale material and mass media in their marketing communications program. Service

marketers paid special attention to direct response programs while retailers favored special events. Business marketers on the other hand, considered a mix of four activities as opposed to only two or three for other types of marketers. They were found to favor product publicity, public relations, trade publications, exhibits and shows. The study emphasized that different market situations demand different communications tools and techniques.

The concept of IMC has also been studied from a global perspective. A study on Global Integrated Marketing (GIMC) was conducted by Gould, Lerman and Grein (1999). The study reports on the survey of GIMC perceptions and practices among U.S based executives of large multinational advertising agencies. This study is significant for multinational companies considering a global managerial coordination regardless whether they are practicing the standardized or adaptive communications approach. The study revealed the importance of interoffice coordination, coordination of promotion disciplines, centralization, frequency of interoffice communications and the use of information technology. The study concluded that “...*GIMC offers the possibility of managing global communications in a contingent manner which is compatible with each agency's (and client's) particular promotion environment,*” (Gould, Lerman & Grein, 1999: 18)

Following the above studies, a key study in discovering the correlates of IMC was conducted by Low (2001). The objective of the study was to identify factors that were significantly correlated to the degree of integration of a company's marketing communications activities in U.S. companies. The study revealed that firms that were likely to integrate their marketing communications programs were small, consumer

focused, service oriented companies and were commonly found in the manufacturing, agriculture, forestry and mining industries. Managers in firms with greater integration were found to be more experienced. Their products and services were also found to be experiencing share growth. More importantly, IMC was found to be negatively related to competitive change in business. However, it is positively related to competitive intensity. In a case (e.g. country, state etc.) where competitive change was high, the uncertainty involved such as the introduction of new products and new competition was believed to work against IMC as marketers are more prone to act in a reactive manner aiming for competitive expediency. Intense market competition, however, is more predictable thus allowing marketers to pay more emphasis on strategic objectives such as through consistent communications strategies.

2.2 IMC in Malaysia

An IMC research has also been conducted in Malaysia. A qualitative research by Latif Puteh (2003) revealed that IMC is practiced extensively by seven companies approached in the study. The researcher noted that some of these companies used the integrated approach but were not aware that it is referred to as IMC. The IMC programs practiced in these companies, Unilever, Maybank Finance, KUB, DRB, Bank Industri and Menara Kuala Lumpur, differ from one to another in terms of the vehicles used for their marketing communications. The companies usually hire a 'one-stop-shop' to run the overall IMC program. Public relations and advertising agencies were two most commonly employed agencies to run IMC programs. However, most of the companies show a higher preference for advertising agencies as they believed advertising agencies were more capable in delivering the desired results. Most importantly, the study found that all the companies said that the key objective in implementing IMC is to increase sales.

A review on trade literatures revealed that IMC gained momentum during the 1997 economic crisis when companies were hit hard by recession. The hard time forced companies to be more prudent with their spending and investments. Osborn (1998:8) believed that after a four-year bull run from 1994 to 1997, advertising in Malaysia was expected to contract by more than 20 percent to around RM2 million in 1998 compared to 1997. He also stated that advertising budgets would continue to remain under pressure for sometime thereafter. Not only that cutbacks on budgets greatly affected advertisement and promotions spending, companies also became more concerned with the returns on advertisements and promotions investments. Advertisements in particular went under close scrutiny as it typically takes up a major portion of the Advertisements and Promotions budget. During the recession, companies became more demanding that every dollar spent on advertisements is accountable to increase in sales. With the recession closing in, the integrated approach emerged as the solution to brand building and sales generation particularly in the face of shrinking advertising budgets. Companies looked for an alternative to the expensive media solution approach. The IMC approach became an attractive alternative as it offered an economical and efficient pathway to reach consumers. A check on local advertising agencies revealed that many multinationals are indeed offering IMC services. For example, Grey Worldwide and Bates offer advertising, public relations, promotions, healthcare, direct marketing and merchandising services all under one roof.

It is during the financial crisis that advertising agencies, particularly multinationals, began to promote and offer IMC services, partly as a reaction to insistent clients and also as a response to its growing recognition in other parts of the world. Rick Osborn (1998), Bates Asia's president, said in a conference in Kuala Lumpur that,

“The need for integration, as compared to preponderantly media solutions, is even more pronounced today than at any time in the recent past. This integrated approach encompasses communication in its broadest sense, including but not confined to, traditional advertising and its emphasis on traditional media. Event marketing, sponsorship, promotions, direct marketing and Internet marketing must now go hand in hand with traditional mainstream advertising” (Osborn 1998:8).

