

## **Integrated Marketing Communication and its Measurement in Albania reality**

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*The boom period for marketers provided excellent growth potential and makes them oriented in devising strategies and developing business practices to fully realize this potential. But the environment changed and with consumer demand growth moderated and share growth limited by competitors, brands turned inward for profit growth. There were many easy targets but limited long term opportunity by focusing on cost reduction. Low cost provider is an enviable position from which to grow but that was not possible if the business have shed the resources necessary to grow. So, the management demanded financial accountability. Highlights of the study include that measuring the financial impact of marketing is still a major challenge for Albanian businesses. Marketing measurements and analytics are underfunded and they almost don't use profitability measures for marketing. It can be said that businesses are lacking the funding to better analyzing marketing contribution and truly tap into the full profit potential that exist.*

**Field of Research:** Marketing, Developing economies

### **1. Introduction**

'Perhaps no area of marketing has seen more dramatic change over the years than marketing communication' (Keller 2001). Numerous new marketing communication options are available to marketers due to rapid globalization and the development of new technologies. Marketers are under constant pressure to innovate, and the new-media environment has created an extra domain for them to grapple with. All the while, they strive for integration when there is no one-size-fits-all method of doing so. What great integrated marketers have in common is a corporate commitment to view a marketing challenge as a single [one], and then spend their resources where they will have the most effect. Interest in—and demand for—greater marketing accountability has grown dramatically in recent years. This is

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exactly the argument in this paper, focused on actionable measures of the financial return on marketing expenditures. The aim is to explain the importance for Albanian businesses that making decisions based on reliable market feedback permits a precise allocation of limited marketing resources for maximum impact.

The objectives that lead this study:

- To describe the level of knowledge about IMC in different companies in Albania and if there are structures for its application
- To present the most important objectives for IMC campaigns in different companies
- To find out which promotional tactics are more used from Albanian companies and how they evaluate these tools
- To describe in which stage are the Albanian companies with the implementation of different activities, part of the IMC.
- To understand if the Albanian companies measure the impact of IMC program, are there obstacles to this process and the funds allocated for it.
- To identify the methods used for the measurement process in the Albanian companies
- To evaluate services of advertising agencies for businesses and if it's appreciated the integration of this structure in the IMC process
- To understand how do Albanian business estimate brand concept and which elements are used for brand communication
- To make evidence to Albanian businesses that continuous evaluation of marketing performance and financial contribution may turn distinct comparative advantage

In study after study, Albanian marketing executives consistently report that one of their greatest professional challenges is measuring and managing marketing impact and assessing marketing's return on investment (ROI). And marketing performance measurement and ROI remain at the top of the "hot topics" list in academic and business literature and across the digital landscape. This paper seeks to identify how some large Albanian companies are responding to these challenges, which are the barriers and enablers influencing this process especially for these businesses.

## **2. Literature review**

Because of the commercial message clutter that the world is experiencing today, Albanian marketers need to focus their promotional efforts in order to punch through the noise barrier and reach the target audience.

As a response to this increased message distortion and the arising need for more integration in marketing communication, Schultz, Tannenbaum, and

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Lauterborn introduced a new concept in 1993 called Integrated Marketing Communication (IMC). To maximize the effect of the marketing communication tools, it became essential to strategically integrate them. This process of Integrated Marketing Communication is changing the way companies communicate with their customers. (Duncan, 2002)

Even though marketers were slow to adapt IMC as a part in their planning process, it is today widely acknowledged as the key to superior brand communication (Duncan, 2002). This paper is focused in the businesses ability to implement the IMC program in their structure

While in the past marketing communication has long been viewed in the organization as more of an art than a science this will not likely be the case in the future. Till now the businesses have become more proficient at determining value and value drivers in manufacturing, processing and distribution, few top managers have had much success relating these concepts to marketing. The focus of many organizations has changed – from the easily determined ‘top-line measures’ of sales, volume and share-of-market to ‘bottom-line measures’ of profits, Return-on-Investment, economic value assessments and return on employed assets (Sally Goll Beatty, 1997). Where the organization might have relied on loose measures of marketplace effectiveness or even executive ‘gut feel’, today investments demand measurable, demonstrable results for all organizational activities (Sally Goll Beatty). Today, management and investors want marketing and communication managers to justify the initial investment they make or request and they also want verification of the returns which these investments can or should provide.

