Integrated Marketing Communication

Introduction

Integrated Marketing Communication (IMC) is a concept that links together messages and all forms of communication (Percy 2014). Promotion is a critical aspect of marketing and by ensuring a good synchronization, the tools give better results when combined. There are various levels of integration of the marketing communication including vertical, horizontal, internal, external, and data integration (Yeshin 2012). All the integration levels work differently in strengthening integrated communications. Horizontal integration takes place across the marketing mix as well as in the business activities. This implies that all the functions such as finance, production, communication, and distribution have to work together of because their decisions usually send a form of a message to the consumer. Collecting and sharing departmental information is a function of data integration. Subsequently, vertical integration upholds various aspects of the corporate mission including both marketing and communication. Lastly, internal integration involves internal marketing whereby all the staff in the organizations has to be informed and motivated about the new corporate identities, advertisements and new service standards (Shimp and Andrews 2012). Finally, external integration entails partnering with external bodies including PR agencies and advertising. Integrated Marketing Communications is beneficial in that it creates a competitive advantage, saves money and time as well as boosts sales and profits on behalf of the organization (Yeshin 2012). By ensuring integration of all marketing communication, the consumers are able to move through all the stages of buying and at the same time consolidating the image of the organization and improving customer relations. Subsequently, consolidated customer relations protect the organization against the inevitable onslaught of competition hence improving on their competitive advantage. The following paper explores the aspects of Integrated Marketing Communication on Coca-Cola Company which introduced a new product to its long-standing line of soft drinks known as Coca-Cola Life. The paper analyses the current market situation of the product and seeks to determine their integrated marketing communications objectives. In addition, the paper also seeks to develop an Integrated Marketing Communication program for the Life brand of Coca-Cola.

Product Summary and Integrative Marketing Campaign Employed

Coca-Cola Life fits in the same category of other Coca-Cola brands such as Coke Zero and Diet Coke. The primary goal of introducing the Life brand was to add into the healthier options since most of the company’s previous products are heavily sugary (Wawrzak-Chodaczek, Zeligowski, and Kowal 2015). After the launch of the product, the marketing campaign was rolled out across 7,000 outdoor locations mainly on buses, digital screen ads and billboards across cities (Mitchell 2016).  Also, social media marketing indicated a positive response from the consumers. Another form of integrated marketing campaign used for the Life brand was the introduction of a competition which was launched on 20th September 2014 (Roderick 2016). In this competition, Coca-Cola gave its customers opportunities to win various prizes via pop-up shops in London. Online users also had a chance to participate in the competition by sharing Coca-Cola Life moment’s pictures under the hashtags #comp and #Cocacolalife. Two years since the launch of the campaign, it has proven to be a successful Integrating marketing communication tool which as has seen a considerable growth for the Life brand and the Coca-Cola Company in general. The strategy has satisfied all the aspects and specifications of Integrated Marketing Communication in that it mixed up the media outlets used marketing. However, in mixing the media outlets, Coca-Cola Company ensured a brand consistency when in the entire roll out (Strausbaugh and Parente 2014). The effectiveness of an integrated marketing campaign can be altered by the way in which the message is being communicated. This can be done by ensuring that the media platform leading the campaign is well selected. The driving factors behind the strategy must be well outlined. By striking this balance, it is possible to come up with a successful Integrated Marketing Communication and ensuring consumer loyalty to the brand.