IMC approach became popular not only as an economical solution in communications but also as an effective tool in brand building. Traditionally, advertisement has always been viewed as the main tool in brand building efforts. According to Orr (1998:14), in good times companies could afford to build brand image and equity above the line and sell below the line. The fact that many Malaysian marketers still view advertisements as a cost rather than an investment in their product brands and businesses led to massive cutbacks on advertisement budgets. Operating in this mindset, companies tend to push advertisements and brand building to the backseat when the economy slows down. The IMC approach however allowed companies to let their brand stay strong during the hard times through innovative integration techniques either standing alone or in conjunction with mainstream advertising. The combination of different tools such as public relations, direct marketing and promotions can be used to achieve short term sales boosts while maintaining long term brand values (Orr, 1998:14).

Subsequently, advertising agencies began to take a new view on their roles in the industry. Instead of merely focusing on creative execution, agencies began to get involved in strategic marketing planning. According to Chris Jacques, the BBDO Asia-Pacific chairman (Miao, 2000:11), the fact that an increasing number of brands, such as Madonna, Walt Disney and Michael Jordan began to promote themselves with little reliance on traditional advertising, made it imperative that advertising agencies began to take a new look at themselves. He believed that a whole new order will have to be set up

if the advertising industry is to survive in the new millennium (Miao, 2000:11). The same concern was voiced by Khairudin Rahim, the Managing Director of APL Kuala Lumpur (1999:40). He believed that advertising agencies should begin to redefine their product offerings. Rather than merely offering single TV commercials or magazine advertisements, agencies should get more involved in a complex range of communications that are *“driven by a brand building strategy,”* *“laced with big dose of marketing thinking”* and *“unconfined by media”* (1999:40). In addition, Khairudin Rahim also warned agencies of the threats from management consultants such as Anderson Consulting, Pricewaterhouse Coopers and Mckinsey who were increasingly being employed by Malaysian clients to help them with marketing and marketing communications. He suggested that the management consultants were in fact charging clients on services that in so far have been given away free by advertising agencies.

The rise of media specialists or media independents is also an important factor contributing to the rise of the IMC's approach. In the past, the compensation for full service advertising agencies was tied directly to media costs following the 15% commission system. Agencies, therefore, may be influenced to push for high cost media as opposed to the most strategic media, or opted for commissionable media as opposed to non-commissionable media such as sales promotion, direct marketing, or public relations. The rise of media specialists has in fact reengineered the advertising industry. According to Khairudin Rahim (1998:14), savvy clients who opted for the media specialist services often call for the “unbundling” of agency services thus requiring a modification on the traditional 15% commission system. With lesser control on the media front, many advertising agencies were forced to renegotiate their position in the marketplace. Khairudin Rahim (1998:14) asserted that agencies must no longer think themselves as

agents for the media, but rather agents for the brands. Addressing the advertising agencies, he said, "*We shouldn't think in terms of 'TV Campaigns' or 'Print Campaigns anymore. We should think in terms of brand-customer relationship...of customer acquisition programs...of reward and recognition programs...of total persuasion programs*" (Khairudin Rahim, 1998:14). Interestingly, the threat from the media specialists have forced many multinational advertising agencies to establish their own media specialist arms such as Zenith Media Malaysia (Bates Group) and StarCom (Leo Burnett).

From the advertisers' perspective, an increasingly number of companies is embracing the IMC approach. TMNet is a good local example. It touches the life of its target audience from various contact points such as through its Blue Hyppo website, sales promotions, event marketing, and sponsorships besides its traditional advertising approach. Nestle is a multinational example that harnesses the five human senses of sight, sound, smell, taste and touch to its advantage, particularly in promoting its flagship product, Nescafe (Manghardt, 1999: 7). According to Manghardt, Yves, Nestle Managing Director, "*Even with your eyes closed or the consumer's focus being elsewhere, we can literally arouse the consumers' attention with the warm sensual aroma of Nescafe*" (Manghardt, 1997:7). Nestle employed an integrated communications program that deals not only with the imagery developed through TV campaigns, but followed by the direct sensory impact namely the coffee aroma of Nescafe.