Relationship between Integrated Marketing Communications Management and Marketing Performance of Small Medium Enterprise in Malaysia

Syahputra[1,2]

[1]PhD Student, Othman Yeop Abdullah Graduate School of Business, Universiti Utara Malaysia

[2]Department of Business Administration, Faculty of Communication and Business, Telkom University, Bandung, Indonesia

Abstract: *The main objective of this study is to examine the influence between integrated marketing communications toward marketing performances. In order to measure that, five dimensions of integrated marketing communications management which were interactivity, mission marketing, organizational infrastructure, strategic consistency and planning and evaluation were used. While, only one marketing performance dimension were used for marketing performances. Data were gathered through questionnaire survey on small medium-sized enterprises in Northern Malaysia (Pulau Pinang, Kedah, and Perlis). Moreover, the results showed that there is relationship between three dimensions of integrated marketing communications (interactivity, mission marketing, and organizational infrastructure) toward marketing performances. The findings from this study will help the small medium-sized enterprises to seriously look at the importance of integrated marketing communication to boost their marketing performances. It would be a promising topic to study IMC in Malaysian SMEs to find further insights and approaches to implement IMC efficiently. By undertaking this study, we can counter the rapidly changing integrated marketing communications environment effectively.*

Keywords: Integrated Marketing Communications, Marketing Performances, Small mediumsized Enterprises

1. Introduction

The marketing of products and services and the ways in which communication takes place with customers and consumers in advanced industrial nations has changed tremendously over the last two decades. Information communication technology revolutions and innovations such as the internet and mobile phones now affect millions of people around the world and change how they communicate with each other which almost unheard of twenty years ago. Control over information or power over information has actually shifted from the hands of manufacturers to the hands or minds of consumers. Many marketers have had to change the ways how they carry out their marketing communication activities toward customer-focused marketing efforts for acquiring, retaining, and growing relationships with customers and other stakeholders (Duncan and Moriarty, 1998). Frequently this process is termed 'Integrated Marketing Communications orIMC. However, most research to appointment has focused either upon large firms (i.e. national, international, multinational and global) or the agencies (advertising and public relations agencies) that service their communications needs. Thus, a gap in the literature has been that very few studies have been conducted in relation to the relevance, significance and meaning of IMC from the perspective of small and medium-sized enterprises (SMEs) (Chaston and Mangles, 2402), and this despite the fact that the initial literature on IMC intimated that it was likely to be of greater significance to smaller businesses, given their proximity to customers and their greater flexibility in relation to marketing communications in order to produce rapid returns on investment. This avenue of potential research remains almost untapped, and this proposed study is one step towards remedying the situation.

In a global sense, SMEs often form the backbone of national economies and furthermore SMEs have increased in importance recently (Burns 2001). SMEs and the development of SMEs sectors in national economies is an important element of political and public policy life.

In Malaysia the SMEs sector plays a significant role in the national economy. The sector's contributions to the national economy can be seen from various perspectives. Collectively, the significance of SMEs can be assessed in terms of business units, employment opportunities as well as economic output. Apart from this quantitative significance, the SMEs sector has also demonstrated the ability to make other valuable contributions such as regional income generation, savings, training, and stimulation of competition, aiding large firms, introduction of innovation, as a seed-bed for growth and breeding for new entrepreneurs (Hashim, 2010).

This study is part of a wider research that aims to investigate the current practices used by Malaysia SMEs in food and beverages industry for measuring their marketing performances. In what concerns the part of the research refining to the integrated marketing communications mix, the objectives of the research is to identifying the specific aspects of each component of the integrated marketing communications management which are the most monitored, respectively those considered as having the most important contribution to the overall performances of the firm's marketing communications activities, Hence, SMEs have to find ways of differentiating their integrated marketing

communications activity compared to others. When they attempt to differentiate their marketing mix, the role and support of the promotions tools is essential. Integrating promotions tools is vital to differencing the positioning one of SMEs compared with others. Accordingly, it is important to understand how an integrated marketing communications tools can be used to market SMEs of strategic importance in particular in food and beverages SMEs for boost their marketing performances. Kotler et al. (2005) believe that for small firms formalized marketing techniques (and also marketing communications techniques) can be adopted and adapted to resources available with relative success. In practice, the approach SMEs have to do marketing, including marketing communications programs, is likely to be more haphazard, informal, unstructured, spontaneous and reactive and conform to the industry environment than in a large business context (Gilmore et al., 2001).