From existing research, we know that most marketing communication activities work in combination or tandem. That is, the combined impact of several communication activities is greater than any individual part or the sum of the parts (Don E.Schultz, Stanley T.Tannebaum, Robert Lauterborn, 1994). In the 21century marketplace, the ability to measure combination of marketing communication activities may be more important than trying to single out the impact or effect of each single element.

In marketing arena where allocation of finite resources is critical, it is more important to find the best and most effective set of brand communication tools and activities, not just those which can be most widely distributed at the lowest cost.

### **3. The Methodology and Model**

Reality in our country has shown that our businesses do not implement the basis of marketing concept, not speaking here for the more complicated concepts which are still new for the well know businesses all over the world. That’s why, in this study large businesses and the most known ones were

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selected to be part of the research. It is thought that structures for integrated marketing communication management are adapted in these businesses. In this way, we can obtain as more information as possible. The research purpose of this paper is mainly descriptive since our problem is clearly stated. The purpose to gain a deeper understanding on actionable measures *of the financial return on marketing expenditures*, implies an exploratory research purpose due to the fact that we had not been able to find studies that focused solely on the same problems, as we were to investigate in this paper. However, to answer the purpose of this paper some hypothesis are raised, and all of them implies the descriptive approach. Since these are the foundation of the entire study, this paper can be considered mainly descriptive. The benefits of Integrated Marketing Communication were not especially well documented, since the IMC concept is a fairly new idea. Towards the end of this paper we were also somewhat explanatory since we tried to identify factors that were used by Albanian businesses when conducting Integrated Marketing Communication campaigns. To summarize, we were mainly descriptive but with elements of exploratory and explanatory purposes as well.

The main goals in this study are.

- ✓ To describe the knowledge about integrated marketing communication (IMC) in different companies in Albania, paying attention to the structures involved in its application
- ✓ To identify methods used to measure the profitability of IMC program, the barriers against this process, the funds available for this process and the sustain from the top management
- ✓ To present the top management attitude to the investments politics of marketing department and to the methods this department use to measure the investment impact
- ✓ To present the study findings and to give recommendations for politics and strategy coordination from companies in order to improve infrastructure, organization processes and practices, for a better marketing performance.

Hypothesis raised in this study are:

- There are limited knowledge regarding IMC and its importance to the Albanian companies
- There are limited efforts to make politics for IMC process management in the terms of organization, control, evaluation and identification of indicators to objectives achievement
- There is no knowledge about the role of ICM program profitability measurement through ROI methods
- There is no satisfactory sustain from top management to the IMC investments compared to the other organizational fields investment

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### Research subject

The subject of the research are large businesses where exist the possibility of application of the concepts described earlier. In these companies, the Albanian reality shows that marketing is structured as a specific function, from where derive politics and strategies for its activities. These companies are characterized from a great number of specialized staff for marketing with great possibilities to apply different marketing communication programs.

### Research tools

Questionnaires and in-depth interviews are the most appropriated methodological tools for this research.

The questionnaire was created referring the literature about IMC, and keeping in mind the nature of Albanian businesses – it was designed to meet the main objectives. Before the questionnaire fill, a screening process was compiled to ensure that the interviewees was the right ones.

Different technical points are also taken into account for the questionnaires, because they directly affect the data provided quality. It has seen to make them more simple and clear. Every dimension in the questionnaire is studied from more than one question in order for its tendency to be an average more than a random one.

