THE USE OF INTEGRATED MARKETING COMMUNICATION (IMC) BY EAST AFRICAN BREWERIES LTD

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Abstract

Purpose: The purpose of the paper was to evaluate the use of integrated marketing communication (IMC) by East African Breweries LTD.

Methodology: The present paper highlights the emergence of integrated marketing communications (IMC) that has significantly influenced thinking and acting among all types of companies and organizations facing the realities of competition in the present open economy. The paper sheds lights on various facets of Integrated Marketing Communication (IMC) especially in different companies. The challenges and scopes of IMC with the context of strategies, implementation, and audit have also been discussed. The paper identified documentary evidence in the form of already completed studies that focused on the use of integrated marketing communication (IMCs) by different organizations.

Results: The findings indicate that IMC has been proved as an efficient promotional tool to communicate more universally, clear, and effectively. Findings also indicate that companies that use IMCs perform better than those organization still using traditional marketing strategies.

Unique contribution to theory, practice and policy: The Company has been running the East Africa’s premier music reality show, tusker project fame show in Kenya and neighboring countries for the last five years, where it sponsors contestants and the overall winner walks with 5 million shillings and a recording contract from Gallo Records, the international recording company. In addition to nurturing raw talent, the Project also left a lasting impact on local economies as many small and medium-size enterprises from the region were contracted to provide assorted goods and services in support of the show. During this shows over 15 million adults watch the show thus get to learn about the brands and the website of the company. EABL also sponsors football club thus anytime the games are being played the players put on jerseys with the company logo and their banners displayed at the wall of the stadium. The company has used different mediums of advertising to reach different age groups. For example to reach the people in rural areas it is uses the radio and to reach the aged people within urban centers it uses the television sets and well lit bill boards and to reach the youths it uses the social media where it has different fan Facebook pages for different brands eg pilsner and tusker.

Keywords: integrated marketing communication, East African Breweries LTD
1.0 INTRODUCTION

1.1 Background of the Study

Integrated Marketing Communications (IMC) is defined as customer centric, data driven method of communicating with the customers. IMC is the coordination and integration of all marketing communication tools, avenues, functions and sources within a company into a seamless program that maximizes the impact on consumers and other end users at a minimal cost. This management concept is designed to make all aspects of marketing communication such as advertising, sales promotion, public relations, and direct marketing work together as a unified force, rather than permitting each to work in isolation.

Integrated marketing communications (IMC) is a process for managing customer relationships that drive brand value primarily through communication efforts. Such efforts often include cross-functional processes that create and nourish profitable relationships with customers and other stakeholders by strategically controlling or influencing all messages sent to these groups and encouraging data-driven, purposeful dialog with them. IMC includes the coordination and integration of all marketing communication tools, avenues, and sources within a company into a seamless program in order to maximize the impact on end users at a minimal cost. This integration affects all firms’ business-to-business, marketing channel, customer-focused, and internally directed communications. Integrated Marketing Communications is a simple concept. It ensures that all forms of communications and messages are carefully linked together.

Integrated marketing communication can also be defined as an approach to achieving the objectives of a marketing campaign, through a well-coordinated use of different promotional methods that are intended to reinforce each other.

Smith et al. (1999) have defined IMC as “the strategic analysis, choice, implementation and control of all elements of marketing communications which efficiently (best use of resources), economically (minimum costs) and effectively (maximum results) influence transactions between an organization and its existing and potential customers and clients”. The American Association of Advertising Agencies defines IMC as “a concept that recognizes the added value of a comprehensive plan that evaluates the strategic roles of a variety of communication disciplines, and combines these disciplines to provide clarity, consistency and maximum communication impact”.

