EMAC 2015
LEUVEN (BELGIUM)
MAY 26-29 2015

Online and offline integration in marketing communication. Delving into the business perspective

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Abstract
Literature about Integrated Marketing Communication (IMC) is still evolving, but lacks a systematic focus on online and offline integration approaches. This research aims to identify the key managerial issues related to online and offline integration within IMC and explore the existence of clusters of firms with consistent conducts and results. We carried out a survey with 124 large firms operating in Italy, running first exploratory factor analyses and then a non-hierarchical cluster analysis. The former highlight the nature of the implementation modalities of online and offline integration in IMC, the main types of advantages, and the different categories of barriers to such implementation. The latter results in two clusters of firms. Academic and managerial implications are presented along with future research directions.

Keywords*: Integrated Marketing Communication, online and offline integration, exploratory factor analysis, cluster analysis*

Track*: Advertising, Promotion, & Marketing Communication*

1. Introduction and study objectives

The digital revolution has led to the spread of new communication approaches, in addition to the more traditional ones, within the Integrated Marketing Communication (IMC) landscape (Mulhern, 2009; Winer, 2009). Several authors point out the presence of two fundamental models of communication (Kerr & Schultz, 2010; Schultz, 2008): the traditional *outbound* or *push system*, a one-to-many approach; and the emerging *inbound* or *pull model*, a digital, interactive and social approach, where the consumer is no longer a passive receiver of the messages sent by marketing organizations, but becomes an active communication generator (Schultz and Patti, 2009), co-author of the brand stories (Gensler et al., 2012), multitasking (Pilotta et al., 2004), and ubiquitous (Deighton & Kornfeld, 2009). As highlighted by Schultz and Patti (2009), this scenario poses managers and scholars renewed challenges to integration. A first challenge concerns the issues of developing integrated marketing communications within each model, push and pull. Gurău (2008) investigates the peculiarities of IMC in the online environment and identifies specific opportunities and challenges raised by the Internet for IMC. However, the most important challenge concerns the necessary integration between the two models, which follow radically different logics, in order to maintain and strengthen a coherent and compelling brand proposal (Fill, 2002). Literature about IMC is still evolving (Porcu, Del Barrio-García, and Kitchen, 2012; Kliatchko, 2008, 2009; Kliatchko & Schultz, 2014), but lacks a systematic identification of the key business practices linked to online and offline communication integration. In response to the call of Kitchen and Schultz (2009) for a new research agenda in the push-pull and interactive marketplace, our study, adopting the companies' perspective, aims to provide an initial contribution by pursuing the following objectives: 1) identify the key managerial issues related to online and offline integration within IMC; 2) explore the existence of clusters of firms with consistent conducts and results in respect to online and offline integration. To this end, we conducted a survey with 124 large national and multinational companies operating in Italy, running first exploratory factor analyses and then a non-hierarchical cluster analysis.

2. Theoretical background

The academic debate concerning the theoretical definition of IMC is still vibrant even if it dates back to the early 1990s (Kitchen & Schultz 1998; Kitchen, 2005; Kliatchko, 2008, 2009; Moriarty & Schultz, 2012); more recently, scholars have also begun to deal with the issues of integrated communication measurement through the validation of scales (Porcu et al., 2014). IMC has become more and more relevant as a managerial framework due to significant and rapidly changing dynamics caused by numerous factors (Gurău, 2008; Schultz & Patti, 2009), such as: media digitization, mass market disintegration, consumer empowerment, audience and media fragmentation, the emergence of new media, and consumer multitasking behavior. Hence, in the new communication ecosystem, that nowadays is a physical and virtual hybrid (Vernuccio & Ceccotti, 2012), online and offline integration represents the new challenge companies must face in IMC management; such challenge requires to be analyzed in both conceptual and empirical terms. In light of our research objectives and in absence of previous literature focused on the topic of online and offline integration within IMC, we first extensively reviewed studies that deal with overall IMC, identifying three key managerial issues related to the more general topic of integration, namely: the *implementation modalities,* the *advantages,* and the *barriers.* We argue that such issues can be effectively adapted to analyze online and offline integration within the push-pull and interactive marketplace. What follows is a brief overview of each highlighted aspect.

