

EFFECT OF INTEGRATED MARKETING COMMUNICATION COMPONENTS ON BRAND AWARENESS AND CUSTOMER LOYALTY IN BEVERAGE SECTOR

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ABSTRACT

Intense competition dictates companies to perform better by being consistent. The application of integrated marketing communication components makes firms successful as it creates brand awareness and create customers loyalty. This research has observed the effect of integrated marketing communication components on brand awareness and customer loyalty. More specifically the main objective of the research is empirically scrutinizing the effects which, IMC builds on creating customers loyal in Pakistan Beverage Sector targeting the companies which are listed at Lahore Stock Exchange. Two hypotheses were derived and tested through the scale developed by Duncan and Moriarity (1997) and Wong and Merrilees (2008). Data was collected through questionnaire, which was sent to the managers working in the beverage companies listed at LSE. The results of regression analysis provide justification of the proposed alternate hypothesis of the study. It also provides avenues for future researches.

Keywords: Integrated Marketing

Communication Components, Brand Awareness, Customer Loyalty

INTRODUCTION

In 21st century the variety and availability of large number of products and their substitutes make a huge competition for businesses in both national and international markets. This makes it very challenging for a business to grow and survive. Offering differentiation in the products and services and promoting variety with quality serves to be a point of differences and competitive advantage for companies. Proctor and Kitchen (2002) emphasized in their study that in today's challenging business environment a unique marketing strategy serves as a base for the successful communication strategy, which means communication activities should be gathered in an integrated approach in a unique manner. Along with other sectors beverage sector of Pakistan is also facing the same problem of coping up and flourishing in an environment having immense number of competitors who are

producing and making the same products even at cheaper rate. The companies are focusing their attention on creating customers loyal through the integration of their marketing activities which serves as a solution for such problems and yields in making the customers loyal. In this research the following work is done:

1. Integrated Marketing Communication Component, Brand awareness and customer loyalty are defined
2. Effect of IMC components on brand awareness and customer loyalty is analyzed
3. Suggestions for future research are proposed

Schultz, Barnes and Kitchen (1993) explained IMC as:

“A general idea of marketing communications planning that distinguishes the additional worth of a plan which has to be comprehensive and that further highlights the strategic roles of all the disciplines including public relations, general advertising, direct response and combines all the disciplines in order to provide consistency, clarity and maximum communication impact”.

IMC components are the key pillars and players of an effective marketing strategy. These components comprise of Print, Direct Mail, Paid Search, Banner Advertisement, Organic Search, Landing Pages, Email, and Social Media. The first dimension of IMC revolves around Organizational Infrastructure, which articulates the cohesion, which is cross functional. The second dimension Strategic Consistency along with the third dimension

Planning and Evaluation explains the performance which, is related to the strength of any particular brand. The fourth dimension Mission Marketing articulates the purpose of conducting a business venture to all the stake holders. The fifth dimension which is Mutual Interactivity explains the satisfaction level of customers. Brand awareness is very crucial for the process of communication to happen as it is the base for other processes. Aaker (1996) explained that the ability of a customer to emphasize on his memory to recall the brand. In the current market situation customer loyalty is the most important competitive advantage. Oliver (1997) defined customer loyalty as, “It is a deep help obligation to re-patronize or purchase again a selected brand consistently in the long run; despite the condition influences and the marketing efforts of other brands also have the potential to switch the purchasing patterns”.

Rationale of the Study

To empirically scrutinize the effects of IMC components in creating brand awareness and customer loyalty. This research provides an upshot to the beverage companies listed with Lahore Stock Exchange to manage their strategies especially related to the communication in order to be the market leader. Effective use of strategies in the market will serve the core foundation of running the business in an uncertain environment will be served. Following alternative hypotheses are being proposed:

H₁: Integrated marketing communication components significantly affect brand awareness

H₂: Integrated marketing communication components significantly affect customer loyalty