Moreover, Longenecker et al. (2003) developed a marketing communication theory for small businesses that is almost identical to larger firm theory found in mainstream literature. There are only a few potential differentiators that derive from the marketing constraints of small firms, as described by Carson (1990): limited resources, specialist expertise of the owner-managers and limited impact on the marketplace. The first differentiator regards the importance of personal communications activities. In fact, special emphasis is given to personal communications and personal contact networks when businesses have a limited number of customers and the product or service offered has a high value for the customer. Personal communications by small firms frequently means communication by the owner/manager/entrepreneur himself. The second element is related to limited resources. Small firms are limited in their g programs by the limits of their budget. As a result of budget and market limitations, marketing communications by small businesses often needs to be especially focused and integrated.

2. Review of Literature

2.1 Integrated Marketing Communications Management

IMC is therefore seen as a planning process that evaluates the strategic and synergistic role of variety of communication disciplines and considers how best to integrate them across the firm (Zatay et al. 2004). Furthermore, IMC plays a strategic role in managing intangible side of business by assisting in crafting relationships with customers and other stakeholders to create positive perceptions, attitudes, and behavior toward brands (Duncan and Moriarty,1997; Keller 2001).

Although marketers intuitively embrace the integration of marketing communication, empirical research in this area is scarce. The IMC framework is built on the foundation that if multiple communications are deployed appropriately, they can enhance one another's contributions (Belch and Belch, 2003). The IMC concept has been characterized as both a relational process and a business competency (Reid, 2CI03).Its goals and outcomes are often linked to building relationships with customers and other stakeholders through ongoing dialogue and the subsequent effects on sales and

profits (Smith et al. 2004). Furthermore, so business competency, IMC suggests integrated management of multiple media to achieve superior outcomes (Naik and Raman,2003).

Percy (1997) argues that the theory of IMC, while theoretically pragmatic, ultimately fails because of significant structural barriers to its implementation. The most significant organization barriers for the implementation of the IMC concept are:
a. Lack of horizontal communication;
b. Functional specialization;
c. Decentralization;
d. Lack of IMC planning and expertise;
e. Lack of budget;
f. Lack of data base technology;
g. Corporate culture; and
h. Fear of change.

These barriers must be assessed and properly understood in order to facilitate IMC implementation within an organization. However, each corporation has different marketing communications structures already in place and must deal with a distinctive organizational culture that is embodied in an individual organizational design. Consequently, it is impossible to design an implementation model that generally fits all firms. The in-depth analysis of each organization will provide a specific combination of barriers and possible synergies that have to take into account when planning and implementing the IMC concept. On the other hand more research it is necessary, both at theoretical and at practical level, to refine the definition and the model of IMC, and to identify the best ways of integrating the marketing communication operations in specific corporate environments (Schultz and Kitchen,2000).

In seeking to forward this aim, this research adopts a modified version of the Duncan-Moriarty IMC mini audit (Duncan and Moriarty, 1997) to explore the IMC process in SMEs and its possible link to marketing performance. The Duncan-Moriarty mini audit is a diagnostic tool designed to help managers assess areas of integration strength and weakness which divided into three categories. The first category related to creating and nourishing relationship, focusing on stakeholders rather than just customers. The second category of brand relationship drivers related to process dimensions and includes achieving strategic consistency, purposeful interactivity, mission marketing and zero based planning. The final category relates to organizational drivers, including cross-functional management core competencies, data driven marketing, and working with integrated agency. In summary, IMC is a strategic process for better managing the brand messages that create, maintain, and grow customer relationships and brands (Duncan 2005).

