The PMA/Northwestern University

ROI of Integrated Marketing

Research Project

Research Results Developed by
The PMA Educational Foundation, Inc.
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Executive Summary

When we first set out to look at return on investment as it relates to integrated marketing, one of the immediate challenges was to take a broad view of the task at hand. Specifically, it would be relatively easy to calculate ROI based on a brand's prevailing formula. However, it was felt that a better and more helpful approach would be to ask two key questions. First, what is the process by which a company or brand develops, executes and measures integrated marketing programs? Second, what is the organizational structure in which that process takes place? This second question is germane, since ROI is dependent on how much efficiency is built into the organizational dynamics of the firm.

The goal was to develop a set of best practices that would provide guidance to brand marketers as they deal with the new realities of the marketplace. This new marketplace paradigm upends the old truisms that marketers could manipulate consumers as they saw fit. These days, it's consumers who control which messages they get, when and where they get them, as well as the channels. While change can be scary, it represents a great opportunity for brands to take a more broad-based approach to communications and look at ways to implement integrated marketing as something more than a tool for tactical alignment.

The pendulum has swung in favor of integrated marketing and promotional efforts. At the very least, there is a sense that "integrated marketing" has gone beyond buzzword status to a real capability that is being built into companies for the long term. As a result, agency representatives indicate that clients are asking for IMC solutions.

Despite some bright spots, the overall findings indicate a mixed-bag of results for brands trying to implement integrated marketing both as a mindset within their organizations as well as in the development, execution and measurement of integrated campaigns.

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The majority of companies that participated in our study see the value of integrated marketing, even if they only use it to align their tactical executions. For the most part, there were ongoing challenges working cross-functionally and circumventing the silos that, in many cases, have existed for a long time within the companies. Key efforts to address this challenge have taken the form of creating integrated marketing positions or forming integrated marketing task forces at the outset of each campaign to ensure that all areas of the company are working together. However, in this last instance, it is clear that the task forces only have a tactical mandate, not necessarily a strategic one. Moreover, in the case of CPG companies, the authority and the marketing dollars remain under the control of brand managers, who are being evaluated on how well they manage their P&L, as well as volume and market share gains. The latter measures, in particular, tend to focus on short-term gains and, therefore, longer-term, brand-building activities are given short shrift or ignored completely.

Following are some best practices in both the organizational and process areas of integrated marketing that we have been able to identify as a result of this study. Most companies can begin to initiate some of these practices today, or at least work toward them as an organizational objective that will generate greater ROI of the overall marketing investment.

Best Practices for achieving greater ROI through Integrated Marketing

1) Integration must be driven by senior management: Senior management must get involved in developing incentives that reward integration as part of overall performance of the individual and the company. It also provides senior management with the opportunity to truly lead the organization by creating cross-functional teams that share knowledge and develop a consistent brand and message to the marketplace.

2) Organize around customers and end-users: Doing so provides the best opportunity to eliminate the gap between "above the line" and "below the line" functional

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areas, since the entire organization's focus would be on effective communication to its end-users.

3) Create an integrated marketing position. Re-orienting an entire company around customers and end-users may be a radical move for many companies. Therefore, in situations where companies are organized around brands, a dedicated IM position can be leveraged to bridge any gaps between equity and activation across a range of products or services and a brand's end-user segments.

4) Leverage Marketing Services as a consultant to brands in multi-brand companies: Those companies that "co-locate" or "loan out" marketing services personnel to a particular brand or category team are more successful in achieving integration as well as overall business objectives. Over time, the concept of "shared turf" breaks down functional barriers. Thus, alignment around customer goals is more readily achieved.

5) Elevate the importance of active and robust communications to partners and internal constituencies. This ensures that all employees understand, and can communicate, the brand promise. Of greater importance is the strong correlation between the extent to which a company engages in robust internal marketing and its overall financial performance.

6) Transform customer marketing. This team should not focus solely on sales. Rather, this is the group that is best suited to helping the entire organization understand what's happening in-store. This is of critical importance to companies that build their brands through retail. Moreover, due to the insights that they provide, customer marketing should be represented during the planning phase.

7) Foster long-term agency relationships: Brands that provide a high level of security to their agency partners realize the development of more integrated, innovative, brand-based ideas.

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8) Clarify the company's most valuable consumers. This means attaching financial values to them, so that more strategic decisions can be made about resource allocations against them.

9) Assemble a cross-functional team that includes both internal stakeholders and key agency reps, and have them meet regularly: This provides a multiplicity of perspectives on the business challenges the company faces, as well as a mix of sources for ideas on how to address them. For example, by including legal at the outset, execution can be kept on track as opposed to being delayed or scrapped because of an oversight.

10) Invest in technology that facilitates knowledge sharing and approval processes: Brand marketers have a multitude of marketing technologies available to them; however, those that enable the sharing of creative assets and that facilitate approvals by senior management, legal, finance, partners, etc., are extremely valuable in realizing ROI through integration.

11) Assign a lead agency for each campaign: Based on the marketing discipline that leads each effort, it makes sense to rotate lead agencies among a brand's agency roster. By rotating the leadership of a campaign among agencies, communication is more easily managed by the brand and integration – particularly of creative – is more readily achieved among disparate agencies.

12) Develop analysis criteria during the planning phase of each campaign. A key determination is whether a particular program's objective is brand-building or business-building. Knowing this enables an organization to assign the proper metrics and evaluate a program accordingly.

13) Cascade knowledge and learning throughout the organization. Learning is a process that takes place over time. As such, it is necessary to share marketing successes and failures so that knowledge is migrated out of silos and across the entire

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organization. This provides context and perspective, both of which are particularly necessary during evaluation.

These are the Best Practices developed by this initial study for achieving ROI through Integrated Marketing. What follows is an in-depth examination of the current state of integrated marketing as it is understood and practiced by brand marketers.

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Research Methodology

The study incorporated a mix of quantitative, qualitative and secondary research. The components were as follows:

Quantitative survey. 75 companies participated in an in-depth written survey about integrated marketing practices. Respondents were separated into two (2) categories: High- and low-performance companies. This was a way of categorizing companies based on their reported three-year financial performance, as defined by sales, profitability, share growth, etc. High-performance companies were much more profitable than their competitors over the last three years. Low-performance companies showed less robust profitability during the same period.

Nearly 40% of the respondents are at the director level within their organizations, and nearly 60% are at the corporate level versus the 20%+ who are part of strategic business units. Nearly three-quarters of the respondents have been working for at least 15 years and approximately 60% have with their present organization for at least six (6) years.

Executive interviews. The research team conducted seventy-eight (78) executive interviews across the marketing organizations of several of the sponsors including the areas of brand management, consumer promotions, PR, events and sponsorship and customer marketing, along with key members of the agency teams attached to each area. Certainly, common themes about each organization's strengths and weaknesses emerged.

Focus groups. Separately, the research team commissioned focus groups that consisted of both brand marketers and agencies. There were two groups convened for each category, with eight (8) participants in each. Moderators probed these groups on their perceptions and understanding of integrated marketing; how, when and why

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integrated marketing is deployed and the challenges that arose, both in terms of process and organization; and, the changing integrated marketing landscape.

Telephone interviews with retailers. The retail perspective on integrated marketing was included by conducting telephone interviews with representatives across four key categories: Mass Merchandise, Club, Drug and Grocery.

Consumer ethnography. The voice of the consumer was brought into the picture by conducting a small number of "day in the life" ethnographies. In these sessions researchers could talk to, and observe, consumers in their home environments and probe the consumers' perceptions on promotions, product loyalty, payment preferences, etc.

Secondary research. A comprehensive secondary research guide was composed using consulting case studies, academic literature, and other syndicated research.

Integrated Marketing Communications Defined

For purposes of this study, the definition of Integrated Marketing Communications (IMC) that will be used is as follows:

> Integrated marketing communications is a strategic business process used to plan, develop, execute and evaluate coordinated, measurable, persuasive brand communication programs over time with consumers, customers, prospects, and other targeted, relevant external and internal audiences. [1]

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[1] This definition is taken from the work of Don Schultz and Heidi Schultz, "IMC: The Next Generation," page 20 (McGraw-Hill, 2004)

As posited by the above definition, IMC is much more than the alignment of tactics. In fact, Schultz and Schultz define four (4) levels of integrated marketing evolution within an organization:[2]

Stage 1: Tactical Coordination

Initial focus on the tactical coordination of diverse marketing, often functionally directed, communication elements, such as advertising, promotion, direct response, public relations, and special events. Emphasis typically on development of overall communication policies and practices and delivering "one sight, one sound" via marketing communication. Additionally, there is attempt to achieve greater consistency and synergy among all program elements.

Stage 2: Redefining scope of marketing communications

Organization begins to examine communication from the customer's point of view. Marcom planners begin to give consideration to all sources of brand and company contact a customer has with the product or service. Additionally, management broadens scope of communication activities to encompass internal marketing to employees, suppliers, and other business partners and align with the existing external communication programs.

Stage 3: Application of Information Technology

Application of empirical data using information technology, especially behavioral data on customers, to provide a basis to identify, value, and monitor the impact of integrated internal and external communication programs to key customer segments over time.

Stage 4: Financial and Strategic Integration

The highest level of integration. Emphasis shifts to using the skills and data generated in the earlier stages to drive corporate strategic planning using customer information and insight. Organizations commonly re-evaluate their financial information infrastructure to foster creation of "closed-loop" planning and capabilities to evaluate marketing expenditures based on return-on-customer investment measures.

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[2] Source: "Integrated Marketing Communication" Best Practices Report, American Productivity and Quality Center, 1998; Don and Heidi Schultz, Subject Matter Experts.

It should be no surprise that there are companies that fall at all points of this four-stage continuum. Likewise, there are various levels of understanding of integrated marketing. For many marketing professionals, their understanding of integrated marketing resides at Stage 1. Thus, integration never rises above the level of tactical alignment, certainly not to the level of a tool that has strategic value. It is at the higher levels of deployment that senior management can be convinced to drive integration throughout entire organizations—and where significant ROI of the marketing investment is achieved.

Details into the Findings

Organizational Structure

While the initial drive behind the study was to gather insights on how organizations develop, execute and measure integrated marketing programs, it was apparent that process could not be divorced from the structure in which it took place. ROI is a function of many things, not least of which are the efficiencies inherent in each corporate system. Therefore, it was imperative to look at how companies were organized and how they did, or did not, deal with the challenges imposed by their structure.

To be sure, organizational structure remains a barrier to integrated marketing. While some companies have improved their internal systems, many are still hampered by their inability to effectively energize all of their resources on behalf of their marketing efforts.

For example, when asked to rank a list of factors that hindered their integration efforts, "organizational structure" was identified by over 50% of the respondents.[3]

Furthermore, agencies recognize the challenge that their clients face. One participant in the focus group put it this way:

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[3] Survey Question #33

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> "It depends on how smartly the client is organized. Is there a separate online unit that is fighting for its own resources and budget or does the brand manager have control of that? That can definitely affect the success of the program."

Another participant had this to say:

> "There was a lot of talk… Integrated Marketing was a nice buzzword… but when it came down to it, the clients were so siloed that you really wouldn't see integration… they might be doing something online, they might be doing something in broadcast and in-store, but it might look so different… it was hard to make it work.   But now we are seeing that they are enforcing consistency among lines."

The importance of the role of senior management. The importance of senior management's role in driving integrated marketing as a company wide practice cannot be overemphasized. A senior management team committed to driving company-wide integration is an effective tool to overcome organizational inertia.