Implementation modalities – Many studies have concentrated on the empirical analysis of the issues that practitioners (mainly agencies and advertisers) believe to be at the core of IMC (e.g. Gurău, 2008; Kim, Han, and Schultz, 2004; Kitchen & Schultz, 1999; Kitchen, Kim, and Shultz, 2008;). Within this realm, the analysis of the integrated communication mechanics (Smith, 2012) is prevalent, since it primarily concerns strategic and tactical aspects, and only in a minor way organizational aspects (Christensen et al., 2008). In detail, these issues concern the implementation modalities, such as: the planning of communication activities in an integrated manner (Schultz & Schulz, 2004); the integration of communications directed towards the different stakeholders (Kliatchko, 2009); the integration of different channels (Kitchen et al., 2008), also online and offline (Gurău, 2008); content consistency across different media (Gurău, 2008; Kliatchko, 2008); performance measurement of integrated communication activities (Kliatchko, 2008); top management commitment to IMC and cross-functional coordination (Duncan & Moriarty, 1998); cultural integration within the firm (Smith, 2012); and coordination of the external communication partners (Grant et al., 2012; Smith, 2012).

Advantages – Scholars have identified an ample range of benefits connected with IMC implementation. In detail, these are: the augmentation of communication campaigns' results (Low, 2000); higher incomes for each campaign (Porcu et al., 2012); cost reduction (Kim et al., 2004) and operational efficiency improvement (i.e., time/cost reduction) (Porcu et al., 2012); enhancement of brand image, brand reputation and purchase intention (Swain, 2004); strengthening external relations with agencies and stakeholders (Porcu et al. 2012); and the ability to react to the market with a greater flexibility (Smith, 2012).

Barriers – The main general barriers to IMC implementation arising from the literature review regard: an insufficient level of integrated planning and budget (Percy, 1997); absence of integrated measurement of communication performances (Smith, 2012); inadequate use of software suites that can help integration (Altimeter, 2012); the risk of losing control over the communication flows (Vernuccio & Ceccotti, 2012); insufficient involvement of top management and negative relational dynamics among the participating agencies (Kitchen et al., 2008); an organizational culture not oriented towards integration and the fear of change (Percy, 1997); top management's orientation to short term results (Ceccotti & Vernuccio, 2013).

3. Methodology

In order to achieve the above-mentioned objectives, we carried out a quantitative research focused on large profit and non-profit companies (national and multinational), operating in Italy, within 15 industries, to provide a reasonably similar yet broad enough context to generalize the results. The target companies were extracted from the AIDA database. The questionnaire was submitted to a list of 464 top-level managers, chosen upon the following variables: senior managers (over seven years of experience) who are actually dealing with this topic, who have the authority to develop or implement integration of online and offline marketing communication (e.g., Marketing Director, Communication Director) and who are experts in the IMC field (Kliatchko & Schultz, 2014). We collected data from June to September 2014 using the SurveyMonkey® web platform. In the end, 124 valid questionnaires were collected (about 27% response rate). The final sample had the following characteristics: 50.81% Italian, 45.97% multinational, and 3.23% non-profit organizations; 56.45% were manufacturing firms while 43.55% were service firms. The questionnaire contained three sections. The first part included the measurement of the three key managerial issues identified from the previous literature review, adapted to online and offline integration: implementation modalities, advantages, and barriers. The second part investigated a set of *communication practices* with a specific focus on: overall company commitment to online and offline integration, online and offline marketing communication tools employed, company commitment to communication results' measurement. The last part recorded the *descriptive measures* (firm typology, service vs. manufacturing, industry and revenue). Except for latter, all items were measured on 5-point Likert scales. In order to reach the first objective, we ran three separate Exploratory Factor Analyses (EFA), using Principal Component Analysis (PCA), eigenvalue>1 criteria, and Varimax rotation. Next, to explore the existence of clusters of firms with consistent conducts and results, we performed a K-means cluster analysis based on the factors' scores.

