Book Summary: Driving Brand Value - Using Integrated Marketing to Manage Profitable Stakeholder Relationships

Driving Brand Value - Using Integrated Marketing to Manage Profitable Stakeholder Relationships
by Tom Duncan and Sandra Moriarty
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This book describes a process that the authors call Integrated Marketing (IM). This is an approach that looks at all stakeholders not just customers when undertaking marketing initiatives. Accordingly, they have replace the concept of a value chain with that of a value field:

" The old traditional production-based value chain needs to be replaced by the non-linear value field a brand relationship environment containing many stakeholder groups (e.g. employees, shareholders, suppliers, the media, as well as customers), extensive brand contact points, aftermarket support, the reputation of the company, customer recourse, and many other relationship-sensitive factors. And because traditional marketing departments are still focused on managing transactions, they don't know how to manage brand relationships. The result is, the marketing function has become marginalized." (p. xi)

A new approach to marketing must recognize that all messages sent out by the company, must be positive, integrated, and consistent. In this context, they note that there are planned messages that the company sends out (through advertising and public relations, for instance); product messages (which are claims made about the performance of the product being sold); service messages (which are impressions that the customer receives when he or she is trying to get assistance or support from the company); and unplanned messages (for example stories that may come out in the media). Very often, companies get into trouble when their messages are inconsistent: for example when their planned advertising message says "the customer comes first" and yet the cashiers at the checkout are surly and would rather talk to each other than acknowledge your existence (service message = screw you). Sound familiar?

Throughout the book, the authors equate the brand with the company, using the terms synonomously. And indeed, what they have to say about building equity through an integrated marketing approach applies equally to the product brand as to the company brand.

The organizing theme of the book is the identification of 10 strategic drivers of brand value, with a separate chapter devoted to each. These drivers are:

1) Creating and nourishing relationships rather than just making transactions Because of the high cost of acquiring a new customer, and the increasing recognition of the concept of the 'lifetime value' of a customer, the IM approach focuses on developing relationships with these people, rather than just making a sale. The authors here stress the importance of understanding the types of links that a company has with its customers (which may be social, financial, psychological or structural in nature or any combination of these), and present a five-level 'customer bonding' framework that is useful in conceptualizing a company's relationship with current and potential purchasers:

1. awareness where the company[1]s brand is included on the customer's menu of options
2. identity where the customers identify with, and proudly display, the brand
3. relationship where the customers communicate with the company between purchases
4. community where the customers recognize each other as a community of users, and may communicate with each other
5. advocacy where customers recommend the brand to others in order to include them in the community

They also note the importance of developing a better understanding of the customer base through tracking data on transaction and communications interactions. Another key recommendation they make here is to periodically remind customers of the benefits that they are getting through the relationship (which is often not done as most of the planned messages emanating from a company through advertising and public relations are aimed at acquiring new customers, rather than retaining old ones).

2) Focusing on all stakeholders rather than just customers The second key driver that Duncan and Moriarty discuss is for companies to recognize that there are many stakeholders beyond simply customers that need to be considered in the marketing approach of a company. The equity value of the brand (and thus of the company) could be affected by the perceptions and reactions of any one of these groups, and thus they all need to be considered carefully in a marketing strategy. The list of stakeholders that they have put together includes:

- employees
- suppliers

- investors
- financial analysts
- rating services (such as Standard and Poor's)
- government regulators
- competitors (who are potential joint venture partners, merger partners, acquisitions, etc,)
- the media

They note that the phenomenon of stakeholder overlap is quite common (where one individual may be several stakeholders simultaneously for example an employee who owns stock, or companies that are suppliers in one area yet competitors in another) and thus the desirability of integrated and consistent communications is underscored.

3) Maintaining strategic consistency rather than independent brand messages Here the authors stress the importance of ensuring consistency in the brand messages conveyed by the company to the various stakeholder groups. They present a concept they call the 'integration triangle', which has three points:

SAY all the planned messages of the company
DO the product and service messages of the company
CONFIRM the unplanned messages of the company (which, being externally sourced, will confirm (or not) whether the company is trustworthy)

All types of messages in the say, do, confirm loop should reinforce one another.

4) Generating purposeful interactivity rather than just a mass media monologue "Interactivity is the process by which customers are integrated into a company, made part of the product planning and development process, and dealt with individually. To be interactive, companies must put as much emphasis on receiving messages as they do on sending messages. The interactivity dimension of integrated marketing proposes that media can be used both to send messages efficiently and to receive and capture messages from customers (and other stakeholders) in order to create a long-term purposeful dialogue. Purposeful dialogue is a type of communication that is mutually beneficial for the customer and the company." (p.95, 96)

Duncan and Moriarty discuss the use of mass media, interactive media (web sites, e-mail) and addressable media (that is, media such as direct mail, faxes and also e-mail that can be sent directly to individuals) in generating an environment of interactivity with stakeholders. They also present an interesting framework that they call the '5 R's of Purposeful Dialogue':

1. recourse customers need to know that they have some recourse with the company if they are dissatisfied with the product or service

2. recognition personal recognition is very important to many customers and other stakeholders, and is key in moving them higher up the customer bonding framework with your brand

3. responsiveness when a complaint is being made, a suggestion offered, or information being sought, it is critical for a company to be responsive to the individual

4. respect individuals from all stakeholder groups, not just customers, need to feel that they are respected by the company the authors quote one source in this regard that has stated that companies should contact their customers (and other stakeholders) six to eight times per year to maintain a positive relationship

5. reinforcement people who have already purchased a product or service need to be reinforced that their decision to do so was a good one

A meaningful dialogue with stakeholders should be done within the context of these 5 'Rs of purposeful dialogue.