In fact, organizational inertia is understandable, given the number of processes that must take place in order for a company to function. The system of checks and balances that most companies have instituted are there to safeguard them from having any single function or department causing irreparable harm to the organization. However, when there is reason to change, these same systems, approaches and mindsets do a great deal to impede organizational evolution.

Overall survey results indicate that overcoming resistance to change is at least "somewhat of a problem" for nearly 70% of respondents, and a "significant problem" for over 40%.[4]

By comparing the means of the three data sets—3.1 (overall), 2.84 (high), 3.09 (low)—it's clear the high-performers view resistance to change as less of an obstacle, however, not by much less. As a result, the difference in the mean scores of the low-performers with the overall scores is virtually the same. The takeaway is that a resistance to change is a challenge for all organizations.

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[4] Survey Question #33.

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Given this, it is imperative that senior management be committed to driving the concept of integration throughout their organizations. More importantly, they must be familiar with the various stages of integration so that they understand it beyond its focus on tactical alignment, and are able to see its benefits for their entire company. Absent this commitment, integrated marketing will take longer to be seeded in a company, or may not take root at all.

Consumer orientation. Driving integration is made even more difficult due to the fact that most organizations are focused on the production and sales of their goods and services, which, at first glance, seems both logical and smart. However, this focus is a holdover, as Schultz and Schultz point out, from the industrial age where, "organizations were structured and designed to produce outputs, not to achieve relevant outcomes."[5] More importantly, this structure put the emphasis on what was happening internally, not externally on customers. An internal focus maintains specialized silos—marketing, finance, R&D, IT, etc.

On the other hand, with a consumer focus, the emphasis is placed externally on the consumer or key consumer segments, and cross-functional teams are created to concentrate on the needs that arise there from. A cross-functional team might be organized in the following fashion:

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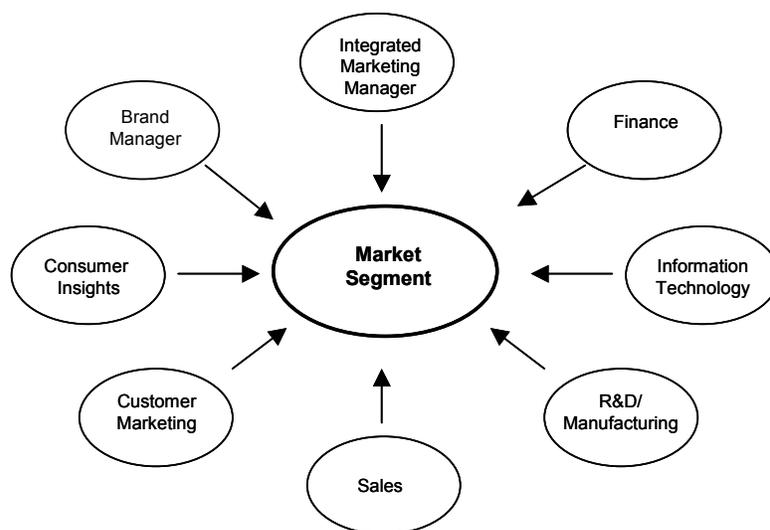
[5] Schultz and Schultz, page 351.

In this new structure, there can be a concerted focus on three key areas:

- Consumer acquisition—getting new customers
- Consumer retention—keeping current customers
- Consumer upgrade—moving customers through the product portfolio

More importantly, it is not just marketing that is forced to understand consumer needs and the consumer perspective. All departments must now do so, and they bring their respective expertise to bear around a common, identifiable goal. When companies organize around their consumers, it powerfully underscores the senior management commitment to drive integration company wide. This focus relates directly to the bottom line, in that a key component of acquisition, retention and upgrade is knowing the consumers' financial significance to the company—expressed as customer lifetime value (CLV) or long-term value (LTV)—being able to effectively move consumers through the company's product portfolio, and creating value for shareholders.[6]

Gap between brand equity and brand activation. A key issue that most organizations grapple with is the gap between the team in charge of brand development (changing attitudes) and those who are tasked with brand activation (changing behavior through promotions and other below-the-line activities). Quite often, the brand equity team develops the brand keys in conjunction with the advertising agency and then hands the brand platform over to the brand activation teams. It is not uncommon at this point for equity to be completely divorced from the platform. As well, when they develop programs, brand activation is often in the position of forcing their program to fit into the equity framework. In some cases, there is no fit.

Not only does this gap exist internally, it extends to the brand's relationship with its advertising agency. Just as the brand equity team is separated from the brand

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[6] "Customer lifetime value" is used here because it is a commonly used and accepted term that denotes an individual's financial significance to an organization. Schultz and Schultz tend to use the term "customer" to refer to the individual consumer. This term, particularly as related to packaged goods, is used to refer to a brand's retail partner. Throughout this study, unless noted otherwise, we will refer to individuals as "the consumer" or "consumers".

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activation team, many times an organization's advertising agency will be managed separately and apart from its other agencies.

Overall, we see an almost even split (48% vs. 44%) between those companies that manage their ad agencies separately and those that do not. One thing that is clear is that among brand marketers, there is not a clear-cut best practice.[7]

However, there is strong evidence that this split can cause challenges even when brand marketers want to integrate their efforts. In all cases, 50% indicate that it is a "big challenge" to coordinate advertising with other marketing service functions. This is irrespective of the reasons for the attempts at coordination. In fact, a case could be made that more than 50% know it's a problem, if we look at the direction in which each set of responses are weighted. [8]

The study's executive interviews yielded similar findings. Many interviewees talked about the silos that still exist within their companies. While some companies have overcome the challenges inherent in a siloed organization, the majority have not effectively tackled it. Within organizations that are grappling successfully, the cross functional team seems to be the answer. However, more than forming such teams on an ad hoc basis, the organizations that seem to do the best are those where cross-functional operation is mandated by senior management. This ensures that every brand/campaign receiving marketing support benefits from cross-pollination by various areas of the company.

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[7] Survey Question #14 (h). It is interesting to note that there was a difference in the responses of high-performance and low-performance companies. High-performers tended to manage their ad agencies separately, while low-performers did not. In context, it is useful to note that among the lower-performing companies, the majority of them (59%) had less than 3,000 employees. In smaller companies, it is not unusual to see roles and responsibilities concentrated in fewer people. Thus, someone within a marketing organization at a smaller company might oversee multiple functions, as opposed to larger companies where such responsibilities tend to be divided amongst more people, many times out of necessity.

[8] Survey Question #14 (i)

In general, agency participants in the focus groups noted that it "was much more difficult to plan a campaign for a 'siloed' organization. An Integrated Marketing campaign was easier to implement for integrated clients."

It is interesting to note that many larger companies have developed groups called "marketing resources" or "promotions services" which are tasked with integrating the gamut of non-advertising, "below-the-line" marketing functions of the organization. However, these groups are often set apart from "brand management" or "advertising". Neither of these latter functions sits within marketing resources/promotions services, nor does marketing resources have direct control over these functions. Presumably, all of these marketing functions report into a chief marketing officer-type, who is ultimately responsible for integration and brand stewardship.

Brand marketers should consider shifting their organization's focus away from functional responsibilities to more fully concentrate on its customers. Doing so could significantly narrow and, perhaps, close completely the gap between brand equity and brand activation.

The need to better integrate customer marketing teams. Given the growing impact that such mass retailers as Wal-Mart and Target have on brands' bottom lines, it is not surprising that customer marketing is emerging as a critical capability, particularly for packaged goods companies. However, any company that does not directly sell to consumers and must have retail partners, would do well to incorporate the insights and knowledge provided by their customer teams as a means of improving their marketing efforts. The various retail formats for packaged goods, for example—Mass Merchandise, Drug, Club, Grocery, Discount, etc.—are populated by retailers with differing selling philosophies, which attract certain types of shoppers.

A first step is to ensure that customer marketing understands that its role is not necessarily sales. Organizations with fully developed customer marketing teams still maintain robust sales organizations. Rather, it is imperative for customer marketing

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teams to be able to quickly penetrate these customer organizations, understand their needs, and deliver in-store or traffic-driving programs that help build brands through retail. In order to achieve this, they will need people with classic marketing backgrounds, but who can apply that experience within a retail environment.

Further, customer marketing teams tend to live within the sales organization, which means they do not naturally find themselves connected to marketing resources in many cases. In order to fully leverage the frontline experience that exists, customer marketing should be included in the development and planning process. Not only will this give customer marketing time to determine which programs provide viable retail extensions, the rest of the marketing team will get a sense if they're planning programs that cannot be easily scaled for in-store environments.

The need to ensure that employees beyond marketing understand the marketing strategy. As noted by Schultz and Schultz, Stage 2 of IMC development involves making sure that all points of consumer and customer contact across the organization understand the marketing direction and can uphold the brand promise when they interact with current or potential customers. If, for example, a fast food restaurant promises smiles, but consumers are greeted by surly staff, then the promise is broken and the marketing communications have failed.

However, in this regard, the overall survey results surprised the research team. Specifically, the research team found that over 60% of the respondents indicated that they felt that their customer contact employees were at least "somewhat" well-informed about marketing strategy and messages.[9] Overall survey respondents seem to be doing a decent job of keeping their customer contact employees informed of campaign objectives. Clearly, there is room for improvement in this area, since the overall results, while leaning towards a positive direction, are still clustered around the middle of the scale. The responses of high performers are weighted towards the upper portion. Low-performers are more clustered around the middle of the scale, but do not indicate an

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[9] Survey Question #14(f).

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extremely poor showing, just that they are doing less well in this area than their high-performing colleagues.

Few, if any, incentives to integrate. Both in the executive interviews and in the focus groups that were conducted, two things were clear:

1. There were hardly any incentives or rewards for integration under current organizational structures
2. Brand managers, in particular, were rewarded on volume and market share goals and how well they managed their P&L.

As Schultz and Schultz note, under the new organization structure, employees have to be rewarded for what matters most to the company, namely acquiring and retaining customers.[10] However, this will be a huge change for most companies, particularly those organized around their brands. Many of the marketers who participated in the executive interviews noted that their incentives and bonus compensation was tied to overall company performance and to how well they tracked to their personal work plan goals for the year. This is not to say that these performance metrics are not of utmost importance, but that other, longer-term metrics and incentives can be built into an individual's performance evaluation. If consumers or end users are to be the company's focus, the rewards system must be properly aligned around them.

Process

Development

The development phase is probably the most critical of all in the integrated marketing communications process. It is during this phase the organizations can take stock of all

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[10] Schultz and Schultz, page 359.

of their resources—personnel, data, agencies, budgets, channels, etc.—and determine how to get maximum usage out of all of them.

The survey offers an interesting snapshot in the planning process of the respondents:

Budget determination. When asked how they allocate dollars for a marketing communications budget, nearly 70% of the respondents indicated that they budgeted based on both the requirements of the campaign objectives and what they spent in the previous year[11].

Interestingly, metrics play a less significant role in the determination of budgets and where these marketers spend their money. The percentage breakdowns were similar between high- and low-performers.

Marketing mix. Overall, advertising remains the #1 line item. However, high-performers allocated more to direct mail. Promotions, both trade and consumer, accounted for about 30% of marketing budgets[12].