The questions are structured in alternatives where the respondent has to choose between them, in some cases more than one. This type of question uses a common scale of measure, usually with 3 or 5 options. The number 1 level shows a very low involvement of a specific dimension, while 3 or 5 scale means a very high involvement of it.

In-depth interviews were designed to identify more in depth the issues and the challenges raised from the questionnaire. These interviews involve personal interviews and discussions with individuals from key organizations or businesses that could provide insight and perspective on issues identified in the questionnaire. Personal interviews were also developed when identified businesses seemed particularly relevant and important in relation with our target objectives. The format for discussion and the interview questionnaire was developed in advance to ensure that all of the research objectives about IMC evaluation were understood and that they were addressed in the interviews.

The sample frame was constructed based on business databases obtained from the Albanian Bureau of Taxes. These databases were merged and cleaned of duplications and inconsistencies, which resulted in total population of 455 businesses.

The sample was stratified accordingly using standard polling practices to ensure random selection where all the element of population has equal

selection possibility. The representative of the sample were contacted personally and given the option to complete the survey at that time. The necessary proportions for the sample calculations were provided from the pilot test. The sample size of 138 businesses yields a 95% statistical level of confidence, with an overall margin of error of plus or minus percentage points. The margin of error will be larger for different sub sets of the survey population.

From the data analysis and exact data gathering, resulted 100 questionnaires available. It was concluded that this is an acceptable number taking into account the scientific fact that the questionnaires number does not show anything about representativeness of the sampling. Already, in this study the accepted margin error is 5,19.

The aim was to fill the questionnaires in a very short time in order to minimize the costs of research all in all. The questionnaires collected were then used to process the data, from which the necessary information is generated to analyze IMC and to get out the corresponding conclusions and recommendations.

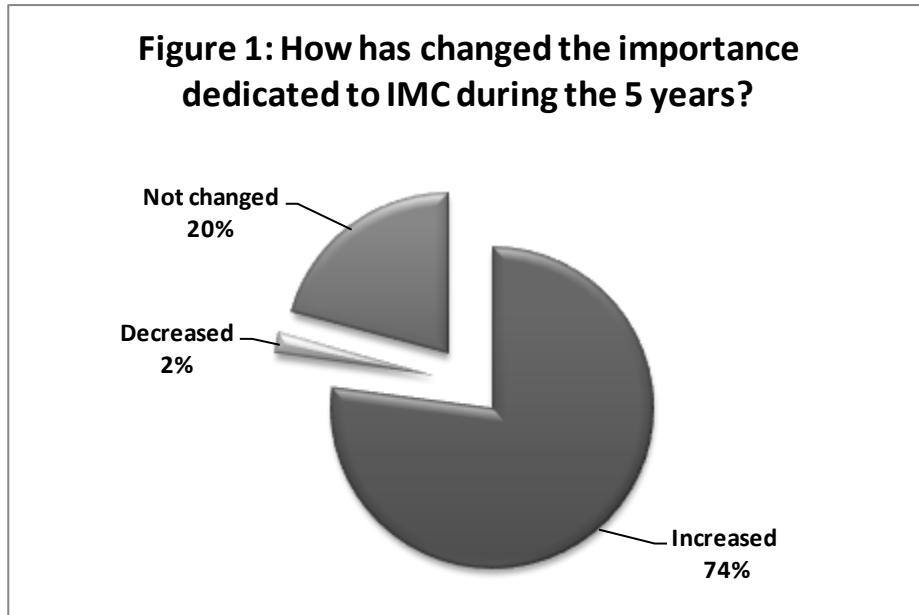
### **4. Discussion of Findings**

#### *Data analysis and findings presentation*

For statistical analysis is used the industry standard SPSS computer program. Data checking procedures were utilized at all times to ensure accuracy of the data. These data are the base for the different analyses initiated in this study and they support the hypothesis presented before. Tables and charts illustrate these findings and significant results related to groups are identified where differences exist.