LITERATURE REVIEW

Reid (2005) explained that these IMC components significantly affect the outcomes of the brand. After analyzing the dependent in collaboration with the independent variables through Cronbach alpha test which articulates the internal consistency of the variables. The result showed a high consistency (Internal) and the results of the regression analysis, which was conducted right after ascertaining the fact that the analyzed variables were reliable provided an accrued support towards the proposed alternative hypotheses. The results of the study provided a logical justification that these components play a vital role in satisfying the targeted customers of the company along with creating a general awareness of the products being offered to the customers. Ghiuja (2009) in his study proposed the justification as well as the postulation that ascertains the difference between IMC components along with the global components. He reached to this conclusion that these differences do exist after conducting a qualitative research. For that purpose he accumulated and reviewed several studies. He successfully conducted a meta-analysis by analyzing the effectiveness. He conceptualized IMC with its different dimensions by taking Slovenian companies as the sample.

Joseph (2010) in the paper argued that when a corporate adopts IMC components that although the amount of the money spends on the activities increases but it does leads to make the customer of

the company comparatively more satisfied and inclined towards the products and services offered to its customers. Saekoo, Chuntarung and Thoumrungroje (2011) in their work articulated that the analyzed dimensions of IMC that were being conceptualized prior to reach the conclusion. After analyzing the data through regression analysis they identified a significant relationship does exist between the studied dimensions of IMC. The data source was the international exporters along with the importers in the Thailand. Vantamay (2011) explained through random sampling technique that there is a significant and positive correlation between IMC management in a corporate after gathering the data from sample of 343 executives (marketing). Ercis (2011) in the paper postulated that the IMC components when applied properly in the market then they significantly effects the market share, customer satisfaction level, brand awareness, brand profitability, customer loyalty and total sales revenue. He formulated and justified this relationship through collecting the data from 105 beverage companies. Abdullah and Moghli (2012) in their study proposed the significant relationship that exists between the sales promotion, adverts and the internet adoption. The relationship was formed by gathering the data from 270 sample size of a Jordanian Enterprise. Karunanithy and Sivesan (2013) projected that several promotional mix which is being conducted in the company which includes Sales promotion, Adverts, PR and direct marketing significantly affects the equity of the brand. He ascertained this significant relationship by conducting an in depth interview along with survey questionnaires

to the sample size of 107 customers in the mobile service sector.

Esposito (2013) elucidated that IMC components significantly effects the performance of a company. He referred to the sales related along with the marketing communication performance in this regard. He reached this conclusion by taking a subjective analysis of three case scenarios of Roncato, Canella and Magicoral Ltd. Sellahvarzi, Mirabi, and Parizi (2014) analyzed the Khodro Company, an Iranian Automaker has effectiveness on marketing communication with an Integrated Marketing Communication approach. The results of the study postulated that the customer loyalty boosts up along with the business productivity when the corporate uses the perfect blend of IMC components. Ashraf (2014) empirically scrutinizes in his study and articulated a significant relationship between the consumer buying patterns with the sales promotion. Mudzanani (2015) in his study argued that the strategies for the purpose of communication must be popoerly executed and should be aligned to the typology of an IMC. It further articulated that the companies shoould strive and work even harder to fulfil the promises which it made in its communication strategies.

A properly designed framework is being proposed in the paper. Ots and Nyilasy (2015) in the paper explored the darker side of an IMC implementation i.e by articulating the failures on the real life implementation of an IMC. The research provides a useful, novel and logical insights to such failure by proposing and studying four mental models that postulated the disticnt aspects of dysfunction of IMC implementation. Eberechukwu and Chukwuma (2016) in the study analyzed

the impact of IMC in creating a strong customer base brand equity for the customers of the company. They articulated and postulated that the key to make the customers life long loyal and to further enhance the brand awareness the success ingredient is to not to lose a grip on the comoany customers ine by delivering them the desired product in such a manner that they will be reamin loyal to company and will not even think of switching to its competitors Furthermore they explained that the IMC components significantly effects brand awareness and makes the customer loyal.