	Overall	**High-performers**	**Low-performers**
Advertising	34.2%	25.6%	39.4%
Direct Mail	20.7%	40.6%	9.4%
Promotions (trade/consumer)	32.8% (18.4/14.4)	35.8 (19.3/16.5)	29.8% (16/13.8)
Events/Sponsorship	12.8%	11.2%	15.8%
Online	10.8%	7.1%	12.7%

Use of consumer research in planning. One of the first steps in the development process is for organizations to be clear about the consumer group(s) to whom they're directing their marketing efforts. Of the overall survey respondents, only 16% indicated that their planning "very often" incorporates consumer research into their planning process.[13] A look at the mean responses across all survey groupings indicates that

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[11] Survey Question #4.
[12] Survey Question #5.
[13] Survey Question #6.

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there is an opportunity to improve or increase the amount of consumer research used in planning. As well, executive interviews corroborated this. Some of the interviewees indicated that their challenge as organizations is to develop richer inputs about their target consumers. Not only do brand marketers need more in-depth information about their targets, the information must be developed into insights that tie back to the brand and can be used to fulfill business objectives.

Clarity as to business objectives. Typically, the brand management team dimensions the issues facing the organization and its products and services in the larger marketplace. Based on this information, brand management can provide clear direction to internal and external participants.

Survey results indicate that brand marketers tend to take the lead in terms of direction-setting.[14] This is understandable, given their greater access to data about their business and their customers and consumers. In fact, the majority of brand marketers indicated that senior management exerted strong influence and control when it came to ensuring a unified focus during the creation of a campaign: [15]

	Overall	High-performers	Low-performers
Senior Management	57.5%	65.0%	60.0%
Consensus of participants	31.5%	23.0%	35.0%

The executive interviews yielded higher numbers. 80% of the companies involved indicated that they held initial planning meetings at the beginning of the year in which they dimensioned their objectives and issues. Agencies were not included in these early meetings, but were brought into the process slightly later.

The cross-functional team. The challenge that most often arises is ensuring that the right departments are represented in the initial meeting. Survey results indicated that core marketing team members—VPs/Directors of Marketing and Brand Managers—are

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[14] Survey Question #7.
[15] Survey Question #8. There were three additional possible responses to this question, but they have been omitted here due to the small number (in some groupings, there were none) of responses. The full set of responses can be seen in the Appendices.

almost always represented during planning. Other departments represented most often include advertising, direct marketing, promotions and outside agencies. Interestingly, internal PR departments did not seem to participate as often in initial planning. Promotions departments were slightly better represented in planning meetings than sales.[16]

	Overall mean		High- perf mean		Low- perf mean
Marketing Dir.	4.57	Marketing Dir.	4.68	Marketing Dir	4.48
VP Marketing	4.32	Brand Manager	4.38	VP Marketing	4.40
Brand Manager	4.32	VP Marketing	4.25	Brand Manager	4.36
Promotions	3.74	Outside Agencies	4.09	Promotions	3.89
Advertising	3.73	Direct Marketing	4.05	Advertising	3.60
Outside Agencies	3.67	Advertising	3.81	Outside Agencies	3.52
Direct Marketing	3.63	Public Relations	3.64	Direct Marketing	3.36
Public Relations	3.24	Promotions	3.56	Sales	3.20
Sales	3.17	Sales	3.36	Public Relations	3.03

It is important to note that although the means are within a range that would suggest that these functions come together at the same point during the process, the actual responses show a greater disparity. In most cases, it is the VPs of marketing, marketing directors, and or brand managers who take on the responsibility of driving planning (across all groupings, these three functional areas were identified with a high percentage of marks in the "very much participation" option).

When it comes to planning integrated marketing communications for a brand, product or service, a cross-functional team is highly desirable. Cross-functionality provides multiple perspectives that can only enhance all participants' understanding of the business and marketing challenges the organization faces. Passion about the brand and the desire to overcome its marketing challenges is also a necessary quality. What has been noted in executive interviews is that passion not only breeds excitement but, more importantly, it creates focus that enables the team to cut through organizational bureaucracy in order to get things done on the brand's behalf.

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[16] Survey Question #3.

Focus group participants—particularly agency representatives—noted that planning of integrated campaigns was much more difficult with siloed organizations, particularly where the different departments were not used to communicating regularly or working in concert with one another. Participants related experiences of clients forming cross-functional teams but, in many cases, members from departments other than marketing, having little incoming knowledge of how marketing campaigns run. This leads to agencies spending an inordinate amount of time educating their clients. Time spent on education can quite often delay the launch of a campaign.

> "I have a client where we are almost educating them that there are other things [tactics] out there that they should be trying. It is hard…"

This over-reliance on the tried and true affects companies of all sizes. One hypothesis as to why this is the case may be related to metrics and measurability, which will be explored in later sections of the study.

However, under the above circumstances, respondents reported that they often needed to customize metrics in order to satisfy the needs of the non-marketing participants and help them reach a comfort level. Certainly, this added an additional step and slowed the process of getting to launch. For example, when discussing a traditional advertising campaign, respondents reported that stakeholders accepted measures such as Nielsen or circulation numbers. In the case of integrated marketing campaigns, the stakeholders spend considerable time reaching a consensus on how best to measure success.

Campaign planning. In terms of time spent planning IMC campaigns, almost 60% of survey respondents indicated that they spent anywhere from 2 weeks to 2 months per campaign.[17]

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[17] Survey Question #9.

	Overall (%)	High-performers (%)	Low-performers (%)
Less than 2 weeks	9.6	15.0	8.0
2 – 4 weeks	24.7	31.0	22.0
1 - 2 months	27.4	27.0	27.0
2 - 3 months	19.2	19.0	22.0
3+ months	19.2	8.0	22.0

Results further indicated that less than 50% felt that this was an adequate amount of time for the planning of each campaign. Of course, everyone wants more time.[18]

Execution

Execution seems to be the area in which most brand marketers do best, either via outsourcing the execution or handling it internally. This may owe much to the fact that the specific tactics—advertising, promotions, direct marketing, PR, etc.—are well entrenched and have experienced practitioners handling them.

Internal vs. External. However, many companies handle their marketing executions internally. There is an even split overall (approximately 43% in both cases) of those companies that tended to rely on agencies for execution and those who tended to handle those duties internally. Over 50% of the high-performers relied on the external agencies versus 40% of the low-performers.[19]

Cross-functional teams and execution. Nearly 50% of the overall survey respondents indicated that multiple departments—PR, marketing, sales, advertising, etc.—work together to implement a marketing campaign. However, as the survey responses below indicate, there are clearly areas of opportunity in this regard, since over 40% of the respondents indicated "not at all," "slightly" or "somewhat" when asked whether all departments work together during campaign execution.[20]:

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[18] Survey Question #10.
[19] Survey Question #13.
[20] Survey Question #14(b).

A bright spot is that high-performers do a much more consistent job at cross-functional coordination than their peers and the responses, which top 80%, show this to be true.

Brand marketers who participated in the focus groups indicated that execution can be hampered "tremendously" by internal turf issues. One participant described his experience managing his internal teams as a "nightmare". In fact, participants noted that corralling internal teams is much harder than doing so with external teams, simply because external participants, be they agencies or other vendors, are incented via their fees to provide a high level of service.

Consistency of brand messages during execution. Consistent messaging speaks to efficiency, i.e., how well and how effectively internal marketing teams work together. High-performers outperformed the other groups, with nearly 70% of them indicating that their organization delivers a consistent brand message during execution.[21]

Disseminating marketing objectives to all levels of the company. The previous question was one of outbound messages. However, when it comes to communicating internally with departments and functional areas beyond marketing, companies tend to do less well. In fact, over half of the respondents felt that their organizations weren't doing a consistent job of making sure all levels of the company understood the objectives, messages and promises that were being sent to the public.[22] As it has been defined by Schultz and Schultz, integrated marketing communications is about more than aligning tactics. It is about ensuring consistent messages across all possible touchpoints including customer service, supply chain and internal communications, to name a few. Clearly, there are opportunities for development in these areas.

Knowledge management. As was discussed in the planning section, there is a trend towards the formation of cross-functional teams. These teams tend to stay in place

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[21] Survey Question #14(c).
[22] Survey Question #14(a).

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during the execution phase. Team members are updated via e-mail, conference calls and regularly scheduled team meetings.

Knowledge-sharing, however, remains an issue. Not only do organizations still struggle to get all departments "firing on all cylinders," the challenge is compounded by the effort to keep everyone informed, particularly when working across geographies and time zones. As the research team discovered during the executive interviews, companies are in various stages of development and use of knowledge management tools and, even for the companies that have them, the final hurdle is both to make them easy to use and to make sure everyone uses them.

Assignment of lead agency. The study also found that when organizations reached the execution stage, many assigned a lead agency. Typically the lead role was assigned based on the type of campaign that was going to market. For example, if a campaign is more promotions-driven, then the promotions agency leads. If it's a PR-based campaign, PR leads. This makes one agency responsible for integrating all necessary elements including intra-agency communications on behalf of the campaign.

Decision-making/Approval. An interesting disparity arose around this issue. During the executive interviews, brand marketers, many of whom were in more senior, strategic roles, agreed that decision-making should be pushed to the lowest possible level, particularly in regard to creative approval. Specifically, they indicated that program and creative approval should happen at the brand manager or assistant brand manager level. However, agency participants in the focus groups spoke of numerous instances where approval decisions had to be elevated beyond their day-to-day contacts, causing them to miss key deadlines. In fact, an agency participant in the executive interviews noted that the lack of a defined decision-maker was a big challenge when dealing with one of his larger clients. In fact, the ultimate decision-maker was frequently not the team leader.

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In general, not only does such a situation create greater inefficiencies within the organization, a real impact is often seen in the number of brands that do not receive proper marketing support when programs do not receive timely approval. Senior brand marketers are rightfully focusing on strategic issues. However, there seems to be a disconnect between their sense of where decision-making should take place and the realities that face agencies and the brand managers who deal with them on a daily basis.

Evaluation

Evaluation and measurement remain the final frontier for marketing and brand marketers still struggle to determine, as per the industry joke, which 50% of their marketing budgets are being wasted.

Measuring marketing effectiveness. Survey respondents gave a mixed report when asked how well does their organization measure marketing effectiveness. 39% indicated that their companies did a "good" or "very good" job. Interestingly, 43% indicated "not so good" or "poor."[23]

Overwhelmingly, over 70% of survey respondents across all groupings indicated that the marketing department—not outside agencies or in-house research departments—is responsible for campaign measurement.[24]

Disconnect between stated measurability and actual measurement. Over 60% of respondents indicated that their marketing objectives were designed to achieve measurable results. However, over 50% indicated that their companies did not allocate sufficient resources towards measurements. Further, close to 70% of these organizations do not have a formal policy of pre- and post-testing of campaigns, even though a majority (at least 60-80%) say that the evaluation of a campaign influences the development of future marketing efforts. This last piece may be due to the fact that

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[23] Survey Question #17.
[24] Survey Question #18.

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marketing programs are lined up one after the other, and that both agencies and brand marketers are, for the most part, managing executions.[25]

The need for research. Throughout the course of the executive interviews, the research team heard many times that research is one of the first areas to be cut when budgets are tightened. In the short-term, such an approach can help speed internal approval of marketing programs, since brand managers have a strong sense of what they can or cannot get through their systems. However, in the long term, taking a campaign live without research may hurt the campaign and the opportunity for organizational learning. That is, the lack of budgets for research prevents an apples-to-apples comparison between similar programs. While not impossible, it is certainly more difficult, to measure the effects of a program in the marketplace and on the brand and on its consumers.