Integrated marketing communication is integration of all marketing tools, approaches, and resources within a company which maximizes impact on consumer mind and which results into maximum profit at minimum cost. Generally marketing starts from “Marketing Mix” and also includes internet marketing, sponsorship marketing, direct marketing, database marketing and public relations. And integration of all these promotional tools along with other components of marketing mix to gain edge over competitor by knowing the right touch-points using to reach highest level of consumer satisfaction is referred as Integrated Marketing Communication. Using outside-in thinking, it is a data-driven approach that focuses on identifying consumer insights and developing a strategy with the right (online and offline combination) channels to forge a stronger brand-consumer relationship. The objectives of any marketing communication process are to create brand awareness, deliver information, educate the market, and advance a positive image of the product brand. In simpler terms, “IMC refers to speaking with one voice, eliciting a response”. Therefore, “IMC is a return to building brand loyalty by building brands that deserve loyalty”.

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There are approximately 1.4 million non-profit organizations in the United States (The Urban Institute, 2006). The non-profit sector currently accounts for 5.2% of gross domestic product in the United States, reporting $1.4 trillion dollars in revenue and $1.3 trillion dollars in assets and employing 9 percent of the country’s workforce (The Urban Institute, 2006). The non-profit sector is extremely competitive, and organizations are constantly working to attract donors, volunteers, employees, grant funding, and media attention.

To gain an advantage, many non-profit organizations have adopted philosophies and strategies once commonly associated with for-profit corporations. Popular marketing concepts, such as market segmentation, market orientation, database marketing, and branding, have been successfully applied to the non-profit sector (Ewing & Napoli, 2005; Venable, Rose, Bush, & Gilbert, 2005). Integrated marketing communications (IMC), described as the integration of advertising, public relations, direct marketing, and sales promotion into a comprehensive plan (Caywood, 1997), has also emerged as a valuable approach for non-profit organizations. Non-profits adopting this strategy focus on building relationships with supporters and utilize communication tactics like donor appreciation, face-to-face communication, and recurring newsletters.

Non-profit organizations benefit from creating long-term relationships with supporters (Weir & Hibbert, 2000). It has been demonstrated that a new donor does not become profitable in terms of net income to a non-profit organization for 12-18 months (Gaffney, 1996). Therefore to make its investment in recruiting a new donor worthwhile, an organization needs to extend the relationship for longer than 18 months.

For most non-profit organizations, the two largest, and arguably the most important, stakeholder groups are supporters who donate money and time and individuals who benefit from an organization’s services (Venable et al., 2005). Marketing and communication strategies that focus on building relationships have been proven successful with both of these stakeholder groups (Weir & Hibbert, 2000). Bennett and Barkensjo (2005) studied five relationship-building tactics with individuals who receive services offered by human welfare charities in Great Britain: relationship advertising; two-way communication; database marketing; face-to-face contacts; and listening.

Managers should recognize that consumers combine the information they receive from various media whether or not the firm itself integrates those messages across media. To prevent consumers from integrating them inconsistently, they should take charge of this process, and this proactive view of IMC represents the new approach to media planning (Schultz and Pilotta, 2004). The overriding purpose of IMC is to manage all marketing activities that impact sales, profits, and brand equity.

Traditional marketing employs a “push” strategy, where communications between a firm and its consumers are designed to promote goods that the firm created and desired to sell. IMC employs both the push and pull approaches. Retailers like Macy’s or Nordstrom are examples of companies that attempt to apply the IMC approach by incorporating feedback so that their products and communications can be adjusted to meet consumers’ needs.

Orange has been one of the great successes in mobile phone branding. When Orange was launched in 1994, the mobile phone market was a confusing place, with consumers having difficulty keeping pace with the technology and understanding the range of tariffs on offer. Orange’s strategy ran counter to that of its competitors by focusing on its quirky name and colour, and not even mentioning mobile phones. This was captured in the slogan ‘The
future’s bright, the future’s Orange’, which was reassuring for customers faced with these challenges. This emotional appeal worked and it doubled its subscriber base in 1995 and became the youngest UK Company to enter the FTSE Index the following year. Now as part of French Telecom, it has successfully employed a similar strategy throughout Europe, making it one of the leading brands in markets like France, Israel and Switzerland, Cane (2005).