2.2 The Concept of Marketing Performances

Additionally, for measuring performances, three basic dimensions were largely employed in previous studies (Gray, Matear, Boshoff, & Matheson, 1998; Reid, 2002,2003,2005; Reid, et a1.,2001). These three dimensions include: 1) sales-related performance - evaluation of market

2010

share growth, sale growth, overall profitability, and sales income,2) Brand strength-related performance - evaluation of comparative brand awareness, ability to command premium prices, and level of favorable channel support, 3) customer satisfaction related performance - comparative customer satisfaction and level of customer brand loyalty. These themes are also consistent with the market orientation literature (Gray et a1., 1993). In addition, Reid (2002, 2003, and 2005) found that there was a positive association between these various performance measures and IMC management as measured through the Duncan- Moriarty IMC mini-audit.

3. Conceptual Model and Methodology

Conceptual design is a conceptual model on how one theorizes of the relationship among the several factors that have been identified as important to the problem (Sekaran 2003). Also according to Sekaran (2003), an independent variable is one that influences the dependent variables in either positive or negative way. However, independent and dependent variables are related to one another. The independent part is what the experimenter changes or enacts in order to do experiment. In this study, marketing performances is the dependent variable while the independent variable is integrated marketing communications management and integrated marketing communications tools.

The research framework of this study was developed base on the view presented in the literature which suggested that significance influences between integrated marketing communications management and integrated marketing communications tools toward marketing performance of firms. The following section present and describes the research model of this study in detail. Figure 1 presents the research model of this study.
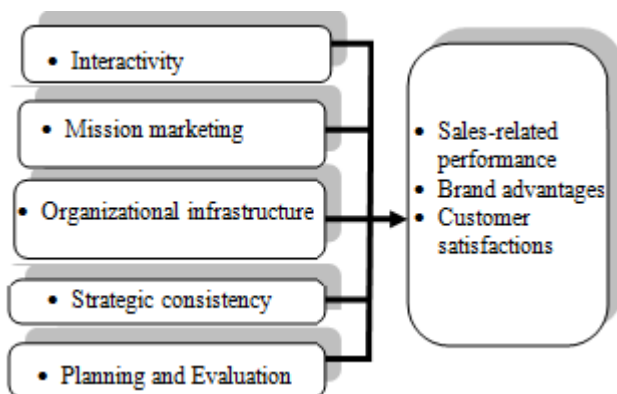

Figure 1: Research Framework

Marketing theory development in SMEs has been somewhat limited and often relies on the application of classical marketing models used in big businesses to smaller businesses (Chaston and Mangles, 2002). Kotler et al. (2005) believed that for small firms formalized marketing techniques (and also marketing communications techniques) can be adopted and adapted to resources available with relative success. In practice, the approach SMEs have to marketing, including marketing communications programs, is likely to be more haphazard, informal, unstructured,

spontaneous and reactive and conform to the industry environment than in a large business context (Gilmore et al., 2001).

Furthermore, IMC has also been associated with the size and type of organization. It is suggested that the size of the company may account for variation in an organization's ability to implement IMC. Smaller organization with less complex brand hierarchies may be less likely to undertake diverse marketing communication program, less likely to have adopted rigid departmental formularization, and thus may be more likely to be integrated or to have adopted process that are consistent with IMC (Low 2000).

As a result, three dimensions are adopted in measuring the marketing performances in this research. From the literature review researcher developed hypotheses to answer research questions.
- Hypothesis 1: There is relationship between interactivity toward marketing performances.
- Hypothesis 2: There is relationship between mission marketing toward marketing performances.
- Hypothesis 3: There is relationship between organizational infrastructures towards marketing performances.
- Hypothesis 4: There is relationship between strategic consistencies toward marketing performances.
- Hypothesis 5: There is relationship between planning evaluation toward marketing performances.

This research describes data collection and sampling plan, construct measurement, reliability and validity estimation of constructs and data analyses procedures.

