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# **The Relevance of IMC to Professional Service Firms**

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## **Abstract**

No other sector in the economy influences business decisions like professional services, and while large commercial firms are major contributors to economies and employ highly educated people, they also engage teams of marketers who frequently work across national and international boundaries to deliver integrated marketing solutions connected to core business strategies. This paper finds that the integrated marketing communication (IMC) activities of major professional service firms (PSFs) often take on different priorities, to traditional product and consumer marketing, such as in-person marketing communication (MC) tactics are preferred. MC can vary between professions and tactics suited to one profession will not necessarily be appropriate for other professions. PSFs often find it challenging to embrace IMC because of organisational structures, position in the market and level of competitive turbulence.

## **Introduction**

This paper contributes to the discussion about professional services marketing and its relevance to IMC. It challenges the current thinking of IMC and argues that a broader and expanded framework can be considered that includes the professional service sector. The paper will discuss the emergence of IMC, define PSFs, and identify seven key themes of IMC and their application to PSFs. The paper identifies further research and concludes IMC can be thought of in a broader context rather than promotion/advertising in a consumer market.

## **The Emergence of IMC**

The evolution of IMC from promotion management to an integrated marketing communication approach started in the early 1990s with the publication of a book on the subject by Schultz, Tannenbaum and Lauterborn (1993). While many authors agreed that IMC has not reached agreement on definition and scope, (Kitchen, 2005; Kliatchko, 2005; Madhavaram, Badrinarayanan & McDonald, 2005; Schultz & Schultz, 1998; Swain, 2004) there is considerable disagreement in the literature as to whether IMC is an accepted discipline and here to stay. There are opposing views about its relevance and importance. Authors such as Kliatchko (2005) argued that IMC has contentions on definition and theoretical issues still remain unsettled, Swain (2004) agreed its definition remains controversial, and Kitchen (2005) claimed there are so many different definitions and ideas of IMC that the theoretical concepts are vague and uncertain. Most of the early discussion and research of IMC has centred on the adoption of and use by product and packaged goods marketers (Nowak, Cameron & Delorme, 1996). However, the problem with the primary learning materials that are used in the teaching of IMC is that they are primarily grounded in either promotion management or advertising (Patti, 2005, p. 8). Despite the early literature on IMC focusing on advertising and an agency view, there is also a tendency

to miss services, including PSFs.