RESEARCH METHODOLOGY

To address the objectives of this research, beverage companies listed at LSE are selected. Managers working in the beverage companies listed at LSE are the target population. The total beverage companies listed at LSE are seven. From the list companies selected are Nestle, Unilever, Murree Brewery and Shezan operating in Lahore. Sample size consists of 105 managers. The sample size is described in the table.

TABLE 1
Distribution of Sample Size

	Managers				Total
	Nestle	Murree Brewery	Unilever	Shezan	
Total Sampling Frame	30	35	37	29	
Sample (80% of total number of managers)	24	28	30	23	105

Instrument

Questionnaire was used to collect the data from managers. Four companies were selected whose data was collected and analyzed. These companies include Nestle, Unilever, Murree Brewery and Shezan. Questionnaire was filled manually by visiting the respective companies as well as it was filled online by publishing it on googledoc. Managers working in companies including Nestle, Unilever, Murree Brewery and Shezan were searched on LinkedIn, the professional network and where all the professionals have their accounts and passwords. After discovering the targeted individuals on LinkedIn through searching manually and by reference, the link of the webpage that comprises of the questionnaire was sent to 40 managers working in the stated companies. 34 out of forty individuals replied and helped in data collection. Through reference the managers themselves forwarded the link of questionnaire to the managers working in their company. Total 53 questionnaires were filled online and out of 53 questionnaires 7 questionnaires were discarded because they were not properly filled and remaining 46 questionnaires were filled properly. The rest of 59 questionnaires were filled by visiting the respective companies through references

Integrated Marketing Communication Scale

IMC is measured with its 5 distinct dimensions and total 20 questions and was derived by Duncan and Moriarty (1997). 4 items for the first dimension (Organizational Infrastructure) and second dimension (Mutual Interactivity), 3 items for the third dimension (Mission

Marketing) and the fourth dimension (Strategic Consistency) and for the fifth dimension (Planning and Evaluation) total 6 items were ascertained. Brand awareness and Customer loyalty is measured through the scale derived by Wong & Merrilees (2008). Each question is evaluated with 5-point Likert Scale (i.e. 1 for SD and 5 for SA).

DATA ANALYSIS

Data was analyzed through the descriptive statistical technique by using graph and Pearson Bivariate Correlation Matrix, Cronbach's alpha analysis, and regression analysis was used for hypothesis testing.

TABLE 2
Reliability Statistics of all the Variables

S. No.	Variable	Cronbach's Alpha
1	Integrated Marketing Communication	0.941
2	Customer Loyalty	0.756
3	Brand Awareness	0.950

The data for all the variables is highly reliable since it is greater than .69 (standard value) backed by Cronbach (1951).

TABLE 3
Results of Correlation Matrix

Hypothesis	Details	Correlation Index	Correlation
H ₁	Integrated marketing communication components significantly effects brand awareness	0.744	Strong Correlation
H ₂	Integrated marketing communication components	0.707	Strong Correlation

significantly
effects
customer
loyalty

REGRESSION ANALYSIS

In the Table IV 0.744 shows a strong and positive correlation between IMC components and Brand awareness. R square shows that there are 54% changes caused in Brand Awareness due to independent variable IMC.

TABLE 4
Model Summary

Model	R	R Square	Adj. R Square	Std. Error of the Estimate
1	0.744	0.544	0.550	0.715

TABLE 5
ANOVA

Model	Sum of Square	df	Mean Square	F	Sig.
Regression	65.345	1	65.345	127.865	0.000 ^a
Residual	52.638	10	0.511		
Total	117.982	11			

Note. 'a' refers to predictor: (constant), IMC
Dependent variable: brand awareness

The above table shows that 127.865 and is greater than 3.9333. The Explain part in the table is relatively greater than unexplained part so we will reject the H_0 and will conclude that the model is good fitted.

TABLE 6
Coefficients

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.