Similarly, the world’s largest mobile phone group, Vodafone, is currently focusing on an emotional appeal through the slogan ‘Make the most of now.’ This is captured by the iconic ‘Mayfly’ TV campaign, which extols the virtues of living life to the full. Mayflies have a life expectancy of one day and viewers are asked to imagine what life would be like if we embraced it in this way. Again mobile phones or networks do not feature anywhere in the advert but the implication of the campaign is that time is precious and that mobile phones help people to make the most of their time. The new generation of mobile phones that are complete with 3G services further enhances the time-saving value that consumers can get from their phones. Ironically, only time will tell whether this campaign will have the effect of increasing the adoption of 3G phones in general or increasing Vodafone’s share of the market. But the kind of advertising adopted by some of the leading mobile phone operators shows the level of creativity that is employed to generate messages that appeal to consumers, Carter (2005).

India is one of the most favorite markets on the globe. The growing purchasing power of India’s huge middle class makes it attractive. However, the customer base in India is extremely fragmented. The huge geographic expanse of the country has resulted in an inconsistent distribution system that is radically different from other countries. Also the cultural diversity of consumer, differences in their tastes, habits, and requirements that make it more complex task to market their goods in a streamlined and consistent manner. The concept of IMC with focused and massive marketing is fairly new to the Indian companies who have traditionally experienced a mixed economy and trade restrictions back home. In a protected economy, the companies had faced restricted competition and consequently did not realize the importance of targeted and more focused marketing. In the absence of well-developed departments for individual elements of marketing communications, a quasi-integrated approach was in practice among various departments in Indian companies.

The idea of IMC still manifests itself in a variety of local and situational ways for marketers. It is necessary to examine the cultural and social factors with demographic influences, keeping in perspective a pertinent analogy of ‘GO GLOCAL’ with the concept of IMC. IMC is a major strategic concept that is as evolutionary and discursive in Indian context. A strong need is compulsory here to explore the concept and phenomena of IMC directly in the real world of communication. With the change in communication practices and technologies, integration in marketing techniques is inevitable for Indian companies to survive in this multi-national and multicultural world emerging globally. Flow of communication is easy and open and our ability to adapt to these changes has made it a very enthralling and promising place for the global market. The purpose of integrated marketing communications strategy is to work toward the common goal of customer focused marketing. The Indian marketplace consists of an increasingly complex arena of competitors within a rapidly changing environment. Businesses are now getting Internet-based operations, portraying a charming picture of sophisticated and cluttered market. It is attempting to speak with clear voices about the natures of their operations and the benefits associated with the brands and
products. Numbers and variety of media is bombarding potential customers with messages, it is vital to have clear and consistent communication in the clutter. Response to this apparently amorphous marketing environment has led many Indian organizations to desirable integration of their communications efforts under the umbrella of this strategic marketing communications function. Effective marketing departments and advertising agencies are developing pipelines of new, talented innovations, media buyers, promotions managers, database web masters, and others in order to succeed in the long term. Employee performance attitudes reflect morale within the marketing department and also relations with other departments and groups. The effect of IMC plans are building bridges with other internal departments and making everyone aware of the thrust and theme of the program.

The Indian companies are identifying the target niches on social and attitudinal behavior, and offering common product across different demographics and also formulating the message accordingly. Internet marketing is picking up pace in India with fast technological advancement. Consumption and shopping patterns are changing. Online shopping, credit card usages are being accepted. Professionalism is increasing. Recent liberalization policies have increased competition and enforced new marketing practices in India, the local environment and local markets dictate the need for specialized and integrated approaches.

1.2 Research Objectives

The purpose of the paper was to evaluate the use of integrated marketing communication (IMC) by East African Breweries LTD. Specifically, the paper attempted to look at how IMCs are used by local firms in Kenya.