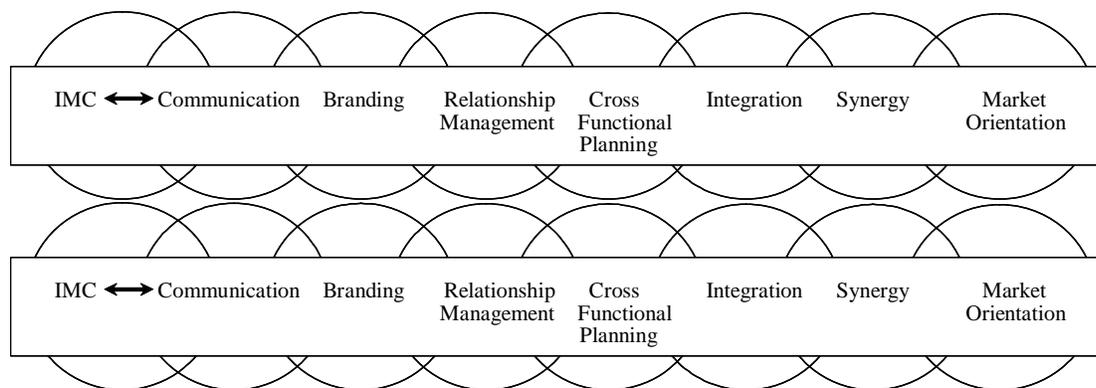
### Professional Service Firms

A PSF is defined as any firm that uses the specialist technical knowledge of its personnel to create customized solutions for clients. While a number of individuals call themselves professionals, the number of people who qualify according to the formal definition is relatively small. A professional is someone who has won the right to membership of a professional association by completing an accredited program of training and examinations and thus generally represents a very narrow group, namely: accountants, lawyers, architects, and engineers (Empson 1999, p. 6; 2006). While some authors included a broader group (see APSMA, 2006; Forsyth, 2003; Maister, 1982, p.15; McDonald & Stromberger, 1968, p.110; Wilson, 1972, p.169), this paper will focus on the above four professions, although the concepts in this paper may be relevant to other professions.

### IMC's Relevance to PSFs

This paper adopts Duncan's (2002, p. 8) definition of IMC as "a cross functional process for creating and nourishing profitable relationships with customers and other stakeholders by strategically controlling or influencing all messages sent to these groups and encouraging data-driven purposeful dialogue with them". This definition resonates with PSFs as it encapsulates IMC as a strategy for managing relationships that drive brand value (Duncan, 2002). To illustrate a review of IMC literature identified seven key themes, which will be applied to PSFs, namely: communication, branding, relationship management, cross functional planning, integration, synergy and market orientation (see Figure 1).

**Figure 1 : Seven key themes of IMC**



Source: developed for this paper.

### 1. Communication

Berry's (2000) work in service branding proposed that the primary influence for clients who actually have experienced a service is the experience. In other words, MC has the most influence with new clients to shape impressions because MC is a new client's only evidence of what the

firm stands for. In this context the traditional IMC tools take on different priorities. Advertising takes second place to personal selling, and personal selling becomes a key tool compared to non-personal promotional tools.

### **Advertising**

The benefits of mass media advertising for commercial PSFs is limited. Maister (1993) argued that professional services are not a mass business as clients are acquired one at a time and any MC program must reflect this. Similarly, Koren (2005) viewed advertising as a shotgun approach, and firms often rely on reputation to build business, not advertising or brand building. Brierty et al (1998) explained PSFs usually need to reach only a very narrow audience with complicated explanations of their service, and advertising is often not worth the expense. Further, credence traits influence the role of advertising because buyers of credence goods tend to be sceptical of claims that cannot be verified (Bloom & Dalpe, 1993) and for this reason Moorthi (2002) proposed that advertising, if any, should be circumspect and indirect. To add value to a service from an IMC perspective requires a concept and process that is far more reaching and cross functional than traditional advertising and promotion, it requires a broad scope that drives client-brand relationships (Duncan & Moriarty, 2006). Therefore, advertising plays a secondary role to personal selling for PSFs.

### **Personal Selling**

Professional services are bought and sold by personal contacts (Waugh, 2004) and any form of promotion that brings potential clients face-to-face with the service provider should be encouraged (Mudie & Cottam, 1993). As a result, personal selling must play a bigger role in marketing PSFs (Bloom, 1984). However, the issue is that selling is not part of the technical repertoire. Professionals simply do not want to sell because it's too commercial, demeaning and difficult (Bloom, 1984). For example, lawyers are not taught to sell and the mere mention of the word 'sell' makes most lawyers cringe (Hart & Hogg, 1998), because sales people are associated with dubious integrity and credibility (Tupman, 2000). However, the problem is senior associates and partners are the foot soldiers for the front line job of selling a firms capabilities and services (Selmes, 2006) and sales success often depends on the ability to sell a credible promise (Lowendahl, 2000 cited in Skaates, Tikkanen & Alajoutsijarvi, 2003). In other words, 'in-person' MC tactics should be given preference over attempts to communicate with the written word, except written articles in client-orientated media (Maister, 1993).