Almost all Albanian businesses (99%) *are familiar with the concept of IMC*, and from them 96% *admit they practice it* in their business.

More than half of the businesses (65%) *have structures involved in the IMC management* and about 51% find it as *a very important concept for the business*. The great number of them has increased the importance dedicated to IMC during the last 5 years (fig.1).



Approximately 40% of the businesses *have a strategy for IMC* and 50% strongly agree that in their businesses *all the disciplines work together as a team*. A large majority of businesses (77%) indicate they have *all marketing disciplines working together with only one budget* and in 60% of the businesses *there is no concern about which of the marketing discipline will implement the tactics*.

A large majority (79%) of businesses *operates with a budget managed from the top management who controls everything* and about 60% show that *marketing department does not have the majority of this budget*, although there are representatives of this department in the high levels of management.

In order to resolve at the same time several problems, companies often use promotional elements and for Albania reality this element is *advertising* for about 60% of businesses.

There are different activities included in the IMC program and for each of them businesses has described what they really do. The majority of the businesses (84%) *always implement marketing research*, 65% *consumer study*, and about 40% are *evaluating brand loyalty as part of their job*. They continue as a majority in looking over the word-of-mouth generation as an activity part of their work.

It is not the same with the leader opinion improvement, because only 36% of the businesses are evaluating it, while a large majority of businesses (72%) have always tried to *attract new customers and to create awareness for the new product existence* (76%), *to develop an IMC strategy* (56%).

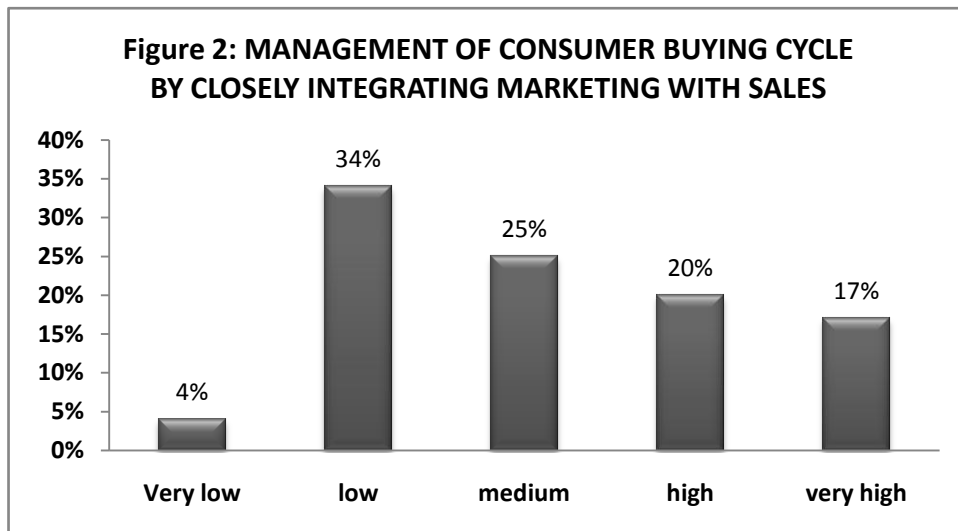
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Only 47% are looking to develop a communication message and finally about 55% admit they have discussed and then rejected the confrontation with crisis as an activity. There are other activities Albanian businesses are taking into account as part of IMC process, like cope with competitors, new products planning, special services to their most important customers, etc.

The majority of businesses (61%) process and analyze consumers and sales data, while about 68% show they do not use forecasting model for planning and segmentation.

More than half of businesses (59%) search in a great level to obtain customers from profitable segments and 65% execute planning and segmentation process based on consumer profitability.

Management of consumer buying cycle by closely integrating marketing and sales is an activity executed by only 38% of the Albanian businesses (fig.2).



About 72% of businesses consider ROI planning tools with a low impact to forecast (tab.1) and there is a very different situation regarding organization culture. A large majority (66%) of businesses think that orientation of culture organization toward financial objectives has a great impact in their practice.