Defining success. The study's focus groups found that both brands and agencies of all sizes still have trouble defining success and what the correct metrics should be. Moreover, the wealth of data could be a problem. Specifically, everyone—focus group participants, survey respondents and executives interviewed—indicated that there was a sense of more data being captured than they were capable of dealing with.

Part of the challenge that marketers face is to develop a comfort level with the long-term aspects of integrated marketing. Simply put, brand marketers are tasked with growing their companies' businesses. The way that they are measured on this is by tracking increases in volume and market share, measures on which public companies live and die. However, volume and market share are short-term measures. By focusing on these two measures above all else, it creates intense pressure for marketing departments to deliver programs that help push growth in these areas. The study found that, in many organizations, this intense focus on short-term metrics is used to evaluate all channels, even when it's not appropriate. For example, PR is used to establish

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[25] Survey Questions #21(b), 21(c), 21(g), 21(h), 21(f).

credibility, but many times it is measured on how much volume can be attributed to that tactic.

The quantitative view of marketing may also lead to a risk-averse environment with brands. At a time when more creative solutions are needed to reach consumers and to service customers, an overly quantitative focus stifles creativity. Ideas that break through the media clutter may be difficult to measure or may require brands to develop new metrics and approaches. Rather than embrace these new ideas, brand marketers many times kill them in favor of the tried-and-true. This creates a sense within the organization that only lip service is paid to wanting fresh, creative ideas.

This study does not mean to suggest that brand marketers should abandon their focus on volume and market share. Rather, there is value in brand equity measures, such as brand health, awareness, attitudes and usage. It will be increasingly important for brand marketers to define the proper mix of business-building activities vs. brand-building activities that they undertake and that they communicate which programs are which to all key stakeholders. If this is done, it could be an important step towards creating a more holistic view of marketing across the entire organization.

Root-cause analysis. Was a particular program's success or failure the result of its various elements or were there other, external reasons? As one focus group participant asked, "What's really responsible for the sale? Was it, for example, the ad, the Web site, or the retailer?" A brand marketer put it this way: "We've got to get better at understanding our assumptions. Were the outcomes [good or bad] based or our work or on external factors?" In the end, marketing happens in the real world and it is affected by real world events and trends.

A significant challenge that marketers face is time pressure. Particularly in larger companies, planning is done a full year in advance. The current calendar year is typically spent on execution, measurement and repeating the process with subsequent programs. Root-cause analysis requires marketers to move beyond simple program

metrics. However, with many brands focused on quarterly volume and market share goals, it may be difficult for them to spend the necessary time to assess external factors and properly isolate the impact of their tactics.

Statistical Analysis

Factors that determine integration

A statistical analysis was performed to determine what factors best predict the degree to which a company has integrated communications. Based on the results, the most influential determinants are brand emphasis and internal marketing.

Brand emphasis refers to the degree to which a company focuses on the brand and links it to strategy and tactics. It is a composite of all the questions about the importance of brand such as:

- To what extent are your marketing communications strategies aligned with the overall brand strategy of your organization?
- To what extent is the brand management team responsible for development of new communication channel opportunities and injecting them into the marketing communication planning process?
- How consistent is your brand messaging when your organization executes a marketing campaign?
- To what extent does the desire to increase the brand influence the creation of an integrated marketing campaign in your organization?

Similarly, internal marketing plays an important role. Internal marketing refers to the degree to which there is robust internal communication of marketing objectives, the brand promise and active motivation of employees to live the brand mission. This is a composite of such questions where respondents were asked to rate the extent to which:

- Marketing campaign objectives are disseminated at all levels of their organization.
- All departments of their organization such as PR, marketing, sales, etc., work together for the implementation of a marketing campaign.
- Customer contact employees are well informed of marketing campaign strategy and message.
- The level of integration with other marketing functions/teams is incorporated into the marketing team or employee performance.
- The success of a campaign was due to the coordination of employees.

The model shows that both these factors (brand and internal) are far more important than anything else in achieving integration. In fact, they were four times as important as retailers, agencies, consumer orientation and other elements included in the statistical model—note the 0.33 and 0.44 "beta coefficients"—which shows the strength of their correlation to the dependent variable (integration)— for brand and internal marketing, respectively.

Key conclusion: Organizations that have a strong emphasis on both their brand and internal marketing achieve higher levels of integration.

Factors affecting integration

Dependent Variable:		Integration				
	Independent Variables	Unstandardized Coefficients		Standardized Coefficients	T Score	Sig.
Model		**B**	**Std. Error**	**Beta**		
1.00	(Constant)	(0.20)	0.53		(0.37)	0.71
	Retailer Management	0.02	0.09	0.03	0.26	0.80
	Dependency on Agencies	(0.03)	0.09	(0.03)	(0.30)	0.77
	Customer Orientation	0.07	0.10	0.08	0.70	0.49
	Agency Management	0.09	0.13	0.08	0.67	0.51
	Brand Management	0.33	0.12	0.33	2.77	0.01
	Internal Marketing	0.43	0.11	0.44	3.74	0.00
	Measurement	0.08	0.13	0.08	0.58	0.56

Factors that affect performance

There are three (3) factors that are strong determinants of performance, which is defined in financial terms of profitability versus competitors over the last three years and change in both revenue and profits over the last three years.

As indicated by its "beta coefficient," brand management (0.62) comes in far ahead of the next most important variable, agency management (0.35). The third factor is internal marketing (0.23).

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Brand management is not just linked to integration. Some of the questions that were indicated in the previous section on integration are germane to the discussion of performance. After all, it is understood that companies that do a poor job of aligning their marketing communications with their overall brand strategy tend to do less well in the marketplace, if only because misaligned communications confuse consumers, rather than clarify the brand's position for them. The conclusion from this is that companies that want to do well should place a high emphasis on brands, i.e., measure their brand, use it as an integrating force, etc.

The management of a brand's agencies, therefore, plays a role in the company's performance, given the agency's role in shaping and executing marketing communications on the company's behalf. Agencies are valuable resources, but must be managed in order to sustain a positive impact on a company's performance. Questions that focused on the relationship between internal marketing groups and external agencies brought this to light.

The third factor that affects corporate performance is internal marketing. While it was understood, particularly from the earlier analysis, that internal marketing was a key factor in achieving integration, it is a relatively new and important finding that companies that place a high emphasis on employees and connect them to strategy perform better financially. Questions that focused on internal marketing and coordination between internal and external teams, as noted in the previous section, brought this to light.

Key conclusion: For improved financial performance, be a good steward of the brand, manage agencies as the valuable resources that they are, and make internal marketing a priority.

Factors affecting performance

Dependent Variable: Performance

Model	Independent Variables	Unstandardized Coefficients		Standar-dized Coefficients	T Score	Sig.
		B	Std. Error	Beta		
1.00	(Constant)	5.02	0.64		7.86	0.00
	Retailer Management	(0.13)	0.11	(0.17)	(1.19)	0.24
	Dependency on Agencies	(0.14)	0.11	(0.21)	(1.36)	0.18
	Customer Orientation	0.03	0.12	0.04	0.29	0.77
	Agency Management	0.35	0.16	0.35	2.17	0.04
	Brand Management	0.62	0.16	0.62	3.83	0.00
	Internal Marketing	0.23	0.15	0.27	1.59	0.12
	Measurement	(0.24)	0.15	(0.26)	(1.58)	0.12
	Integration	(0.08)	0.18	(0.08)	(0.45)	0.66

Additional items of note

The correlation between integration and measurement. These two factors have a very high correlation—0.55—indicating that companies that have good integration do a good job of measuring outcomes. Based on the research, there is probably a connection between how well a company does in measuring outcomes and understanding the financial values of its key consumer segments which, as was noted earlier in the study, enable better determination of resource allocation against these targets.

The correlation between agency management, measurement and performance. With a coefficient of approximately 0.30 for each, this indicates how important it is to manage agencies well so that brands get good measures and can perform well financially.

Correlation Matrix

		Retailer Mgmt.	Dependency on Agencies	Customer Orientation	Agency Mgmt.	Brand Mgmt.	Internal Marketing	Measurement	Integration	Performance
Retailer Mgmt.	Pearson Correlation	1.00	-0.15	0.22	0.20	0.15	0.09	0.10	0.09	0.09
	Sig. (2-tailed)	.	0.24	0.08	0.13	0.23	0.49	0.44	0.51	0.50
	N	64.00	64.00	63.00	56.00	64.00	63.00	63.00	58.00	55.00
Dependency on Agencies	Pearson Correlation	-0.15	1.00	-0.06	0.47	0.27	0.11	0.22	0.17	0.04
	Sig. (2-tailed)	0.24	.	0.60	0.00	0.02	0.35	0.07	0.17	0.74
	N	64.00	73.00	72.00	62.00	72.00	71.00	71.00	66.00	63.00
Customer Orientation	Pearson Correlation	0.22	-0.06	1.00	0.05	0.18	0.39	0.42	0.36	0.08
	Sig. (2-tailed)	0.08	0.60	.	0.67	0.12	0.00	0.00	0.00	0.52
	N	63.00	72.00	72.00	61.00	71.00	71.00	71.00	66.00	62.00
Agency Mgmt.	Pearson Correlation	0.20	0.47	0.05	1.00	0.29	0.12	0.30	0.23	0.31
	Sig. (2-tailed)	0.13	0.00	0.67	.	0.02	0.37	0.02	0.09	0.02
	N	56.00	62.00	61.00	62.00	62.00	61.00	61.00	57.00	55.00
Brand Mgmt.	Pearson Correlation	0.15	0.27	0.18	0.29	1.00	0.32	0.36	0.49	0.37
	Sig. (2-tailed)	0.23	0.02	0.12	0.02	.	0.01	0.00	0.00	0.00
	N	64.00	72.00	71.00	62.00	72.00	71.00	71.00	66.00	62.00
Internal Marketing	Pearson Correlation	0.09	0.11	0.39	0.12	0.32	1.00	0.54	0.63	0.17
	Sig. (2-tailed)	0.49	0.35	0.00	0.37	0.01	.	0.00	0.00	0.18
	N	63.00	71.00	71.00	61.00	71.00	71.00	71.00	66.00	61.00
Measure-ment	Pearson Correlation	0.10	0.22	0.42	0.30	0.36	0.54	1.00	0.55	0.04
	Sig. (2-tailed)	0.44	0.07	0.00	0.02	0.00	0.00	.	0.00	0.74
	N	63.00	71.00	71.00	61.00	71.00	71.00	71.00	66.00	61.00
Integration	Pearson Correlation	0.09	0.17	0.36	0.23	0.49	0.63	0.55	1.00	0.18
	Sig. (2-tailed)	0.51	0.17	0.00	0.09	0.00	0.00	0.00	.	0.20
	N	58.00	66.00	66.00	57.00	66.00	66.00	66.00	66.00	56.00
Performance	Pearson Correlation	0.09	0.04	0.08	0.31	0.37	0.17	0.04	0.18	1.00
	Sig. (2-tailed)	0.50	0.74	0.52	0.02	0.00	0.18	0.74	0.20	.
	N	55.00	63.00	62.00	55.00	62.00	61.00	61.00	56.00	63.00

Correlation is significant at the 0.01 level (2-tailed).
Correlation is significant at the 0.05 level (2-tailed).

Organizational Structure

1. **Integration must be driven by senior management**. As noted in the appendices, the Centre for Integrated Marketing, University of Luton (UK) notes: "It is leadership commitment that begins the Integrated Marketing process and leadership commitment that sustains it. Final success usually comes from a form of leadership across the organization that is collective, (everyone takes ownership together) distributed (all parts play their part) and situational (the right person takes leadership at the right time). However, it usually needs an individual to make the initial decisive shift."

