
The disintegration temptation

Driving into trouble

This case describes how classic dysfunction in agency and client damages communication performance, in this case in the automobile industry.

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**Centre for
Integrated
Marketing**

The Centre for Integrated Marketing has been funded by industry to research best practice and develop intellectual and other tools on behalf of leading marketers and their agencies.

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Integrated Marketing is an holistic discipline that inspires coherent and creative organisation, culture and brand alignment around fundamental truths of the brand to deliver value to customers, employees and the organisation.

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The prejudice that some media are more suitable for advertising than others is the root of major dysfunctions between various parts of the advertising agency and between the agency and the client. The client, a major player in the UK automobile industry, is investing a large proportion of its generous budget in TV advertising although there little evidence that this choice is paying off. Compared to the market leader, the client is spending more that double on its adverting per car sold and is questioning the agency's media planning strategy. This is a pattern that we see repeated.

Integrated Marketing learning points

During the Centre's research, we have identified over 140 Key Diagnostic factors that indicate successful Integrated Marketing in organisations and brands. This case study demonstrates the importance of the following learning and action points.

1. The Marketing function (or unit or organisation as appropriate) should be organised primarily around customer groups with different needs and opportunities, not around marketing disciplines.
2. There should be effective co-operation across the marketing teams.
3. Senior marketing people should be skilled in multiple communication disciplines.
4. The total costs of communicating to and servicing each individual customer should be known.
5. The company and its agencies should work together in partnership.
6. Agencies, including also PR and research companies should be paid on a media neutral (non-commission) basis.
7. Agencies, including also PR and research companies should not be internally divided or in conflict.

Essentials of the story

After a period of turbulence and swift changes in ownership and business strategy, a major UK car manufacturer is striving to reposition its brand and improve its market share. An important advertising agency that offers integrated marketing communication was chosen for the purpose. The agency has eight divisions that look after different aspects of the service that is offered to the clients. The case gives prominence to the Media planning and buying arm that decides on the media mix according to the marketing objectives of the client and to the Direct marketing arm that plans and creates direct communication materials.

The process of creating an advert involves both sides, with the client providing initial input in the form of the marketing objectives and the final approval of the creative materials and the campaign plan. Between these two moments the initiative is on the side of the agency. Among other responsibilities, it must allocate the budget on various media and ensure a co-ordinated use of the media. The latter, however, does not represent any major challenges because it uses primarily TV advertising, leaving the other media, including mail with very little room for creativity.

Levels of dysfunction

The direct marketing arm supports the image of the parent agency. Its existence allows the agency to promote itself as a provider of integrated marketing communications solutions and generate more business.

The reality is that direct marketing plays only a marginal role in media planning and often has to comply with the creative brief designed for “above the line” adverts. There is dysfunction between the agency elements with the general advertising arm ruling the overall relationship. Given that the agency is paid on commission and TV and other ‘advertising media’ are the main options to generate this, although not strategically intelligent this policy makes business sense. Working with media planning, they design expensive campaigns that absorb most of the client’s budget. Communication strategy and media planning are we believe substantially based on prejudice and tradition.

The next level of dysfunction is between the agency and the client. The justification of the media choice is driven by the industry culture and is seldom based on research data. The client, however, would like to see more effective media planning strategies, particularly in the light of recent mailing campaigns that recorded very positive responses.

Hence, the agency has to convince the client that what it does is right. For this purpose a media consultancy has been asked to help. As soon as the people from the direct marketing division realised that the consultancy is part of the Media planning and buying arm, they began questioning the objectivity, reliability and purpose of the whole operation. The members of the direct marketing arm feel less important, undervalued, powerless.

Who is paying the bill?

The client! This car manufacturer has just been overtaken by two competitors and now occupies the a low place in the UK car market. Its market share is less than ¼ of the leader’s market share, and falling. Although the advertising agency cannot be hold solely responsible for this, it has to help the client to perform better. In 2002 the client was spending 123% more on marketing communications per car sold than the market leader.