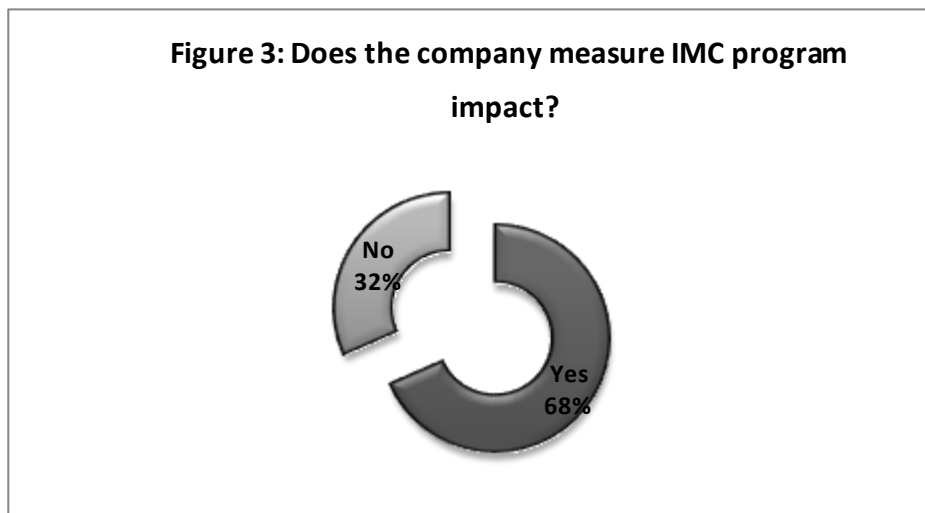
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Table 1: How do you evaluate ROI planning tools to make forecast?

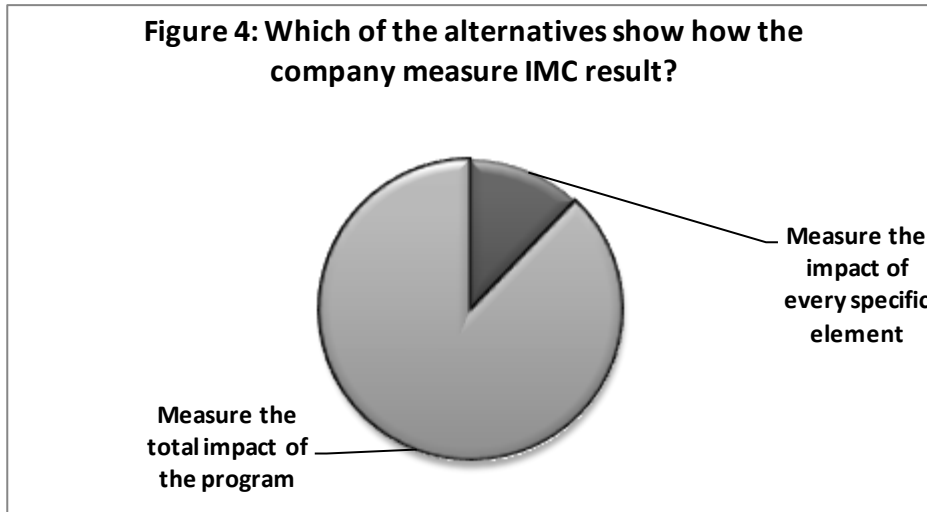
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very high impact	7	7,0	7,3	7,3
	High impact	10	10,0	10,4	17,7
	Medium impact	10	10,0	10,4	28,1
	Low impact	9	9,0	9,4	37,5
	Very low impact	60	60,0	62,5	100,0
	Total	96	96,0	100,0	
Missing	System	4	4,0		
Total		100	100,0		

Only 13% of businesses describe with a very low impact in their activity, the correlation of marketing and sales to profitability. Albanian businesses mentioned other activities with a great influence in their practice, such as personal sale and customer relation, SWOT analyze, etc.