   As an example, look to SEEBOARD Energy, a company that was forced to radically re-organize and refocus itself in the face of larger and better-funded competitors and a dramatic loss of customers. While many companies are not "on the edge of a burning cliff," they could benefit from having integration driving through the organization by a senior commitment.

   Also, Visa has a structure in which all campaigns must be approved by a cross-functional team of senior managers, i.e., the vice presidents of advertising, brand management, marketing services and events & sponsorship. Should a program fail to pass muster at this point, it is either sent back to the team who created it or killed completely.

2. **Organize around customers and end-users**. This takes the focus off what the company produces and puts it on the end user and their needs. It would also effectively close the gap between equity and activation, since the company's entire focus would be on effective communication to its end-users. Examples include:

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a. Fedex, as noted in the appendices; and,

b. USAA, a Fortune 200 financial services firm that serves the military community.

The focus on end-users necessarily requires the development of rich inputs via consumer research during the initial planning process. This enables the development of campaigns that are more integrated and more relevant to the target. It also encourages the development of brand-based ideas, prior to focusing on specific channel planning. Channel planning without strong brand-based ideas has been shown to greatly limit the creative possibilities for engaging customers and consumers.

3. **Create an integrated marketing position**. Re-orienting an entire company around customers and end-users may be a radical move for many companies. Therefore, in situations where companies are organized around brands, a dedicated IM position can be leveraged to bridge any gaps between equity and activation across a range of products or services and a brand's end-user segments. Unilever has done this and its IM function sits within Marketing Resources, which— in addition to IM--has overall responsibility for relationship marketing, package design, research analytics, training and development, North American call centers, and multicultural marketing.

4. **Leverage Marketing Services as a consultant to brands in multi-brand companies**. Moreover, placing IM team members within each brand team both ensures that each brand has an IM expert at its disposal and that the IM person becomes immersed in the brand. Kimberly-Clark is an example of a company that has done this and has found that, because the IM person has a company-wide perspective as well as brand-specific understanding, they are in the best position to cascade learning throughout the brand team.

5. **Elevate the importance of active and robust communications to partners and internal constituencies**. Doing so achieves two goals:

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First, it ensures that all employees understand and can communicate the brand promise. Second, strong internal communications can have significant impact on a company's financial performance, as was discussed earlier in the report. Fedex uses a marketing intranet and corporate e-mail to maintain strong internal communications. SEEBOARD Energy, as part of its successful turnaround, understood that all of its employees and partners were consumer touchpoints. As the Centre for Integrated Marketing noted: "Effective implementation of any change or innovation typically includes all the involved parties. Integrated Marketing goes further in needing to mobilize everyone towards living the brand mission. This needs hearts and minds and not just compliance, a significant new strategic role for the senior marketing executive." A sample of the multiple elements included:

- reward and recognition system
- opportunities for employees to be part of the TV spots
- leadership workshops for management
- staff briefings,
- a quarterly employee magazine
- an artwork competition that encouraged staff to visually represent company values and what they mean to them
- coaching training for supervisors of customer-facing staff
- regularly scheduled times for executives to answer questions from staff on any subject

6. **Transform customer marketing**. This of particular importance to brands that sell their products through retail. Customer marketing cannot focus exclusively on sales. Rather, the challenge, as has been noted elsewhere in this document, is to provide in-depth understanding of each retailer's selling philosophy and knowledge of what's actually happening in-store. If Unilever's customer marketing team is indicative, the role seems to be evolving into one that has consulting responsibilities and helps retailer determine their strategies. In this way, a stronger bond is formed between the brand and its retail partners. It also enables the development of national campaigns that

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can be integrated into more customer-specific programs. A key
component of this transformation will be staffing. As an interviewee
who runs a customer marketing department noted, the profile that will
be needed is a classic marketer who can apply that expertise in a retail
setting. Of course, not all marketers will be able to make that
transition.

Process

Development

7. **Foster long-term relationships with your marketing agencies**. It is
    incumbent upon brands that they create an environment where their
    agencies are made to feel that both parties are in the relationship for
    the long-term. Visa, as one example, has been strong in this regard
    and their many agencies are viewed both as extensions of the
    organization and as true partners. Thus, the agencies work very well
    together to develop and execute integrated campaigns.

8. **Clarify the company's most valuable consumers**. This means
    attaching financial values to them, so that more strategic decisions can
    be made about resource allocations against them. Kraft has strong
    clarity about what it calls its "core consumer segment". In this respect,
    it is headed in the right direction in terms of being able to focus the
    organization on consumer acquisition, retention and upgrades.

9. **Assemble a cross-functional team that includes both key internal
    stakeholders and key agency reps**. This provides a multiplicity of
    perspectives on the business challenges the company faces, as well
    as a mix of sources for ideas on how to address them. Visa and
    Sainsbury are two examples of companies that regularly assemble
    such teams. For each campaign, Visa forms a integrated marketing
    taskforce that oversees development and execution. Sainsbury's

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success with its "Little Ones" campaign required the coordination across a broad array of marketing disciplines, as well as effective cooperation and shared learning across internal and external agencies.

Execution

10. **Utilize knowledge management and communication technology in order to improve execution**. Information technology and its organization-wide adoption become increasingly important as companies spread across various geographies and timezones. Fedex and Hewlett-Packard are examples of companies that do an exemplary job of leveraging IT to their benefit. Both companies understand that strong internal communication structures are necessary in order to effectively coordinate customer-focused initiatives.

11. **Assign a lead agency for each campaign**. Based on the marketing discipline that leads each effort, it makes sense to rotate lead agencies among a brand's agency roster. By rotating the leadership of a campaign among agencies, communication is more easily managed by the brand and integration – particularly of creative – is more readily achieved among disparate agencies. Visa has be particularly successful using this model, as it places the burden of campaign success in the hands of those with the most expertise.

Evaluation

12. **Develop the analysis criteria during the planning phase**. Unilever is just one example of an organization that spends a considerable amount of time to determine which will be the most useful metrics for a particular program. It then maintains the commitment to measure what needs to be measured.

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13. **Create a mechanism that cascades knowledge throughout the organization**. If integrated marketing is a business process that takes place over time, then it follows that organizational learning will also happen over time. However, it is imperative that companies distribute learning throughout the organization so that communications efforts can be placed in their proper context. As well, it is clear that many companies remain wedded to the traditional media, and that there may be a need for them to grow their understanding and comfort with other ways of communicating with constituencies. For example, Unilever has created an annual document called Active Marketing Learning (AML), which looks at their major programs and analyzes the tactics employed, as well as the effectiveness thereof.

Overall Recommendations

Organizational Structure

1. **Integration must be driven by senior management**. This is particularly necessary as the organization gets larger. Senior management provides the necessary incentive for all departments to work together. While integration can, and does, happen on an ad hoc basis, there is a danger that not all products and services will receive the same cross-functional planning, execution and evaluation that will better enable them to survive in a competitive marketplace.

2. **Include and enlist employees for brand communications**. Senior management must ensure that employees at all levels in the organization embrace the brand message and live and embody the communications coming out of the marketing department. This can be achieved by internal marketing, as well as training and motivational programs. Done properly, robust internal marketing can provide a company with a competitive advantage by positively impacting the bottom line.

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3. **Close the gap between brand equity and brand activation**. There must be close collaboration between the two sides of the marketing house. The brand equity team is the protector of the brand. They should not be divorced from the planning and execution of contact with the brand's consumers and customers. Likewise, brand activation's understanding of how the brand is received in a real world setting can be valuable to the brand equity team as they evolve the brand.

4. **Customer marketing is key for any company that builds its brand through retail.** First, the insights gleaned from this team's interaction with a brand's customers provide an opportunity for all parts of the organization to understand what's happening at retail. Second, leveraging these insights means making the customer marketing team part of a campaign's integrated team, particularly when the objective is business-building. The challenge is getting the field teams to understand their new roles, that their jobs are not just about sales. For organizations to be effective at customer marketing, they must recruit those with a classic marketer's background who can apply what they know in a retail context. As well, customer marketing must be willing to take on the consulting role in order to help their customers clarify their strategies, where necessary.

Process—Development

1. **The first step should be on generating strong, brand-based ideas**. Too often, brand marketers jump into channel planning because it is easy to do. However, time and again, marketers have expressed that the best channel planning is useless without great ideas to activate and energize them. It's about the right idea or message delivered via the right channels, to the right consumer at the right time.

2. **Develop rich inputs as to the organization's key consumer groups, including a detailed understanding of the financial significance of each.** A marketer going after young adults ages 21-34, for example, is

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going after a lot of people. In this highly fragmented marketplace, marketers must have a complete picture of their target consumers and be able to group them in relation to their financial value to the organization.

3. **Foster long-term agency relationships, which enables the development of better brand-based ideas, and involve the agencies early in the planning process**. Across the board, brand marketers felt that long-term relationships with their agencies are better for the brand. When agencies feel that they are valued as true partners and extensions of the brand, then they tend to be more creative in terms of the ideas they bring their clients. Conversely, it is more difficult for agencies that feel their relationship is tenuous to produce work that does more than meet the requirements of the brief.

4. **Integrate the customer perspective during planning**. Particularly when developing business-building programs, it is critical for brand marketers to have a firm grasp of the selling philosophies of each of its key customers and the shoppers these philosophies attract. This leads to better tie-ins with customers via the creation of extensions that are not one-size fits all.

Process—Execution

1. **Use technology to help teams stay on top of execution**. Knowledge and information sharing are challenges for all organizations. Many organizations are in various stages of developing knowledge management tools and systems. However, once the tools are in place, it will require a big push in order to ensure that everyone is trained on, and makes use of, the new system.

2. **Hold regular meetings wherein all key stakeholders can monitor the progress of a campaign**. Communication during the execution phase is key, particularly when it requires coordination between departments and agencies.

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3. **Assign a lead agency for each campaign**. In addition to the brand marketing team, one agency should be responsible for maintaining the integrity of the vision behind each campaign. The role of lead agency will change based on the program and whether it is advertising-, promotions-, or PR-based, for example.

Process—Evaluation

1. **Invest in research at the outset of campaign development**.. This approach enables a brand marketer to do an "apples-to-apples" comparison of programs. Such comparison is particularly necessary when new programs are devised or when marketing wants to make the case for use a tactic or program that develops softer metrics. Without the research, brand marketers will not be able to quantify where the tactic or program had impact. In fact, many participants in the executive interviews noted that more research is necessary in the areas of PR, for example, in order to better provide a sense of what approaches are best for achieving specific goals.

2. **The integrated team that does the planning should also do the evaluation**. The challenge among cross-functional teams is that everyone pulls together to plan and execute programs, which are then followed by more programs. Accordingly, team members shift their focus to the new campaigns. However, brands should consider leaving the integrated team—or some portion of it—in place to handle wrap up. This will help ensure that the program is measured in context of the decisions that were made and that some of those decision makers will be present to help interpret results. Outside facilitation can help to maintain continuity.

3. **Identify the type of program that's being done and measure accordingly, i.e., brand-building vs. business building**. Don't make hard metrics the primary criteria of all programs. Certainly, hard metrics will be a part of many programs. However, it will be helpful for the team to

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identify the proper mix of programs and where each program falls, so that the proper measures can be applied.