	B	Std. Error	Beta	t	Sig.
1 (Constant)	-0.108	0.230		-0.471	0.638
IMC	1.130	0.100	0.744	11.308	0.000

In the above table 6, t value is 11.308 which is greater 1.65. So 1 unit increase in the independent variable will lead to 1.130 units increase in the dependent variable brand awareness. So we reject the H_0 and conclude that integrated marketing communication components significantly affect brand awareness.

TABLE 7
Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.707	0.500	0.495	0.55523

Predictors: Constant, IMC

In table 7, value of R Square is equal to 0.50, which shows that there is 50% changes caused in Customer Loyalty due to independent variable IMC. Following table contains results of regression analysis. P values of both variables are less than 0.05, which indicates that variables are significance at 5 percent level of confidence.

TABLE 8
Coefficients

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.

Constant	0.648	0.179		3.627	0.000
IMC	0.788	0.078	0.707	10.146	0.000

Dependent Variable: Customer Loyalty

Regression Equation

$$Y = \alpha + \beta X + \mu_i$$

$$= .648 + .788X$$

So 1 unit increase in the independent variable Integrated marketing communication will lead to 0.788 unit increase in dependent variable customer loyalty.

DISCUSSION

The findings of the current study corroborate the earlier findings as Reid (2005) explained that these IMC components significantly affect the outcomes of the brand and furthermore he provided a logical support towards the proposed alternative hypotheses of the study. Joseph (2010) in the paper argued that when a corporate adopts IMC components that although the amount of the money spends on the activities increases but it does leads to make the customer of the company comparatively more satisfied and inclined towards the products and services offered to its customers. His findings provided a logical support towards the second proposed alternative hypothesis of the study. Ercis (2011) in the paper postulated that the IMC components when applied properly in the market then they significantly effects the market share, customer satisfaction level, brand awareness, brand profitability, customer loyalty and total sales revenue. The results of the current study are backed by his paper

in which he postulates the proposed significant relationship. Esposito (2013) elucidated that IMC components significantly effects the performance of a company. He referred to the sales related along with the marketing communication performance in this regard. Sellahvarzi, Mirabi, and Parizi (2014) analyzed the Khodro Company, an Iranian Automaker has effectiveness on marketing communication with an Integrated Marketing Communication approach. The results of the study postulated that the customer loyalty boosts up along with the business productivity when the corporate uses the perfect blend of IMC components providing a logical reasoning to the supported hypotheses of the study. Eberechukwu and Chukwuma (2016) in the study analyzed the impact of IMC in creating a strong customer base brand equity for the customers of the company. They articulated and postulated that the key to make the customers life long loyal Furthermore they corroborates the proposed alternative hypotheses of the study.

CONCLUSIONS AND RECOMMENDATIONS

With the changing business environment beverage companies should be proactive they have to smell the change occurring in the industry before it competitors in order to be successful in creating the customers more loyal and to further enhance the awareness of the company's offerings. For that purpose the proper execution of IMC components is a wise decision to make by the company only then the company will serve as the market leader and to overtake the forces that

compels the company to be the market ladder. The appropriate blend of IMC will create a significant competitive weapon to the company.

Recommendations

The results of the analysis proved a support towards an effective implementation of IMC components in the beverage companies listing with LSE as it makes their customers loyal and turn the profit figures to higher number. Many companies jumped from using the convention business practices to implementing IMC. Those successful corporations dedicated their efforts towards trade promotions, consumer promotions, advertising and public relations. If the company wants to serve its core purpose of doing business in the market then proposer implementation of IMC is the right step. Organizations should use IMC because using it organizations can take a look at the whole picture of its performance instead of looking at the fragmented pictures depicting the performance. Another major benefit because of which companies should use IMC as it is a competitive edge for the organizations who wants to increase their revenue and sales. IMC should be implemented as it serves as a most crucial tool to make the customer loyal and it retains the customers for a longer time period.

Future Implications

For future researches the researcher has different suggestions. Firstly IMC should be studied in Pakistan with its different participants including advertising agencies, media organizations, along with other collateral services. Secondly Cooper and Schinder (2001) recommended that the action research also provides useful

insights in the implementation of IMC that provides an avenue for future research.

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