2.0 LITERATURE REVIEW

2.1 Theoretical Literature Review

2.1.1 Theories of integrated marketing communication

The IMC approach to marketing communications planning and strategy is being adopted by both large and small companies and has become popular among firms marketing consumer products and services as well as business-to-business marketers. There are a number of reasons why marketers are adopting the IMC approach. A fundamental reason is that they understand the value of strategically integrating the various communications functions rather than having them operate autonomously. By coordinating their marketing communications efforts, companies can avoid duplication, take advantage of synergy among promotional tools, and develop more efficient and effective marketing communications programs. Advocates of IMC argue that it is one of the easiest ways for companies to maximize the return on its investment in marketing and promotion. The move to integrated marketing communications also reflects an adaptation by marketers to a changing environment, particularly with respect to consumers, technology, and media. Major changes have occurred among consumers with respect to demographics, lifestyles, media use, and buying and shopping patterns. For example, cable TV and more recently digital satellite systems have vastly expanded the number of channels available to households. Some of these channels offer 24-hour shopping networks; others contain 30- or 60-minute direct-response appeals known as infomercials, which look more like TV shows than ads. Every day more consumers are surfing the Internet’s World Wide Web. Online services such as America Online and Microsoft Network provide information and entertainment as well as the opportunity to shop for and order a vast array of products and services. Marketers are responding by developing
home pages on which they can advertise their products and services interactively as well as transact sales. For example, travelers can use American Airlines’AA.com website to plan flights, check for special fares, purchase tickets, and reserve seats, as well as make hotel and car-rental reservations.

Even as new technologies and formats create new ways for marketers to reach consumers, they are affecting the more traditional media. Television, radio, magazines, and newspapers are becoming more fragmented and reaching smaller and more selective audiences. A recent survey of leading U.S. advertising executives on trends that will shape the industry identified the segmentation of media audiences by new media technologies as the most important development.

The integrated marketing communications movement is also being driven by changes in the ways companies market their products and services. A major reason for the growing importance of the IMC approach is the ongoing revolution that is changing the rules of marketing and the role of the traditional advertising agency.21 Major characteristics of this marketing revolution include:

A shifting of marketing dollars from media advertising to other forms of promotion, particularly consumer- and trade-oriented sales promotions. Many marketers feel that traditional media advertising has become too expensive and is not cost-effective. Also, escalating price competition in many markets has resulted in marketers’ pouring more of their promotional budgets into price promotions rather than media advertising.

A movement away from relying on advertising-focused approaches, which emphasize mass media such as network television and national magazines, to solve communication problems. Many companies are turning to lower-cost, more targeted communication tools such as event marketing and sponsorships, direct mail, sales promotion, and the Internet as they develop their marketing communications strategies.

A shift in marketplace power from manufacturers to retailers. Due to consolidation in the retail industry, small local retailers are being replaced by regional, national, and international chains. These large retailers are using their clout to demand larger promotional fees and allowances from manufacturers, a practice that often siphons money away from advertising. Moreover, new technologies such as checkout scanners give retailers information on the effectiveness of manufacturers’ promotional programs. This is leading many marketers to shift their focus to promotional tools that can produce short-term results, such as sale promotion.

The rapid growth and development of database marketing. Many companies are building databases containing customer names; geographic, demographic, and psychographic profiles; purchase patterns; media preferences; credit ratings; and other characteristics. Marketers are using this information to target consumers through a variety of direct-marketing methods such as telemarketing, direct mail, and direct-response advertising, rather than relying on mass media. Advocates of the approach argue that database marketing is critical to the development and practice of effective IMC.22

Demands for greater accountability from advertising agencies and changes in the way agencies are compensated. Many companies are moving toward incentive-based systems whereby compensation of their ad agencies is based, at least in part, on objective measures such as sales, market share, and profitability. Demands for accountability are motivating
many agencies to consider a variety of communication tools and less expensive alternatives to mass-media advertising.