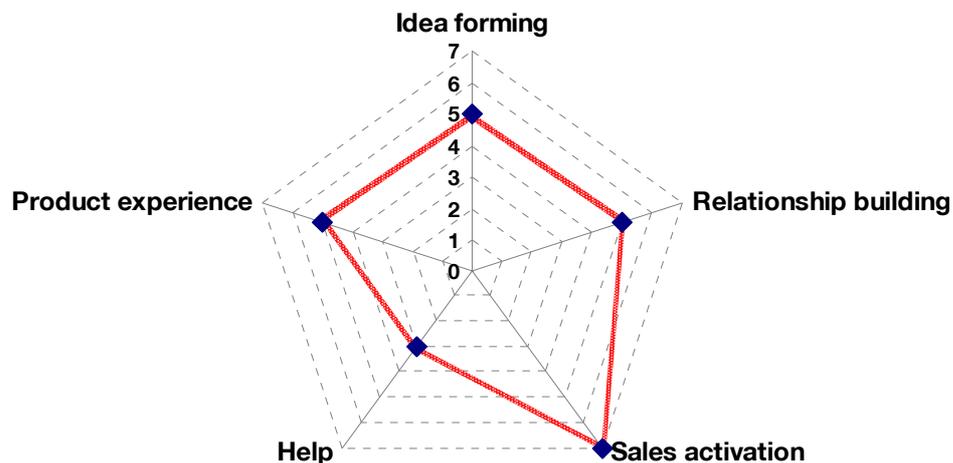
It would be nice to believe that this is an isolated example. Our interviews tell us that it is all too frequent.

Give Integration and MNP a chance

Despite the dysfunctions illustrated in the case, the client’s advertising budget is substantially in line with its market position. It means that there is significant room for improvement in terms of effectiveness of advertising spend across the whole industry. Media neutral planning would probably develop campaigns with a grater impact on repositioning the brand. Direct marketing, for example, gets strong response rates (between 3% and 8% on a cold list) and impacts brand attitudes. PR could play a stronger role. The opportunity for substantial growth in market share is there!

RADAR holistic planning

We would recommend the team to look at new ways of briefing and planning communications that don't assume the solutions in advance but instead address the real requirements. For example, our RADAR planning tool would allow the client to say what they really want to achieve to all parties in the same way and then facilitate creative dialogue between the various agency disciplines and network for better team planning and creative solutions.



RADAR is an Integrated Marketing Communications Tool. These five elements are present in every marketing communication to varying levels of intensity or significance. This brand needs a balanced set of objectives with strong sales activation.

The RADAR tool proposes that each and every marketing communication contains a blend of five elements that can be related to the experience of the customer. However the significance or intensity of each element varies. These elements are:

1. Idea forming: generating ideas in the consumer or client mind, such as the brand promise, a value proposition or brand values.
2. Relationship building: building a relationship, including affinity, emotional bonding, brand know how or expertise, and database and/or personal knowledge about the customer.
3. Sales activation: stimulating the customer towards further investigation, trial or purchase.
4. Help: providing service and assistance to the customer in relationship to their needs and wants; from informing the customer about availability of new technology/product to consultancy in the purchase process, in use status reporting, or resolution of a post purchase problem.
5. Product experience: using and interacting with the brand's deliverables, including store and web site design, product availability, information such as a bank statement, value or pleasure in use

We suggest that this tool could be useful in the following ways:

1. Every single current agency working with marketing departments could provide solutions that affect all these five dimensions. These include PR and research companies. Therefore it can be put into practice.
2. Every single medium is capable of contributing to these five objectives in different combinations according to customer circumstance and creative use.
3. It makes much more explicit in a communication programme and briefing process what is actually required than specifying advertising, direct marketing or public relations.

4. It therefore makes it much easier to engage in discussion and debate about what the real marketing communication objectives should be and how they will contribute to brand and customer equity.
5. It is easy to translate into a research instrument for evaluation and therefore into planning tools.

Executive takeaway

The learning from this case (and others) suggests the following actions by senior marketing executives:

1. Develop multi-lingual communication skills – break out of the mental silos that and artificial barriers that were designed to promote individual communication disciplines in competition with each other.
2. Think freshly about the media categories and blend them in new cocktails. Individual communications should draw on multiple disciplines while communication programmes can use multiple disciplines and media.
3. Work with agencies in partnership and ensure agency internal structures are focused on communication and not profit centres.
4. Manage and reward the agency team rather than a series of individual agencies.
5. Pay the agency on ideas and work not by commission on media.
6. The agency needs to remove its internal mental and power structures.
7. Design and learn how to use more holistic planning and evaluation criteria. I will emphasise first of all the evaluation criteria, because these will drive the planning. We execute what will be measured. There are

Notes

See AOL *redefining marcoms* by A. Jenkinson and B. Sain on the Centre for Integrated Marketing website, www.IntegratedMarketing.org.uk