Analysis of the Current Market Situation

 Coca-Cola Life is a new product from Coca-Cola Company which was launched and introduced into the market in August 2014. Since its launching, the product has built up a loyal group of buyers. The company introduced a ‘one brand’ marketing strategy to the product earlier in 2015. However, the need to offer more healthy products was the motive behind the introduction of Coca-Cola life in 2014. Compared to the other soft drinks, Coca-Cola life has a third fewer sugar and calories. Marketing records and trends indicate that since the introduction of the Life brand in 2014, it has grown into a £ 28.9 million business representing more than 2% of the total Coca-Cola portfolio. However, ten months after launching Coca-Cola life, Integrative Marketing Campaign was yet to pick which resulted in a 5% drop in industrywide sales of Coca-Cola products and 2.8% by volume in 2015 (Mitchell 2016). However, there was a general trend in reduction of non-cola drinks by 3.8% in value and fruit juice sale by 7%. Sales of energy drinks fell by 2.2% during the same period. Coca-Cola life was not well-received initially prompting both Coca-Cola South Pacific and Coca-Cola Amatil to test new formulations for Coke Life. The purpose of the new strategy was to further reduce the kilojoule count for the Life brand and at the same time retaining its flavor (Mitchell 2016). By so doing, the company was able to lure consumers of the Coke products to the carbonated soft drinks as well as provide palatable and healthier options for drinkers of classic Coke and Diet Coke. The original version of Coca-Cola Life used in Australia was based on the formulation used in the United States and the United Kingdom. The preparation comprises of 60% fewer kilojoules and higher stevia content in comparison to the classic coke (Roderick 2016). According to the latest IRI figures, the Life brand of Coca-Cola has attracted a considerably small group but the loyal consumer. After the heavy promotion in 2014, the sales of the Life brand peaked hitting £4.1 million in the first four weeks into the promotion (Roderick 2016).

Integrated Marketing Communications Objectives

 The Coca-Cola Company uses Integrated Marketing Communication in its campaign as the mode of interacting with its target. The company is in 360˚ communication making it the organization with the best distribution strategy word wide. The Integrated Marketing Communication used for marketing the Life brand has the core objective of tapping into the market around consumers of Coke products who are health conscience. In addition, the marketing plan was adapted to suit the product positioning, the potential of the product, the society, and the market position. Another objective of the Integrated Marketing Communication adopted for Coca-Cola Life was to ensure a form of closeness to the consumer as well as be part of their lives making consumption of the product a daily ritual. Social marketing via the social media is part of the Integrated Marketing Communication which seeks to create emotions and feelings of affiliation towards the consumers of the product (Chitty et al. 2011). This is mainly done by engaging in social responsibility causes such as raising funds for social causes like hurricane and earthquakes. Moreover, Coca-Company ensures that the Integrated Marketing Communication plan reaches consumers of all age groups, creed, and demographic dispositions by focusing on fun and entertainment as well as basing the products in core values such as happiness, fun, and sharing (Chitty et al. 2011). Apart from creating awareness of the products, another objective of the IMC is to inform and educate the consumers of the product as well as increasing short-term sales through stimulating action. This includes the introduction of seasonal sales in supermarkets and communicating the same to the customers via the media. The Integrated Marketing Communication of Coca-Cola aims at reinforcing the buying behavior of the product consumers by making it a healthy option and a form of lifestyle. Consequently, this affords the company lifelong loyalty from the product consumer.

Establishment and Allocation of the Promotional Budget

The marketing manager is responsible for deciding the advertising budget, how much will be invested in order to promote the sales and the budgetary allocation to various marketing tools employed. The amount allocated for product promotion is completely controllable and therefore should be well divided among departments, services, and lines (Piercy 2014). Spending too much on product promotion can be a form of extravagance and a source of direct loss for the company (Shin 2013). However, spending too little in advertisement also leads to losses in terms of lost sales as well as diminished visibility. Hence, it is critical to compare the cost of the promotion to the results. Also, the timing of advertisement is also crucial in depending on the purchasing power of the target market and other prevailing conditions (Piercy 2014). Establishment and allocation of the advertising budget can be conducted based on methods that are most convenient for the company. However, different methods have advantages and shortcomings.

Percentage of Sales or Profits

It is possible to establish the advertisement budget to use by focusing on the percentage of sales. Similar to any other business cost such as labor, the advertisement should be compared with the quantity of goods sold and influence on the consumers. By using the percentage of sales, it is possible to eliminate some of the errors occurring from basing the outcome of the promotion on the accruing profits. For instance, Coca Life brand marketing was primarily based on the percentage of sales as the core method of budget establishment. Ten months after the launch of the soft drink, the sales dropped by 5% (Roderick 2016). Therefore, subsequent marketing integrated marketing communication methods employed by Coca-Cola Company aimed at increasing the percentage of sales product. With time, the budgetary allocation on the advertisement of the product can be scaled down to realize a higher return on investment once the product becomes popular. The percentages of sales tend to be constant for products within a given line. It is, therefore, possible to compare product performance by observing the trends from a similar product. This helps the marketer to establish the ratio of advertising expense to the sales. Reports from Internal Revenue Services are also crucial in establishing the advertising budget for the product. Also, by weighing the ratio of the industry, it is possible to gauge on how much more or less should be spent in comparison with the competitor. This method of promotion budget establishment tends to be easy and faster to implement and facilitates the market stability.