4. Results

Exploratory Factor Analyses - EFA results indicated a two factors (7 items), three factors (9 items), and three factors (9 items) solution for, respectively, implementation modalities of online and offline marketing communication integration, advantages, and barriers. All items loaded on their factors with minimum loading values of 0.47 and maximum of 0.93 and no cross loadings above 0.40 (Hair et al., 1998). The total variance explained was 67.45%, 70.64%, and 67.65%, while the KMO test equaled 0.82, 0.80, and 0.81, significant at $p<0.001$. Cronbach α's were all acceptable (Cronbach, 1951), since they were worth 0.85, 0.83, and 0.82 (Malhotra, 2004). Regarding the implementation modalities, the factors extracted can be traced back to a *strategic* approach (integrated conception of online and offline communication campaigns, planning and implementation through online and offline media) and an *organizational* approach (top management commitment to online and offline integration, online and offline internal cultural integration, cross-functional coordination). The main advantages achieved were either *marketing performance* (increased purchase intention, higher revenues, cost reduction, better efficiency), *brand performance* (stronger brand image and reputation), and *relational performance* (improved relationships with stakeholders and agencies). The barriers encountered to integration were either a *planning process* and *resource inadequacy* (e.g. insufficient level of integrated planning, budget and technological tools), an *internal organizational weakness* (absence of leadership for the digital function, competences and cross-functional teams), and *lack of vision* (short-term orientation, risk perception of losing control over communication flows).

Cluster analysis – The eight factors extracted from the EFAs became the starting point for the non-hierarchical, K-means cluster analysis (Ward's method) carried out to reach the second objective. To define the final number of clusters, we took into account the following criteria: 1) the statistical properties, in terms of the relationship among within-cluster and between-cluster variance (F-test); 2) interpretability of the data; 3) number of firms per cluster and 4) Pseudo F-test (Calinski & Harabasz, 1974). These criteria yielded a two clusters solution which was also confirmed by the Rand Index (equal to 0.91) (Rand, 1971) (Table 1).

In order to highlight differences in the structural characteristics of these firms, we compared results obtained from other questions in the survey (second and third part of the questionnaire) among the two clusters. We focused our attention on descriptive measures (*firm typology* – multinational, national, non-profit; *service* vs. *manufacturing*; *revenue* – millions €, in classes), overall company commitment to online and offline integration (*current* and *future*; *integrated communication budget*; *content consistency*), marketing communication tools employed (*traditional* vs. *digital*), and company commitment to communication results' measurement (*current* and *future*; *offline* vs. *online*; *frequency* of monitoring; across *multiple online platforms*). We isolated significant differences ($p<0.01$; $p<0.05$) for each item/question in the questionnaire; what follows is a summary of the peculiarities we found.

Table 1. Cluster analysis based upon online and offline integration within IMC

	F-statistic	Clusters	
		1. Integrators	2. Reluctant
Implementation modalities			
Strategic	*86.91****	*.57*	-.72
Organizational	*6.47***	*.20*	-.25
Advantages			
Marketing performance	*74.79****	*.54*	-.69
Brand performance	0.09	.02	.03
Relational performance	0.24	.04	-.50
Barriers			
Resources and planning inadequacy	*3.29**	.14	*.18*
Internal organization weaknesses	*18.02****	.32	*.40*
Lack of vision	*9.04****	.23	*.29*
Number of Firms	124	69	55
Percentage of sample	100%	55.65%	44.35%

Notes: ***p<0.01; **p<0.05; *p<0.1; *Italic* values highlight those clusters for which the difference among groups is statistically significant.