The rapid growth of the Internet, which is changing the very nature of how companies do business and the ways they communicate and interact with consumers. The Internet revolution is well under way, and the Internet audience is growing rapidly. The Internet is an interactive medium that is becoming an integral part of communication strategy, and even business strategy, for many companies. This marketing revolution is affecting everyone involved in the marketing and promotional process. Companies are recognizing that they must change the ways they market and promote their products and services. They can no longer be tied to a specific communication tool (such as media advertising); rather, they should use whatever contact methods offer the best way of delivering the message to their target audiences. Ad agencies continue to reposition themselves as offering more than just advertising expertise; they strive to convince their clients that they can manage all or any part of clients’ integrated communications needs. Most agencies recognize that their future success depends on their ability to understand all areas of promotion and help their clients develop and implement integrated marketing communications programs.

2.2 Empirical Review

2.2.1 Use of integrated marketing communication in EABL

East African Breweries Limited (EABL) is East Africa's leading branded alcohol beverage business with an outstanding collection of brands that range from beer, spirits and adult non-alcoholic drinks (ANADs) reaffirming our standing as a total adult beverage (TAB) company. With breweries, distilleries, support industries and a distribution network across the region, the group's diversity is an important factor in delivering the highest quality brands to East African consumers and long-term value to East African investors. As a consumer driven business EABL takes time to study the market and understand consumer needs and wants as well as how best to satisfy them. That is why we constantly invest in innovating and renovating our brands to stay at par with dynamic consumer trends. This goes hand in hand with our Vision to be the most celebrated business in Eastern Africa. The East Africa Breweries Limited uses different marketing and promotion tools to reach its target group. These tools include television, radios, posters, road shows, T.V shows and social media such as Facebook, internet and twitter accounts.

The company has been running the East Africa’s premier music reality show, tusker project fame show in Kenya and neighboring countries for the last five years, where it sponsors contestants and the overall winner walks with 5 million shillings and a recording contract from Gallo Records, the international recording company. In addition to nurturing raw talent, the Project also left a lasting impact on local economies as many small and medium-size enterprises from the region were contracted to provide assorted goods and services in support of the show. During this shows over 15 million adults watch the show thus get to learn about the brands and the website of the company. EABL also sponsors football club thus anytime the games are being played the players put on jerseys with the company logo and their banners displayed at the wall of the stadium. The company has used different mediums of advertising to reach different age groups. For example to reach the people in rural areas it uses the radio and to reach the aged people within urban centers it uses the television sets and well lit bill boards and to reach the youths it uses the social media where it has different fan Facebook pages for different brands e.g pilsner and tusker.
3.0 CONCLUSIONS AND RECOMMENDATIONS

3.1 Conclusion

The report highlights the significance of marketing communication and the manner in which it helps a company to appropriately position its products in the market. This report underlines the fact that integrated marketing communication is vital for an organization to successfully position its products in the market. With the help of this approach a company can attract the attention of customers and can also successfully retain them. Integrated Marketing Communication (IMC) approach offers a host of benefits as it helps the company to identify its target audience and understand the type of communication tools it should use to attract those customers but this approach is not free from pitfalls. To make IMC an ongoing successful process, the company needs to allocate funds for this purpose separately and ensure that it maintains reserves so that it can smoothly carry on with its promotional strategies. This would enable the company to run its promotional campaigns smoothly without suffering significant bottlenecks. Marketing communication has become one of the most important aspects that an organization needs to pay attention to as adoption of proper marketing tools determines the success of the company and its long term sustainability in the industry as a whole. The art of communicating the features of a product to the customers determines whether the product would be an instant hit or would be killed in its early stage of its life cycle.