5) Marketing a corporate mission rather than just product claims As opposed to cause marketing, which is when a company backs a certain charity or cause for short-term public relations benefits (and where the cause may or may not be related to the mission of the company), mission marketing involves the company identifying a social cause that is related to their fundamental mission, and supporting this cause in a highly visible way over the long term. Mission marketing requires support from management and employees (including the public support of the most senior managers of the company, from the CEO on down). It would also involve other stakeholders, including current and potential customers, the media, etc. Marketing the mission helps put a credible human face on the company, which makes it more likely that stakeholders can develop a positive feeling of personal identity with the company again, a very important factor in moving the customer (and other stakeholders) into a higher-value bonding relationship with the company.

6) Using zero-based planning rather than just tweaking last year's plan Here the authors advocate undertaking an unbiased and objective strengths, weaknesses, opportunities and threats (SWOT) analysis to identify strategic

marketing initiatives each year, rather than simply extending the marketing initiatives of the previous budget cycle. In particular, they note the importance of obtaining customer and stakeholder feedback in undertaking this kind of analysis, rather than simply it being an internal exercise only.

7) Using cross-functional rather than departmental planning and monitoring This seventh strategic driver of an IM approach requires involving many different individuals from across the corporation in the marketing function, not just those who happen to be in a silo labeled 'marketing'. This is essential to the integrated marketing approach, which requires that the perspectives of all stakeholder groups be understood. Accordingly, it is necessary to involve production and operations, finance, human resources, distribution, and other departments in marketing decisions to guarantee consistency as well as to ensure that all relevant perspectives have been examined. The authors advocate the formation of cross-functional team with specific responsibilities to: 1) monitor the company¹s brand performance, 2) plan marketing-related initiatives across divisions, 3) allocate budgets, and 4) resolve conflicts.

8) Creating core competencies rather than just communication specialization and expertise This strategic driver relates to the company creating two core marketing competencies that are fundamental to an understanding of the IM function. These are:

1. understanding customer behavior, and
2. understanding the strengths and weaknesses of communications tools.

In this latter area, Duncan and Moriarty discuss the situations where a wide variety of communications tools are appropriate and when they are not. In this regard, they assess personal selling, mass media advertising, product publicity, sales promotion, direct response, sponsorship and events, packaging and customer service.

9) Building and managing databases to retain customers rather than just acquiring new customers This strategic driver relates to the need to make integrated marketing data-driven. Every point of contact with a customer or potential customer, or other stakeholder, is an opportunity to gather useful marketing intelligence that will help the company understand the stakeholder more thoroughly. These points of contact include:

- surveys
- coupon redemptions, sweepstakes and promotional offers
- warranty cards
- membership clubs
- point-of-sale (POS) information
- catalogs
- 1-800 or 1-888 numbers
- web site hits and/or e-mail responses

The authors point out that most database systems in use in large companies today were designed for accounting and financial purposes, and do not adapt well to IM purposes. Accordingly, a company that is truly committed to the IM approach may have to design a purpose-built system, rather than modify an existing one.

10) Using an integrated agency rather than a traditional, full-service agency The final strategic driver that the authors suggest is to use what they call an 'integrated agency' for assistance with marketing and communications activities, as opposed to a traditional agency. "All advertising and other communications agencies want to be business partners with their clients. Most feel it is demeaning when clients refer to them as a supplier or vendor. The problem is that it is difficult for a client to consider an agency a communications partner when all the agency wants and can offer is a small part of the relationship-building process. As we have said throughout this book, relationship-building and nourishing requires managing a wide array of communications messages. The more agencies want to provide only one of the communications elements that drives these relationships, the more they are positioning themselves to be mere suppliers or vendors." (p.231)

They authors maintain that there can be significant benefits from working with an integrated agency, but allow that it is sometimes difficult to find one of these rare beasts. Accordingly, in this chapter, they provide a set of twenty questions that will assist in scrutinizing a given candidate agency for this non-traditional role.

The book concludes with some advice as to how to conduct an IM audit of your own organization, in order to determine areas for improvement.

Driving Brand Value contains much good advice and common sense for those in the marketing business. The basic notion that every point of contact that a company has with the outside world sends a message and creates an impression is fundamental (a kind of 'Newton¹s Law of Universal Gravitation' of marketing), and one that is not well understood. This book provides a useful conceptual framework for understanding this reality as well as suggestions for organizations to do something about it.