### **Non-Personal Promotion**

#### **Competitive tenders**

Often buyers of professional services have formal procurement methods and employ qualified teams who base buying decisions on adherence to a number of variables (Brierty *et al*, 1998). The MC tool used is a competitive tender, a persuasive sales document that is a distinct feature in the PSFs MC mix whether bidding for a transaction, panel appointment, and/or project. Some firms are desperate to remain on the panels of major organisations not only for the massive revenue generation, but because it provides kudos and good public relations (Towers, Moran & Priest, 2005). In practice, big firms are investing substantial resources into tenders to gain a competitive edge and are assembling specialist teams to manage tenders.

#### **Public Relations, Sales Promotion and Direct Marketing**

PSFs tend to lean more heavily on public relations, exclude some promotion activities, and

employ direct marketing (Wilson, 1972) with the purpose of keeping a brand top-of-mind (Koren, 2005). MC works when it demonstrates and not when it asserts. Tactics that illustrate one's competence (speeches, seminars and articles) are considerably more powerful than those which assert it (brochures, direct mail and cold calls) that 'tell' prospective clients about the brand. The goal of MC tactics should be to immediately move away from broadcasting a general message to a mass audience, and move to a highly individualised face-to-face dialogue with prospective clients (Maister, 1993), see Table 1.

**Table 1 –MC Tactics in Descending Order of Effectiveness**

Group 1: seminars (small-scale), speeches at client industry meetings, articles in client orientated (trade) press, proprietary research
Group 2: community/civic activities, networking with potential referral sources, newsletters
Group 3 (clutching at straws tactics): publicity, brochures, seminars (ballroom scale), direct mail, cold calls, sponsorship of cultural/sports events, advertising, video brochures

Source: (Maister, 1993)

Maister (1993) argued no one tactic, no matter how well executed will work alone and often firms are employing the right tactics but in a disorganized way. Similarly, Duncan (2002) stated the difference with IMC is the strategy behind the use and way the mix is coordinated. The connection to IMC is clear, PSFs employ a range of MC tools that need to be managed in a strategic and synergistic manner. One key challenge for many firms is differentiation.

## **2. Branding**

It is difficult for PSFs to differentiate, even when there is genuine distinction, because of client uncertainty and the inability to recognise real discriminators (Kotler, Hayes & Bloom 2002). This results in the perception that PSFs are a commoditised offering. However, Levitt (1983) argued there was no such thing as a commodity and all services can be differentiated and usually are. The differentiating factor is how well firms manage marketing. Berry (2000) opined that strong brand firms never market their offering as a commodity. While many firms may have embraced the concepts of branding and positioning, as a means to differentiation (Lowe, 2004), the approaches used are not necessarily the most effective (McKenna, 2005). Maister (2005) argued that PSFs have not significantly differentiated themselves on things that clients care about. Consequently, IMC provides an opportunity for differentiation.

## **3. Relationship Management**

Client relationships often differ amongst the professions. Accounting firms conducting audit services have been instrumental in creating annuity-type relationships which play a crucial role as a conduit for gaining other business and ensuring relationship continuity (Malhotra, Morris & Hinings, 2006). While regular interaction is vital, the quality or intensity of the interaction will signify assumptions about relationship marketing. The extent of knowledge asymmetry that affects the intensity of interaction is generally smaller in advisory services (compared to law).

Clients engage actively with the accountant in creating solutions and there is a continual process of task definition during the audit involving redefining and reconstructing the problem and solution. This process involves a major degree of knowledge sharing between accountant and client (Rose & Hinings, 1999, cited in Malhotra *et al*, 2006), making accountants more open to ideas originating from clients (Malhotra *et al*, 2006).

However, relationship management for engineers or architects must be interpreted in terms of project management, often long lasting, and involving major projects. The implication for IMC is relationships depend on the proper management before, during and after the project encounter (Filiatrault & Lapierre 1997) and driving the traditional thinking from a project mindset to a client focus. In contrast, law is increasingly transaction-based entailing short-term interactions between two parties. Further, considering there is a proportion of lawyers employed as external counsel limits the potential transmission of new ideas from client to firm (Malhotra *et al*, 2006). Thus, IMC actions suited to one profession will not always be appropriate for another profession. Further, it is how the client views the relationship and what marketing actions resonate with the client. A business defined by its clients, not its products, and the ongoing relationship with a set of clients represents the most important business asset (Webster, 1992) which requires a clear grasp of cross functional management.