4. **Be mindful of the correlation between integration and measurement**. This is not just about "more" measurement, but about better measurement, and understanding the cumulative impact of departments, systems and people working together. Companies that want to achieve integration must have good measurement systems.

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APPENDICES

Aggregated Written Survey Results

Respondents were asked to answer the following questions by ranking their responses on a scale of 1-5, where 1 was the strongest negative response ("not at all" or "strongly disagree") and 5 was the strongest positive response ("very much" or "strongly agree"), except where noted.

Part I: Development

1. How difficult is it for your organization to achieve the objectives of a marketing communication campaign?

	Overall	High performers	Low performers
Mean	2.93	2.73	3.05

2. To what extent are the objectives of the marketing communication campaign coordinated with the objectives of each of the following functions?

	Overall	High performers	Low performers
Public Relations	3.37	3.46	3.27
Sales	3.85	4.08	3.81
Advertising	3.70	3.81	3.49
Direct Marketing	3.37	3.96	3.03
Promotions	3.62	3.81	3.43

3. To what extent do the following individuals/departments participate in the planning and creation of a marketing communication campaign in your organization?

	Overall	High performers	Low performers
VP Marketing	4.32	4.25	4.40
Director Marketing	4.57	4.68	4.48
Brand Manager	4.32	4.38	4.36
Sales	3.17	3.36	3.20
Public Relations	3.24	3.64	3.03
Advertising	3.73	3.81	3.60
Direct Marketing	3.63	4.05	3.36
Outside Agencies	3.67	4.09	3.52
Promotions	3.74	3.56	3.89

4. To what extent are the following factors used to allocate the marketing communication budget within your organization?

	Overall	High performers	Low performers
Campaign objectives	3.66	3.85	3.51
Previous year's budget	3.72	3.50	3.92
Metrics of previous campaigns	3.10	3.25	3.06

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5. What is the approximate percentage breakdown of the marketing communication dollars spent on the following tools?

	Overall	High performers	Low performers
Advertising	34.2%	25.6%	39.4%
Event/Sponsorships	12.8%	11.2%	15.8%
Direct Mail	20.7%	40.6%	9.4%
Online	10.8%	7.1%	12.7%
Trade Promotions	18.4%	19.3%	16.0%
Consumer Promotions	14.4%	16.5%	13.8%
	--------	--------	--------
	100.0%	100.0%	100.0%

6. To what extent does your organization incorporate consumer research into marketing communication campaign planning?

	Overall	High performers	Low performers
Mean	3.19	3.27	3.05

7. Who is primarily responsible for the creation of marketing communication campaign strategies and objectives? (1=entirely an outside agency, 5=entirely internal)

	Overall	High performers	Low performers
Mean	4.00	3.92	4.08

8. Which of the following statements best describes who in your organization is responsible for ensuring a unified focus in the creation of a marketing campaign?

	Overall	High performers	Low performers
Senior management	57.5%	65%	60%
Consensus among participating departments	31.5%	23%	35%
A project manager or coordinator	9.6%	12%	5%
Primarily an external agency	0.0%	0%	0%
Other units or persons	1.4%	0%	0%

9. How much time is spent planning a typical marketing communication campaign in your organization?

	Overall	High-performers	Low-performers
Less than 2 weeks	9.6%	15%	8%
2 – 4 weeks	24.7%	31%	22%
1 - 2 months	27.4%	27%	27%
2 - 3 months	19.2%	19%	22%
3+ months	19.2%	8%	22%

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10. In your opinion, how adequate is the time you indicated above for a marketing communication campaign?

	Overall	High performers	Low performers
Mean	3.38	3.46	3.27

11. To what extent are your marketing communication strategies aligned with the overall brand strategy of your organization?

	Overall	High performers	Low performers
Mean	4.07	4.31	4.00

12. To what extent are the following groups responsible for the development of new communication channel opportunities and injecting them into the marketing communication planning process?

	Overall	High performers	Low performers
Outside agency	2.73	3.08	2.43
Brand management	3.55	3.80	3.50
Sales force	2.45	2.42	2.54
Promotions	3.09	3.05	3.03

Part II: Execution

13. To what extent does your organization rely on an outside agency to execute a marketing communication campaign?

	Overall	High performers	Low performers
Mean	2.96	2.67	2.81

14. Please indicate the degree to which you 'agree' or 'disagree' with each of the following statements about your organization. (1=strongly disagree, 5=strongly agree)

a、 Marketing campaign objectives are disseminated at all levels of your organization.

	Overall	High performers	Low performers
Mean	3.22	3.15	2.95

b、 All the departments in your organization such as PR, marketing, sales, etc., work together for the implementation of a marketing campaign.

	Overall	High performers	Low performers
Mean	3.50	3.54	3.24

c、 Your organization delivers a consistent brand message when it executes a marketing campaign.

	Overall	High performers	Low performers
Mean	3.60	3.96	3.41

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d、 Your organization communicates and cooperates with retailers when a marketing campaign is launched.

	Overall	High performers	Low performers
Mean	3.02	3.76	2.94

e、 Your organization monitors and tracks the implementation of a marketing campaign on a regular basis.

	Overall	High performers	Low performers
Mean	3.38	3.08	3.16

f、 Customer contact employees are well informed of marketing campaign strategy and message.

	Overall	High performers	Low performers
Mean	3.26	3.68	3.05

g、 Internal marketing group and external agencies coordinate themselves at the onset of the creation of a marketing campaign.

	Overall	High performers	Low performers
Mean	3.58	3.60	3.32

h、 Your national advertising agency is managed separately from other marketing service functions such as promotion, direct marketing…etc.

	Overall	High performers	Low performers
Mean	2.94	3.92	2.71

i、 It is a big challenge to coordinate your national advertising campaign with other marketing service functions such as promotion, direct marketing…etc.

	Overall	High performers	Low performers
Mean	3.30	3.38	3.32

15. What department or person is responsible for making a decision on choosing creative for a marketing campaign?

	Overall	High performers	Low performers
Senior Management	50.0%	68.0%	41.0%
Advertising department	11.1%	8.0%	18.0%
Consensus among marketing services	31.9%	24.0%	35.0%
Other	7.0%	0.0%	6.0%

16. To what extent are each of the following tools used to deliver your organization's marketing communication campaign message?

	Overall	High performers	Low performers
Print ads	3.67	3.92	3.44
Broadcast ads	2.83	2.92	2.66
Online ads	2.86	2.58	2.92
OOH	2.01	2.23	1.89
Events/Sponsorship	2.78	3.00	1.89
Direct marketing	2.93	3.15	2.77
PR	2.83	2.96	2.89
Trade promotions	2.68	2.69	2.69
Media Promotions	2.42	2.46	2.61
In-store promotions	2.51	2.68	2.17

Part III: Evaluation

17. In your opinion, how adequately does your organization measure the effectiveness of a marketing communication campaign?

	Overall	High performers	Low performers
Mean	2.90	3.00	2.33

18. Who is primarily responsible for the evaluation of your marketing communication campaign?

	Overall	High performers	Low performers
Outside Agency	5.7%	8%	5%
In-house research dept	18.6%	15%	23%
Marketing department	74.3%	77%	71%
Other	1.4%	0%	0%

19. How well does your company measure the performance of each of the following marketing communication tools?

	Overall	High performers	Low performers
Print ads	2.68	2.65	2.87
Broadcast ads	3.29	3.33	3.52
Online ads	3.15	3.00	3.25
OOH	2.25	2.38	2.17
Events/Sponsorship	2.88	3.22	2.79
Direct marketing	3.21	3.73	3.04
PR	2.35	2.36	2.48
Trade promotions	2.61	2.55	2.65
Media Promotions	3.18	2.67	3.30
In-store promotions	2.77	2.78	2.80

20. How well does your organization consolidate the measurement of the above marketing tools into a single overall evaluation?

	Overall	High performers	Low performers
Mean	2.65	2.92	2.53

21. Please indicate the extent to which you agree or disagree with each of the following statements.

Strongly Disagree 1   2   3   4   5   Strongly Agree

a. The effectiveness of each marketing tool in a marketing campaign, such as advertising, PR... etc, is measured independently.

	Overall	High performers	Low performers
Mean	2.77	3.12	3.29

b. The marketing objectives are designed to achieve measurable results.

	Overall	High performers	Low performers
Mean	3.78	3.81	3.69

c. Your organization allocates sufficient resources to the measurement of a marketing communication campaign.

	Overall	High performers	Low performers
Mean	2.61	2.50	2.58

d. The level of integration with other marketing functions/teams is incorporated into the marketing team or employee performance.

	Overall	High performers	Low performers
Mean	3.08	3.15	3.06

e. Your organization uses customer feedback and customer information to evaluate a marketing campaign.

	Overall	High performers	Low performers
Mean	3.29	3.46	3.11

f. The evaluation of a particular marketing campaign influences the development of future campaigns.

	Overall	High performers	Low performers
Mean	3.89	4.12	3.75

g. A pre-test is always held before the campaign is implemented.

	Overall	High performers	Low performers
Mean	2.22	2.08	2.14

h. A post-test is always held after the marketing campaign has been in the field.

	Overall	High performers	Low performers
Mean	2.26	2.27	2.28

Part IV: Integration of Communication

Respondents were asked to identify a two (2) marketing communication campaigns, one that was considered successful and one that performed below expectation.

Questions relating to a campaign that an organization considered successful

22. In your opinion, how important were each of the following factors in the success of this campaign?

	Overall	High performers	Low performers
Creative idea	4.25	4.17	4.28
Planning/development	4.24	4.21	4.19
Agency coordination	3.00	3.00	3.08
Trade cooperation	2.91	2.78	3.29
Top management support	3.98	3.79	4.35
Employee coordination	3.50	3.75	3.69
Measurement	3.70	3.48	3.81

23. How well did each of the following tools integrate with this marketing communication campaign objectives that your organization set?

	Overall	High performers	Low performers
Print ads	4.26	4.10	4.41
Broadcast ads	3.97	4.18	3.89
Online ads	3.85	3.94	3.71
OOH	3.05	3.10	2.75
Events/Sponsorship	3.28	3.53	3.06
Direct marketing	3.70	3.40	3.29
PR	3.51	3.33	3.59
Trade promotions	3.48	3.23	3.81
FSIs/Coupons	3.41	3.25	3.25
In-store promotions/sampling	3.43	3.31	3.67

24. What other factors contributed to the success of this campaign that were not covered above? A sample of the responses include:

- Consumer insight & Retail alignment
- Sales group—well informed + helpful w/ execution
- Coordination of all functions so that funds were divided in a group to determine best budget applications

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- Customer demand for program, technology—product development, employee acceptance and training
- Highly committed brand team
- Adequate lead time for sell-in to the trade and tie-in incentives for the trade to tie with national advertising at the local level
- The key to this promotional/communication campaign was leveraging our packaging. Therefore, other key tools were: packaging, the plants/manufacturing. In addition, this program is highly targeted and has relatively low cost, maximizing efficiency and effectiveness.

Questions relating to a campaign that an organization considered less successful than expected

25. In your opinion, how important were each of the following factors in the poor performance of this campaign?

	Overall	High performers	Low performers
Creative idea	3.44	3.45	3.50
Planning/development	3.73	3.60	3.77
Agency coordination	2.40	2.00	2.41
Trade cooperation	2.70	2.71	2.67
Top management support	3.13	2.80	3.33
Employee coordination	2.90	2.85	3.00
Measurement	3.08	2.95	3.00

26. How well did each of the following tools integrate with this marketing communication campaign objectives that your organization set?