The first cluster – named '*Integrators*' - includes 55.65% of the sample (n=69). These firms are currently implementing a complete integration of online and offline in IMC programs, at both a strategic and organizational level; they also tend to seek marketing-related advantages in terms of higher purchase intention, higher revenues, better efficiency and lower costs; barriers to online and offline IMC integration are not considered an issue. The Integrators are mainly multinational companies with revenues ranging between 50-100, 200-500 or >500 million €/year (89.9%); consistent with previous literature (Low, 2000) they are mainly services companies and it is interesting to highlight how all the non-profit companies in the sample also fall in this cluster. These companies are currently quite or very dedicated to online and offline integration (78.2%), with an expected increase over the next three years (98.5%). Also, 13.5% of such firms destines over 15% (up to over 20%) of their yearly revenue to the offline and online communication budget; furthermore, they employ events among the traditional tools, but are more focused on the digital media, i.e. digital advertising, mobile marketing, and social media marketing. They use different software suites to help them in the integration process, they consistently measure online and offline communication jointly (71%), and they manage the content vehicled through offline and online media consistently (76.8%). The Integrators are very committed to measuring the results of marketing communication in general (92.7%) and forecast to keep up this commitment over the next three years (98.6%). Going into more detail, they are currently measuring both offline and online communication results, but plan to be very focused on online communication results in the coming three years (94.2%). The analysis of integrated data coming from both online and offline communication activities is measured mainly once a month, while the integrated data from multi-platforms online is measured equally every week.

The second cluster – named '*Reluctant*' - includes 44.35% of the sample (n=55). These firms have not yet integrated online and offline in IMC initiatives, given that they perceive a high number of barriers linked to either planning process and resource inadequacy, internal organizational weaknesses (e.g., absence of digital leadership), lack of vision, and high risk perception of losing control over communication flows. The Reluctant are mainly national, manufacturing companies with very high revenues (>500 million €/year). They are currently slightly dedicated to online and offline integration (76.4%) and plan to leave this commitment unchanged over the next three years. Only 3.6% of such firms destines more than 15% of their yearly revenue to the offline and online communication budget and marginally uses digital communication tools. Content across offline and online media is not managed very consistently (63.7%) and they do not use software suites in the integration process. The Reluctant are among average in terms of general marketing communication results measurement and forecast to increase this commitment over the next three years. Going into more detail, they are measuring both offline and online communication results in a scarce manner (89.1%), currently privileging the offline setting and planning to slightly increase the online analysis over the next three years. The analysis of integrated data coming from both online and offline communication activities is measured once in a while, mainly in occasion of certain projects, while the integrated data from multi-platforms online is measured variably among the companies in the cluster.

5. Conclusions

This research provided empirical evidence concerning the key managerial issues related to online and offline integration within IMC in order to fill the encountered gap in the literature. The factor analysis highlights the nature of the implementation modalities of online and offline integration, that is primarily strategic and organizational; the main types of advantages (that are related to marketing, branding, and relationships); and the different categories of barriers to such implementation (that are resources and planning inadequacy, internal organization weaknesses, and lack of vision). Furthermore, two clusters of firms have emerged: *Integrators*, capable of fully integrating offline and online communications from a strategic, operational and organizational perspective, obtaining important marketing results; and *Reluctant*, not very engaged in the integration issue, since they are halted first of all by a lack of vision, but also from organizational difficulties and inadequacies in terms of planning and resources.

Our study contributes to the nascent literature delving into the profound changes in action in the IMC landscape (Kitchen & Schultz, 2009), since it opens up a new stream of research, both theoretical and empirical, on an underexplored yet relevant aspect, i.e. the businesses' approaches to offline and online integration in IMC.

The findings offer practitioners involved in IMC management some interesting insights. We suggest managers to give maximum attention to both strategic and organizational aspects, in order to effectively integrate push and pull models. In addition, managers are warned about the risks arising from not understanding the benefits of an integrated approach mainly due to a lack of long term vision and to the fear of losing control of communication due to the opening up to new interactive and engaging logics. Furthermore, we believe that our study could be useful for managers and practitioners in order to analyze their practices, compare them to those adopted by Integrators, and identify strengths and weaknesses in their online and offline integration approaches.

The limitations of the current work are linked to not considering the antecedents of integration, the scarce focus on both consumers and external agencies' role, and the analysis of only large firms operating in Italy. However, in this regard, the vast literature on the IMC definition highlights the inexistence of an absolute *one best way*, given that the specificities of corporate environments play a key role (Gurău, 2008; Low, 2000; Smith, 2012). Therefore, starting from this consideration, we strongly believe that these limitations can easily be overcome by future research. It would be interesting to expand, for example, the context of analysis in order to develop industry or country-specific studies.

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[*]*The complete list of references available upon request.*