#### **4. Cross Functional Management**

While cross functional management is not new, Drucker identified firms that recognised the need for integrated thinking and a process of delivering synergy in the 1950s (Duncan, 2002), it presents challenges for PSFs today. The challenge of cross-selling and expanding relationships with existing clients has been the goal of many PSFs, but it is often managed in vain. Cross-selling does little, if anything for the client. If it does not do anything extra for the client, and just benefits the firm, then it will almost certainly fail. To be effective cross-selling must begin with a deep understanding and knowledge of the client's business and issues, sincerity, and a true desire to help. However, to achieve this requires teaming across internal silos and moving from traditional cross-selling to integrated selling (Maister, 1997).

#### **5. Integration**

To be implemented IMC requires the involvement of the whole firm from managing partner downward (Reid, Luxton & Mavondo, 2005) and this can present a challenge for PSFs particularly if they operate in silos and are fragmented. The implication is that marketing personnel do not work in a vacuum isolated from other company activities (Zikmund, 2003) and need to be integrated into the hierarchy of a firm to deliver optimum results. In essence integration produces integrity. A PSF that is seen as a whole rather, than a collection of practice areas/disciplines, is likely to be perceived as being more sound and trustworthy, a prerequisite for sustaining relationships (Duncan, 2002) and leading to synergy.

#### **6. Synergy**

In IMC synergy is often associated with using traditional MC tools. However, for PSFs this needs to be expanded to include all contact points that 'touch' all stakeholders. Many different types of clients encounter different types of MC under many different circumstances and these

differences must be understood (Keller, 2001). For example, consider Australia's largest PSF, PricewaterhouseCoopers, (Heathcote, 2006) who employ 3,430 people across nine offices and billed AU\$1 billion in fees in 2005 (Heathcote, 2006). The challenge becomes significantly sophisticated to integrate and achieve synergy (Duncan, 2002).

## **7. Market Orientation**

Unlike most product marketers, practitioners in PSFs have direct access to clients, which places them in an ideal position to gather client information, use highly targeted and emerging media and track behavioural responses (Kaatz, 1990 cited in Nowak et al, 1996) which implies a natural orientation towards the market. However, it appears that often this is not the case because professionals often become absorbed with the product and internal processes. While many PSFs have been trying to improve the way they approach marketing, most firms have difficulty adapting a market orientation from their traditional production orientated approach (Edgett & Egan, 1995). Consequently, firm structures are one of the biggest barriers to IMC (Schultz, Tannenbaum & Lauterborn, 1994) along with market factors (position in the market and level of competitive turbulence) influenced implementing IMC (Reid, 2005).

## **Future Research Agenda**

The authors of this paper see a range of opportunities for further research in this space. For example, qualitative and quantitative research into what specific MC activities various professions undertake and why, comparisons of the level of investment and priorities across PSFs and correlations with brand perception and reputation. Also the practical relevance of this theme included in marketing curricula and academia.

## **Conclusion**

The motivation behind this paper is a belief that IMC is often focused on a product/goods and consumer market, or from a specific discipline, such as advertising and promotion. However, it also has enormous potential to commercial PSFs. This argument was supported by identifying seven key themes of IMC and discussing their application to PSFs. The connection to IMC is clear, PSFs employ a range of MC tools that need to be managed in a strategic and synergistic manner. No one tactic, no matter how well executed will work alone and different MC tactics take on a different emphasis compared to a product and/or consumer goods marketing. The paper has challenged the current thinking of IMC and argued that a broader and expanded framework can be considered that includes PSFs.

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