	Overall	High performers	Low performers
Print ads	3.11	2.93	3.17
Broadcast ads	3.05	2.00	3.67
Online ads	2.72	2.10	3.30
OOH	2.58	1.20	3.75
Events/Sponsorship	2.39	1.22	2.57
Direct marketing	3.19	3.71	2.70
PR	2.50	2.30	2.60
Trade promotions	2.75	3.00	2.46
FSIs/Coupons	2.71	2.89	2.33
In-store promotions/sampling	2.78	2.75	2.57

27. What other factors contributed to the underperformance of this campaign that were not covered above? A sample of the responses included:

- Time frame of offer was hindered by delayed response of partner marketer on promotion
- We are talking to ourselves: Didn't we understand the retailer or consumer?
- Should not have treated this as a broad-based national product in all channels. Product was difficult to find at shelf
- Lack of coordination within the company

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- Lack of internal support and follow through
- Creative did not jump, too little frequency of message to customer base
- Lack of getting store unit front line support
- Cost-the campaign was unsuccessful due to the high fixed cost and low incremental volume proceeds

Please use our definition below of "Integration Marketing Communications" to answer the following questions:

"Integrated marketing communications is a strategic business process used to plan, develop, execute and evaluate coordinated, measurable, persuasive brand communication programs over time with consumers, customers, prospects, and other targeted relevant external and internal audiences."

28. In your opinion, please evaluate the integration of your marketing communication tools within your organization. (1=not at all, 5=very much)

	Overall	**High performers**	**Low performers**
Mean	3.15	3.56	2.94

29. How has the integration of the marketing communication level of your organization changed for the past three years?

	Overall	**High performers**	**Low performers**
Mean	3.75	3.88	3.65

30. To what extent have the following positive outcomes been a direct result of integration within your organization?

	Overall	**High performers**	**Low performers**
Higher customer loyalty	3.36	3.81	3.09
Increased sales	3.54	3.85	3.39
Better trade cooperation	2.79	2.68	2.86
Cost savings	3.09	3.19	3.00
Ability to assess agency performance	2.46	2.68	2.23
Increased profit	3.30	3.69	3.06
Elevated status of marketing function	3.32	3.46	3.15

31. Please indicate which of the following statements best describes your organization?

	Overall	High performers	Low performers
Marcom is fully integrated	11.4%	19%	9%
Considerable strides, but improvements still required	51.4%	58%	50%
Just starting to integrate communications functions	25.7%	15%	27%
Completely not integrated	11.4%	8%	15%

32. To what extent does each of the following factors influence the creation of an integrated marketing campaign in your organization?

	Overall	High performers	Low performers
Competitive pressure	3.56	3.76	3.59
Desire to increase brand	4.00	4.20	3.79
Sales decline	3.2	3.24	3.21
Seasonality	2.59	2.44	2.42
Trade relationship	2.34	2.32	2.27
New product launch	3.98	4.38	3.82
Evolution of product	3.25	3.44	3.13

33. To what extent is each the following factors considered an obstacle in achieving integrated marketing communication in your organization?

	Overall	High performers	Low performers
No top management support	3.57	2.36	4.53
Budget constraints	3.87	3.72	4.06
Organization structure	3.39	3.08	3.47
Multiple agencies	1.65	1.21	1.76
Resistance to change	3.10	2.84	3.09
Lack of tangible evidence	2.70	2.32	2.91
Staff limitation	3.38	3.32	3.58
No consumer orientation	2.19	2.24	2.33

Part V:

A. <u>Company information</u>

34. Please indicate the number of employees in your organization.

	Overall	High performers	Low performers
Under 1,000	21.9%	12%	27%
1,000 – 2,999	37.0%	42%	32%
3,000 – 5,999	9.6%	8%	8%
6,000 – 9,999	12.3%	12%	14%
Over 100,000	19.2%	27%	19%

35. Which of the following best describes your organization?

	Overall	High performers	Low performers
Financial services	11.0%	12%	14%
Professional services	19.2%	10%	19%
Business services	1.4%	13%	3%
Consumer products	34.2%	35%	27%
Industrial products	2.7%	0%	0%
Healthcare	6.8%	10%	14%
Hospitality/restaurant	1.4%	0%	3%
Travel/tourism	4.1%	4%	3%
Media company	9.6%	12%	11%
Other	11.0%	15%	15%

36. Which of the following best describes the competitive position of your company in the industry?

	Overall	High performers	Low performers
Leading company in industry	37.0%	31%	38%
One of the largest, but not the leading	24.7%	31%	22%
Significant company, but not one of the largest	28.8%	23%	35%
One of the smaller companies	9.6%	15%	5%

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37. Relative to your competitors, how profitable has your company been over the past three years?

	Overall	High performers	Low performers
Much more profitable	31.4%	58%	14%
Somewhat more profitable	41.4%	23%	49%
About the same	10.0%	15%	8%
Somewhat less profitable	14.3%	4%	24%
Much less profitable	2.9%	0%	5%

B. Respondent information

38. What is your job function?

  9.6 % □ Senior Executive/Chief Officer/Executive Vice-President
  Executive/Chief Officer/Executive Vice-President
  tive/Chief Officer/Executive Vice-President
  hief Officer/Executive Vice-President
  fficer/Executive Vice-President
  /Executive Vice-President
  tive Vice-President
  ice-President
  esident
  t
  28.8 % □ Senior Management/Vice President
  38.4 % □ Director
  15.1 % □ Department manager
  4.1 % □ Functional manager
  ional manager
  manager
  ger
  2.7 % □ Supervisor
  visor

  1.4 % □ Other, please specify: _____
  , please specify: _____
  ase specify: _____
  pecify: _____
  y: _____
  _____
  —

39. Which organizational level do you work for?
  58.9 % □ Corporate
  20.5 % □ Strategic Business Unit (SBU)
  11.0 % □ Division

8.2 % □ Regional/ Local
nal/ Local
Local

1.4 % □ Other, please specify: _____
, please specify: _____
ase specify: _____
pecify: _____
y: _____
_____
__

40. Which function area do you work for?
82.2% □ Marketing
0.0% □ Human resources
resources
urces
s
5.5% □ General management
ral management
management
gement
nt
1.4% □ Sales
s
1.4% □ Public relations
ic relations
elations
ions

0.0% □ Direct marketing
ct marketing
arketing
ting

4.1% □ Sale promotion
 promotion
motion
on
2.7% □ Advertising
rtising
ing
1.4% □ Customer service
mer service
ervice
e
1.4% □ Other
r

60

41. How many years have you been working for your present organization?

0.0% □ Less than a year

11.0% □ 1-2 years
21.9% □ 3-5 years
28.8% □ 6-10 years
38.4% □ More than 10 years

42. How many years have you been working in a professional capacity?

2.7% □ 3-5 years

5.5% □ 6-10 years

21.9% □ 10-15 years
69.9% □ 15+ years

Focus Group Recaps

Agency Groups

Following is an aggregation of the key points of discussion in the two agency focus groups that were held in connection with this study.

All channels and tactics are in play. Agencies indicated that their clients were asking for, and they are suggesting, a broad range of ways to reach consumers.

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Agencies noted that it is the brands who are driving the move towards greater tactical integration, which is based on their need to reach consumers via multiple touchpoints. However, newer and riskier channels remain a much harder sell with most clients. Agency reps attribute this to the fact that brand managers are focused on tactics and channels that directly impact their volume, share and near-term ROI goals.

Agency understanding of integrated marketing. Both groups were asked what came to mind when they heard the term "integrated marketing".

- "Consistency across different channels."
- "Using various forms of media (online/offline) in a synergistic platform."
- "Hub and spoke."
- "360-degree approach"
- "Consistent messaging across all platforms."

Several responses also pointed out agencies' frustration with integrated marketing:

- "Sounds great in theory. It's tough to implement, there are too many hands in the mix, and it's not in my budget."
- "It's hard to deal with the educational issues involved," i.e., educating the client on how to best utilize newer channels and tactics.
- "I'm thinking about all of the internal client issues," i.e., overcoming the silos in order to make integration a reality for this particular client.

Overall, the participants had a limited understanding of integrated marketing, as evidenced by their heavy emphasis on tactical coordination. Moreover, the focus was on outbound communications to consumers, with little attention being given to how they could help their clients communicate more effectively with other internal constituencies. There was some discussion of leveraging databases, but the focus was on obtaining subscription information and increasing the quality of sales leads as ends in and of themselves. There was no discussion or sense of their role in helping to elevate marketing to a level that would enable strategic business decision-making. It should be noted, however, that a premium is placed on execution, particularly at the middle levels within agencies and many of the group participants were drawn from this slice of their respective agencies.

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Describe the client who can effectively get an integrated campaign approved and executed. Based on their years of experience in dealing with clients, the agency groups offered their criteria for the type of client they felt they could count on to drive an integrated program through a Fortune 500 company. Specifically, they breathe easier when they know they have a client who has:

- Budget control
- Force of will/guts to take risk
- Some cross-channel knowledge (either they have it personally or they have the resources to bring in someone who does)
- Decisiveness
- Understand what constitutes good results

Potential headlines about the success or failure of IM. When prompted, agency participants were well aware of some of the immediate benefits of integrated marketing, particularly those that related to helping them achieve short-term goals for their clients. However, they were hardly starry-eyed when it came to talking about the downside or potential problems associated with integrated marketing.

For example, here are samples of some the responses generated when agency participants were asked to complete the following potential year-end headline, similar to ones that might appear in business or marketing industry publications:

"More integrated marketing campaigns. It helps us _____, says agencies"

- Reach more targeted audiences
- Achieve greater awareness
- Fully engage the consumer
- Sell
- Bill more
- Cut through the clutter

Conversely, they were asked to complete the following potentially negative headline:

"Integrated marketing loses its sizzle. It proved to be _____"

- All hype
- Too difficult to execute effectively

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- Too costly
- Inefficient (from a dollar standpoint)
- A glamorous buzzword that had no effect

Brand Marketer Groups

Following is an aggregation of the key points of discussion in the two brand marketer focus groups that were held in connection with this study.

Marketing objectives. Brand marketers were very clear about their objectives when beginning their marketing programs. Ranked according to frequency of response, their objectives were:

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Tactics/channels used to achieve these objectives. Brand marketers indicated that they were utilizing a broad range of tactics, including:

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Brand marketer understanding of integrated marketing. Like their agency counterparts, when asked what came to mind when they heard the term, the brand marketers tended to focus on integrated marketing as channel alignment and tactical coordination.

- "Selling through all touchpoints and beyond the standard channels."
- "Coordinating POS with media, ads, etc."
- "Media blitz, shared experiences and cross-selling."
- "Fully take advantage of all channels and resources to achieve goals."

However, these groups also yielded a few responses that showed a more developed understanding of IM's potential:

- "360-degree marketing. Cohesive brand-building inclusive of customer service, technology, supply chain, etc."
- "Working across companies and strategic business units."

They also voiced their frustrations around IM:

- "A headache."
- "Wishful thinking. I mean, I know we could do better if all areas of marketing worked together."

Potential headlines about the success or failure of IM. Brand marketers were also well aware of some of the immediate benefits of integrated marketing. However, they were hardly starry-eyed when it came to talking about the downside or potential problems associated with integrated marketing.