Unit of Sales

 This method of establishing the marketing budget depends on the marketer's experience and knowledge of the amount of promotion required to boost the sale of the product. When using the units of sales, the amount used in advertisements is directly proportional to the units of sale. It can be considered as a variation of the percentage-of-sale. This method prevents the tendency to base the budget on dollar amounts. It is extensively used by the Coca-Cola Company since consumption of the drinks is likely to be affected by external factors such as weather conditions. Therefore, depending on the location, the amount allocated for budgeting has to be in line with the prevailing condition and the projected number of units of sales.

Budget allocation in an integrated marketing communication depends on the advertisement budget agreed upon. The first step in budget allocation is deciding on either promotional or institutional advertising. The amount allocated is broken down into departmental budgets, calendar periods, total budget, sales areas and media. Coca-Cola Company allocates most of the advertising budget to media in order to gain and retain its huge market share globally due to the competitive nature of the beverage industry. The budgetary allocation for media advertisements through radio, newspapers, or direct mail is dependent on past experiences, ideas of the media specialists and industry practice.  Departmental budgets are determined by evaluating the percentage of sales whereby the departments selling more products tend to receive more advertisement budgetary allocation. In terms of calendar periods, the more budgetary allocation is required during the period in which the product is likely to make more sales. Over the years, Coca-Cola has been the biggest spender in the promotional budget with a total of $3.342 billion in 2012, $3.266 billion in 2013 and $3.499 billion in 2014 as the overall advertisement budget allocation (Wawrzak-Chodaczek, Zeligowski, and Kowal 2015).

Integrated Marketing Communication Program

Advertising

 An advertisement can be defined as a non-personal communication about services or products on behalf of another party. An aggressive advertisement is critical to Coca-Cola Life brand promotion and is the most useful tool especially in popularizing the soft drinks which were recently introduced in the market. One way to utilize advertisement in IMC for Coca-Cola Life brand is by introducing themes and concepts that help especially when employing the electronic media. They will be used by the consumers of the soft drink as an identity which will subsequently assist in creating awareness about the product (Belch and Belch 2015). Another way the advertisement tool can be used to improve the sale of the soft drink is through using big names, especially in the entertainment industry. Consumers tend to identify with such figures and by exploiting such an opportunity, the product is likely to reach out to more consumers (Belch and Belch 2015). In addition, the advertisement can be promoted using new slogans that can identify with it.

Direct marketing

 Apart from advertisement, Coca-Cola can adopt direct marketing technique for the Life brand. This form of marketing can be done through various ways such as forming partnerships with movie theaters, restaurants, and hotels that will carry the product on behalf of the company. By doing direct marketing, customers will have no other options but the targeted brand which helps to weed out the possible competition. Also, this form of marketing for the Coca-Cola Life brand can be done through sponsoring of entertainment events such as motor racing, football, etc.

Monitoring, Evaluation and Control Program

Monitoring and evaluation of the marketing plan can be done through evaluation of return on investment (ROI). By monitoring ROI, it is possible to determine if the marketing input has realized profits or not (Ferrel and Hartline 2011). Secondly, the number of sales can be used in monitoring and evaluation by examining if it has a positive or a negative impact based on the previous records. Customer response is another method the Life brand marketers can use to evaluate the progress of the product (Ferrel and Hartline 2011). This can be done through online surveys. The sales people are critical to monitoring the effectiveness of the marketing tool employed in integrated marketing communication. The outside team of marketers tends to realize the effectiveness of the campaign long before the management.

Conclusion

Integrated marketing communication is a critical tool for organizations intending to reach a wide platform of consumers in the modern age. By combining all the marketing strategies together, it is possible for the organization to establish a budgetary allocation and methods that fit the promotional objectives with no risks of losses either from overspending or denied sales. Apart from the monetary considerations, integrated marketing communication provides an excellent way of monitoring trends in the product, market, and customer response.