In today's ever changing “Nanosecond Culture” of social networks, empowered customers and hyper competition, we need to be prepared to immediately implement holistic thinking for our marketing and communications strategy. With an increase in global competition, technological advances, and fast informed customers, it is important for businesses to make a powerful impact on target audiences and markets. Integrated Marketing Communication (IMC) is one of the most important communications trends adopted all over. It is one such step toward an integrated approach to achieving efficiency by synergy. The emergence of this concept has become one of the most significant examples of development in the marketing discipline. It has influenced thinking and acting among companies but also authorities, state owned companies and political parties, all facing the realities of competition in an open economy.

From the literature reviewed on different companies on the use of integrated marketing communication, it shows that successful use of IMC helps the company to achieve its goals. Hence the need to carry out the research on what other factors affect the successful use of IMCs and does successful use of IMCs depend on firm size. Organizations that use integrated marketing communication perform better than those that don’t use. For most non-profit organizations, the two largest, and arguably the most important, stakeholder groups are supporters who donate money and time and individuals who benefit from an organization’s services (Venable et al., 2005). Marketing and communication strategies that focus on building relationships have been proven successful with both of these stakeholder groups (Weir & Hibbert, 2000). Bennett and Barkensjo (2005) studied five relationship-building tactics with individuals who receive services offered by human welfare charities in Great Britain: relationship advertising; two-way communication; database marketing; face-to-face contacts; and listening.

Managers should recognize that consumers combine the information they receive from various media whether or not the firm itself integrates those messages across media. To
prevent consumers from integrating them inconsistently, they should take charge of this process, and this proactive view of IMC represents the new approach to media planning (Schultz and Pilotta 2004). The overriding purpose of IMC is to manage all marketing activities that impact sales, profits, and brand equity. Several studies have been carried out concerning this issue and conclude that those organizations that use integrated marketing communication perform better than those that use traditional marketing strategies.

3.2 Policy Recommendations

Marketing strategy is a process that can allow an organization to concentrate its limited resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage. Philip Kotler, the father of modern marketing management, defines it as "Satisfying needs and wants through an exchange process". Another definition is "The management process responsible for identifying, anticipating and satisfying customer requirements profitably". It is clear from these definitions that marketing needs to be aimed at somebody. It cannot be generic in nature; it needs to have a purpose. When the maker of a luxury car develops his strategy he knows what the age bracket and income bracket his customers are going to fall in. So he alters it to suit the needs and expectations of this target segment of customers. Marketing revolves around one person, the customer, and go to any lengths to firstly identify what the needs of the customer are, and subsequently satisfying those needs.

Marketing strategies today have become very customer centric, and this is very different from olden days. The reason for this is the vast amount of choices and options that the customer has today, coupled with the large amount of disposable income in their hands. This has increased the competitiveness between sellers vastly, and the only way they can entice customers is through effective marketing. Marketing is a process that begins from the very day a product is conceptualized. The features, attributes and benefits of the product have to suit the needs and wants of the customer perfectly, and this has to be kept in mind by the marketer. This is why the biggest companies spend so much money on research and development and constant innovation of their products. The key elements of a good marketing strategy are innovation and competitive advantage. Companies that constantly strive to be better than their competitors by consistently offering new and innovative products are the ones that enjoy the majority of the market share in their particular industry. Once the product has been developed and manufactured, the customers need to be made aware of the availability of the product. This is done through large-scale advertising and direct selling. Utilizing various mediums like the Internet, TV, radio, newspapers, magazines, journals, billboards, etc. grants the seller the platform to reach out to a mass of people at the same time. Highlighting the product's utility and novelty is the key element. Providing the customers with various kinds of discounts, subsidies and free merchandise is also great to attract customers. Once the product has been sold, the marketer's job is seemingly over, as his task was to ensure that the customer purchases his product. This is as far from the truth as possible. The name of the game is retention of customers, as rivals are always looking to steal away customers from any business. By focusing on customer satisfaction, a company is retaining its power over the customer and this can be achieved only by good after sales service, prompt complaint solutions, informing about future offers and products and overall customer
relationship management (CRM). Before venturing out to get more customers, it is important to build a solid base to retain and satisfy the existing customers.

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