The target population in this study is small medium-sized enterprises in food and beverages industries in Northern Malaysia. These SMEs are located in Pulau Pinang, Kedah and Perlis states respectively. According to SME Corp. Malaysia, 2012 there are 497 food and beverages SMEs operating in Northern Malaysia. Purposive sampling/quota sampling will be used in this study. This is to ensure that certain groups are adequately represented in the study through assignment of a quota

Measurement of variables is an integral part of research and important design. The total 40 items are constructed consist of 20 items represent the independent variables and 9 items represent the dependent variables. Integrated marketing communications management items are adapted fromthe previous researches (Reid, 2005; Duncan and Moriarty, L997). And for marketing performances items are adapted from Gray et al. 1998 and Reid, 2005.

In this research, a pilot study was conducted with the intention to make certain in regards of the reliability and validity of the significant number of the distributed questionnaires. This pilot study took about a day to complete. A total number of 10 questionnaires were distributed and 10 were returned. Recapitulation of different Alpha Cronbach's values obtained from the reliability test. In other words, from the reliability results, it was demonstrated that Alpha Cronbach's value for 20 items consists of five sub section. The first sub section is interactivity have shown an alpha value of 0.77 and 0.65 for sub section mission

marketing. In other sub section has shown that organizational infrastructure Alpha Cronbach's for 4 items was 0.86 and strategic consistency has shown an alpha value of 0.70. Nevertheless, the overall value for sub section planning and evaluation was 0.86. However the last section of the questionnaire is related to marketing performances. Thus, the 9 items of this particular section have shown an alpha value of 0.88.

Various statistical methods used to analyze the data collected from respondents. The data for the entire study will be input into the Statistical Package for Social Science Version (SPSS) 20.0 program for Windows for interpreting results. These include Cronbach's alpha coefficient computed to investigate the reliability of the instrument, descriptive statistics to describe the characteristic of respondents, correlation analysis to describe the relation between variables. All the items and variables will be coded for easier purposes in the statistical analyses. Data analysis will be conducted to find out the result whether the hypotheses are significant or not. Additionally, a pilot study was conducted to determine the reliability of the instrument to ensure the items are reliable.

4. Research Result

This section shows the correlation analysis of the relationship between integrated marketing communications dimensions with marketing performances. Correlations results are shown in Table 1.

Table 1: Correlations Result between Variables

	1	2	3	4	5	6
1.Interactivity	1	.763[**]	.741[**]	.479[**]	.603[**]	.260[*]
2.Mission Marketing	.763[**]	1	.532[**]	.504[**]	.465[**]	.274[*]
3.Organizational Infrastructure	.741[**]	.532[**]	1	.465[**]	.711[**]	.273[*]
4.Strategic Consistency	.479[**]	.504[**]	.465[**]	1	.500[**]	.196
5.Planning Evaluation	.603[**]	.465[**]	.711[**]	.500[**]	1	.145
6.Marketing Performances	.260[*]	.274[*]	.273[*]	.196	.145	1

**. Correlation is significant at the 0.01 level (1-tailed).
*. Correlation is significant at the 0.05 level (1-tailed).

The results indicated only three dimensions of integrated marketing communications were positively correlated with marketing performances. The three dimensions of integrated marketing communications were interactivity, mission marketing and organizational infrastructure, with coefficient value of 0.260, 0.274 and 0.273 respectively positively relationship with marketing performances. However, the result of another integrated marketing communications dimensions were negatively with marketing performances. The dimensions were strategic consistency and planning evaluation with coefficient value of 0.196 and 0.145. Meanwhile, the results between integration marketing communications dimensions were positively correlated.

5. Conclusion

In this research, hypothesis is tested using correlation coefficient to determine its significant level. Absolutely, those decisions show two important hypotheses for this were significant. This research is a first step study within SMEs in Northern Malaysia. It has been conducted within alimited area, on a fairly small sample and only among food and beverages SMEs. Limitation is related to the availability of the required assessment data. The availability of data is a reflection of systematic data collection and storage procedures of the respondent. As conclusions, this study has successfully attended the three research objectives. This study revealed that integrated marketing communications was not associated with marketing performances in context of SMEs. However there is positively relationship among integrated marketing communications dimensions.