As was the case with their agency counterparts, brand marketers were asked to complete the following potential year-end headline:

"More integrated marketing campaigns. It helps us _____, says brands"

- Be more efficient, pool our resources
- Expand reach, intensify impressions
- Increase penetration
- Communicate creatively

On the other hand, their responses for a negative headline were as follows:

"Integrated marketing loses its sizzle. It proved to be _____"

- Overkill
- Inconsistent
- Too expensive
- Ineffective
- A waste of money
- Imprecise

Your budget's been increased. Where do the extra dollars go? In the face of a hypothetical budget increase, brand marketers were asked into which channel or tactic they would apply the additional dollars. Their responses:

Your budget's been decreased. What do you cut? On the other hand, faced with a hypothetical budget cut, brand markets indicated that they would take money from the following channels. Further, it was specified that it had to be in an area in which they were currently spending.

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One brand marketer indicated that he would immediately renegotiate all of his vendor contracts.

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Retailer Telephone Interviews Recap

As part of the study, the research team conducted 20-minute telephone interviews with retailers representing the following categories—grocery, drug, club/warehouse and mass merchandise. For many brands, retail represents that "last mile" between their products and the consumers who purchase them and, although not exhaustive, the information gleaned from these interviews provides insights into a critical piece of the integrated marketing puzzle.

Goal/Selling Philosophy. All of the retailers interviewed have a mass presence, either nationally or regionally. They all compete on a variation of value, which in the case of the grocery and warehouse respondent are combinations of low prices and quality. The drug retailer tries to be first to market with newer items and is very attuned to seasonality. Additionally, the club participant is very much focused on bringing in new members. The mass participant is a specialty retailer of video games and for their customers, price is secondary (particularly for hot titles) to their carrying every possible game that a hardcore gamer would want.

Key tactics. The retailers interviewed all used a limited number of tactics, which included FSIs and direct mail. There was less use of TV, radio or out-of-home media, since they indicated that everything they do needs to be tied to something quantifiable.

Role of Brands. All participants agreed that brands play an obviously "huge" role as the carrot that gets consumers to their stores. However, some subtle, yet important differences emerged.

In the case of the club participant, their typical consumer is a homeowner, a little older, and has a higher income than would generally be expected. This consumer knows his/her brands, i.e., which brands equal quality. The club participant's goal is to drive a sense of a "treasure hunt"—surprising the consumer with unexpected values that drive a sense of urgency and encourages repeat visits—within the store. Brands support this

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by providing opportunities for additional discounts or rebates, as well as adding something to the typical product that you might not find anywhere else, e.g., a larger size or a complementary sample product.

The mass participant is similar in that his/her focus is on creating a great in-store experience, one that mirrors the passion and excitement that their customer has for videogames. Brands support this by providing demos, promoting the chain as a key retail partner in as many channels as possible and, in some locations, creating special sections within their stores. Overall, this retailer relies heavily on brands to come to him with great ideas and programs, and it is the brands that handle the majority of the development and execution.

The drug retailer looks to brands for help merchandising inside the store and this help comes in the form of new items, competitive pricing and rewards programs built around the brands.

Brands as consultants. Retailers rely on brands to varying degrees and for different services. As was noted in the earlier discussion on the role of a brand's customer marketing team (See "Organizational Structure"), some retailers require support beyond the sale. For example, the drug retailer spoke often of his reliance on the brands to help them better understand the consumer, since his point-of-sale data provides him only a limited insight. On the other hand, the club retailer knows and understands her consumers very well. What she needs from brands are more marketing ideas that will enable her to keep her retail environment fresh and exciting.

Perceptions of integrated marketing among retailers. The participants tended to view integrated marketing as a means of achieving tactical alignment, whether it is around all the touchpoints for a specific category, department or season or if it's about doing outreach to consumers regarding offers from multiple vendors. Multi-vendor marketing is definitely gaining currency within the club respondent's arsenal of tactics. Further, the drug retailer noted that integration between retailer and supplier is key:

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Coordinated messaging is easier to understand and offers are much more believable for the consumer.

Echoing comments from the focus groups, one retailer noted that handling the logistics of integrated campaigns is a huge challenge. As a result, they tend to handle their campaigns internally so that they are able to maintain as much control as possible. Also echoing a sentiment expressed in the focus groups, the mass retailer felt that integrated marketing is "a great idea. A great theory, but difficult to execute." He cited consistency as his major challenges, especially when it came to dealing with various vendors and their creative, which many times conflicts with his. Also, he doesn't feel that he has the dollars to effectively integrate the Web, the in-store experience and the retail magazine.

Measurement. The depth of measurement varied by respondent. The club participant, who is primarily concerned with attracting and retaining members, focuses on the source of new names to the membership lists. The grocery participant does a pre-, during- and post-campaign analysis that includes both quantitative and qualitative analysis. He oversees heavy data mining. The drug retailer, on the other hand, focuses primarily on the sales of the items, and this is his true measure of performance. He noted that people want measurement that matches how they are measured, i.e., salespeople want sales data, etc. The mass retailer tracks in-store sales.

Beyond the numbers, true measurement of campaign effectiveness is difficult for retailers. However, while they are keenly aware that "you can't just rely on the numbers," numbers remain the overriding indicator of retail health and "the branding piece is an intangible." The grocery participant noted that they have difficulty determining their effectiveness at moving consumers to higher levels of spending.

The future. The club respondent thinks that it will become tougher for brands as they deal with retailers, and expects retailers to start asking for even better pricing and additional marketing funding as conditions of their deals. The grocery participant

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focuses on targeted marketing, and expects the brands to follow suit by concentrating on the consumers that have a propensity to buy the specific products they offer, as opposed to broadcasting their messages to the widest possible audience. The drug respondent foresees an increased use of integrated marketing, particularly as his organization focuses on speaking more consistently to its consumers through different methods and channels.

Consumer Ethnographies Recap

The research team conducted two (2) ethnographies in order to better understand how consumers perceive and are affected by brand marketing efforts. Based on input from the study's sponsors, two targets were chosen:

- Urban (as opposed to suburban or rural) female, between the ages of 18-34 (bull's eye of 25), single.
- Hispanic mother in a multigenerational household, between the ages of 18-49; working, but not professional.

The two participants were:

- Amber, mid-20's, a graphic designer and student. She grew up just outside of Philadelphia and moved to New York City three years ago. Currently, she lives with a roommate in Brooklyn.
- Anna, mid-30's Puerto Rican woman who works for the City of New York. She lives on Manhattan's Upper West Side with her mother and 16-year-old daughter. She has an associate's degree and is currently pursuing her bachelor's degree in education.

The ethnographies took place in each participant's home and included time spent with them in key areas of their homes, including the kitchen, bathroom and near their computers, where applicable. Based on these in-home discussions, the research team was able to get a better sense of the products they purchase and their point of view on the brands with which they interact.

Following is a sample of the food, home/personal care and other items that **Amber** had in her home:

Peter Pan Peanut Butter	Campbell's Soup	Smartwater
Planters Nuts	Nutella	Bumble Bee Tuna
Bertolli Olive Oil	Morton Salt	Stove Top Stuffing
Taster's Choice Coffee	Lipton Green Tea	Neutrogena Body Wash
Colgate Toothpaste	Back to Basic hair conditioner	G4 Mac

Following is a sample of the food, home/personal care and other items that **Anna** had in her home:

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Goya beans	Libby's Vienna sausages	Del Monte pasta sauce
George Foreman Grill	Bumble Bee Tuna	Domino sugar
Tropicana OJ	Quaker Oatmeal	Kool Aid
Noxzema	Jergens lotion	Caress soap
Listerine citrus	Pepsi	Alberto V05

Type of consumer. Both women are brand loyal and price sensitive. However, their loyalty has different roots. For Amber, she buys a lot of brands that were present during her childhood and formative years. When asked about her product choices, she responded many times: "That's what we always had." For Anna, her brand loyalty is both about familiarity with the products and the perceived quality of those brands. In her mind, lower awareness equates to lower quality.

Shopping process. Since she is both working and in school, Amber's shopping for food and home/personal care items is based on convenience. She has not time to clip or collect coupons and says that she gets the same thing on every shopping trip.

Anna, on the other hand, is open to new products, provided that they are on sale. Typically, if she hears about a product on TV, then sees it on sale, she's more likely to try it. In most cases, Anna shops with her mother, who keeps the list of items that the household needs. Though she finds out about products through Sunday newspaper FSI's, she is not a consistent user of coupons, although she is considering making more use of them. Anna looks for sales and when she sees items on sale, she and her mother "stock up on it."

Where they shop. Amber shops mostly at the C-Town in her neighborhood, although she does visit a health food store "every couple of months" for certain products, but this is definitely a "splurge."

Anna takes advantage of more of the options that are available in Manhattan. Locally, she also shops at a C-Town a few blocks away from her apartment. However, she likes Fairway because it tends to have fresher meats, vegetables and fruit. When a family member can give her a ride, she goes to Fat Alberts in the Bronx.

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How new products are integrated into their shopping mixes. Since she's a designer, packaging is a strong lure for Amber. She indicated that she notices new packaging, either in the form of a redesign or if a product has been recently added to the store in which she shops. An example of this would be the Thai peanut sauce mix that she mentions in the video.

In addition to TV/sale price combo, Anna is often encouraged to try new things as a result of word-of-mouth. She cited the Del Monte mushroom sauce as an item that her supervisor recommended. And, of course, it happened to be on sale when she was in the store. As well, Crème of Nature shampoo was recommended by a friend. Moreover, she tends to buy hair care products based on first experiencing them at her salon. If she likes the results, she will ask her stylist about the product and then go to a beauty supply store to purchase them.

Internet usage. Anna does not have internet access either at work or at home. However, she realizes that it would be a useful tool for getting product information. As a result, she's giving serious consideration to purchasing a computer and getting online.

On the other hand, Amber has access to the internet both at work and at home. She uses it to research products and to make major purchases, such as her Mac G4 (from macwarehouse.com) and her bed (from Sleepys.com). For her, online shopping is best suited for big purchases, particularly in cases where she would be faced with getting a large purchase home from the retail location without a car.

Amber is adept at online shopping and uses many sites, such as Google, WebMD, and drugstore.com. Additionally, she has bought many items online such as gifts and memorabilia (E-Bay), ink cartridges (bigzoo.com), books (BN.com and Amazon).

The Retail Experience. Anna had strong opinions on the ways that retailers deal with their customers. She does not do major shopping in Associated because the store has

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a strict policy on sale items (1 per person or 1 per family). As well, sometimes she finds the cashiers rude and the stores not well-kept. C-Town, on the other hand, has no restrictions on sale items. She feels that they understand that she should be able to buy more sale items when she is a customer who regularly spends a significant amount of money on each shopping trip. In her mind, the store understands that they are in no way losing. Amber also mentioned that her preference for C-Town is based on the cleanliness and appearance of the store.

On Sampling. Anna is very open to receiving samples, but says she doesn't see a lot of it in the supermarkets in which she shops. Her perception is that more sampling takes place at grocery stores that cater to a more upscale clientele, such as Food Emporium and Gristedes. Moreover, she thinks companies should do more of it, since it gives her the option to try something new. Items that she'd be interested in sampling include:

- Juices
- Cookies
- Donuts
- Personal products such as lotions and shampoos

She has noted that she gets samples at street fairs and through guerrilla marketing distribution. She laments that companies no longer mail samples directly to consumers.

On Sweepstakes. Anna does not believe in sweepstakes. She says that they're "a gimmick" and that she "never wins." Also, she's usually in too much of a rush to fill out any forms.

On Advertising. Anna believes that companies that are trying to reach her and other Hispanics should adv