There are 68% of businesses that *measure IMC program accountability (fig.3)*. Only a small number (27%) of businesses that *do not make any measure are not conscious about the consequences*. The other part, mentioned as a probable consequences in company image, changes in brand strategy, sales and profit decline, problems with marketing strategy, etc.



Almost 90% of the businesses *measures the total impact of the marketing communication program while only a small part measure every specific element impact in the program (fig.4)*.



While regarding the top management expectations on IMC investments, it was shown that these investments are seen as *somehow profitable comparing with the investments in the other departments (tab.2)*. That's why available funds are always target of debates and arguments.

**Table 2: Level of top management belief about IMC investment profitability**

	N	Minimum	Maximum	Mean	Std. Deviation
Evaluation of top management belief about IMC investments profitability comparing with other departments investments	100	1	5	2,17	,900

Albanian businesses say that funds for measurement and analyze of IMC are below a required level and that was an expected response, because as was mentioned above, the businesses top management do not believe in these investments profitability and that's why they allocate fewer funds for that purpose.

Top management of the businesses is somehow interested for the need of IMC profitability measurement. This evaluation helps to identify a mutual relation which exists between the need of measurement of IMC investments profitability from one hand and the belief to their profitability to another.

The findings show that the first one hypothesis is rejected, while all three remained are accepted in this research.

## **5. Summary and Conclusions**

The majority of marketers are able to determine the ideal target audience, in the terms of the segment which need their products and services.

a) Targeting profitable segments to attract and retain customers, companies must understand much more than just which of the customers segment buy in a great volume. It must observe how customers change in terms of profitability, based in what they buy from the company. Which of the segments can be gain? Which segments will continue to be continuously loyal buyers, etc?

*So, it is crucial for Albanian businesses to understand the importance of efficiency evaluation for marketing communication in profitable segments.*

b) For a highly effective and efficient marketing, Albanian companies must favor the approach of a rolling plan continuously updated with current forecasts and marketing adjustments. This approach can unlock profit opportunities for companies that have good quality data, analyses, and insights and can operationally manage with this high level of flexibility.

c) Focus on improving the decision process. Albanian businesses should construct marketing measurements in a way to derive learning that will guide future decisions on marketing investment. Some measurements are designed for justifying already-incurred expenses (which may have had some value), but that objective should become secondary to understanding how customer behavior can be influenced through better strategies and tactical executions.

d) It is necessary to create a progression path. Businesses must keep in mind that marketing profitability management is inclusive, requiring the support of finance, technology, organizational culture, and marketing analytics. They must prioritize their efforts, focusing on those that will bring the greatest financial returns. By setting reasonable expectations these businesses will achieve levels of success that help to gain buy-in within and outside the marketing organization

e) For this purpose, it is necessary to make progress in the ability to measure the return from investment. In this way they gain more credibility from the executives and top management. So, making clear that marketing is committed to contribute toward financial objectives, then the businesses must create a plan outlining what is necessary to effectively measure marketing ( it must be indicated that a earn portion of their budget must be allocated to measurements, and that they need access to financial and customer data). Finally they have to complete their measurements and report both good and bad ROI results—the credibility earned will outweigh any bad results.

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f) Both marketing effectiveness and efficiency are improved using insight into the financial returns generated by marketing. This starts with a standardized marketing ROI analysis used to project and calculate the profit potential of marketing initiatives. This type of analysis aligns marketing effectiveness to business growth. It also helps to build the business case for getting marketing budget levels that are sufficient to achieve your goals.

Albanian companies continue to move forward but the slow pace is indicative of the big barrier - the culture - that is hesitant to embrace greater accountability but is beginning to recognize the advantages of greater insight into performance and profitability. The time has come to act - before competitors jump ahead in their effectiveness and efficiency, and before any economic disruptions create greater budget pressures and even higher levels of accountability.

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