References

[1] Belch, G.E. and Belch, M.A. (2003), Advertising and Promotion: An Integrated Marketing Communication perspective, McGraw-Hill/Irwin, Boston.
[2] Burns, P., (2001), Entrepreneurship and small business, Basingstoke, Palgrave
[3] Carson, D. (1990), Some exploratory models for assessing small firms' marketing performance (a qualitative approach)", European Journal of Marketing, Vol. 24 No. 11, pp. 1-51.
[4] Chaston, I. and Mangles, T. (2002), Small Business Marketing Management, Palgrave, Basingstoke.
[5] Duncan, T. and Moriarty, S. (1998), A Communication-Based Marketing Model for Managing Relationships, Journal of Marketing, 62 (April), 1-13.
[6] Duncan, T., (2005), Principles of advertising and IMC, New York: McGraw-Hill.
[7] Duncan, T., and Moriarty, S. (1997), Driving brand value: Using integrated marketing communications to manage profitable stakeholder relationships. New York: McGraw- Hill.
[8] Gilmore, A., Carson, D. and Grant, K. (2001), SMEs marketing in practice, Marketing Intelligence & Planning, Vol. 19 No. 1, pp. 6-11.
[9] Gray, B., Matear, S., Boshoff, C., and Matheson, P. (1998), Developing a better measure of market orientation. European Journal of Marketing, 32(9/10), 884-903.
[10] Keller, K.L. (2001), Mastering the marketing communications mix: micro and macro perspective on integrated marketing communication programs, Journal of Marketing Management, Vol. 17, pp. 819-47.
[11] Kotler, P., Wong, V., Saunders, J. and Armstrong, G. (2005), Principles of Marketing, 4th European ed., Pearson Education, Upper Saddle River, NJ.
[12] Longenecker, J.G., Moore, C.W. and Petty, J.W. (2003), Small Business Management – An Entrepreneurial Emphasis, Thomson South-Western, Mason, OH.
[13] Low, G. S. (2000), Correlates of integrated marketing communications, Journal of Advertising Research, Vol. 40 No.1, pp.27-39.

2012

[14] Naik, P.A., and Rahman, K. (2003), Understanding the impact of synergy in multimedia communications, Journal of Marketing Research, Vol. XL.

[15] Percy, L. (1997), Strategies for Implementing Integrated Marketing Communication, NTC Business Books, Chicago, IL.

[16] Reid, M. (2002), Building strong brands through the management of integrated marketing communications. International Journal of Wine Marketing, 14(3), 37-52

[17] Reid, M. (2003), IMC-performance relationships: further insight and evidence from the Australian marketplace, International Journal of Advertising, 22, 227-248.

[18] Reid, M. (2003), IMC-performance relationships: further insight and evidence from the Australian marketplace, International Journal of Advertising, 22, 227-248.

[19] Reid, M. (2005), Performance auditing of integrated marketing communications (IMC) actions and outcomes. Journal of Advertising, 34(4), 41-54.

[20] Reid, M., Johnson, T., Ratcliffe, M., Skrip, K., and Wilson, K. (2001), Integrated marketing communications in the Australian and New Zealand wine industry. International Journal of Advertising, 20, 239-262.

[21] Schultz, D.E., and Kitchen, P.J. (2000), Communicating Globally: An Integrated Marketing Approach, Macmillan Press, London.

[22] Sekaran, Uma., (2003), Research Method for Business: A Skill-building Approach. NY: John Wiley and Sons. New York.

[23] Smith, T.M., Gopalakrishna, S., Smith, P.M. (2004), The complementary effect of trade shows on personal selling, International Journal of Research in Marketing, Vol. 21.

[24] Zahay, Debra, James Pletier, Don E. Schultz and Abbie Griffin. (2004), The role of transactional versus relational data in IMC programs: bringing customer data together," Journal of Advertising Research, 44 (1), 3-18.

Paper ID: SUB153529

2013