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## The Essentials Of Integrated Marketing

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Marketing is entering a new phase that transcends the mere coordination of messages across digital and physical channels. In this era of integrated marketing, advertisers will knit messages and media to involve consumers in a continuous brand experience.

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In the 1980s, marketers orchestrated advertising, direct marketing, and promotions to deliver a consistent message and image. In the 1990s, as mass media lost mindshare, marketers added product placement, events, and even the Internet to surround their audience with more messages. While each of these strategies improved campaign effectiveness, these two approaches to integrated marketing can go no further.

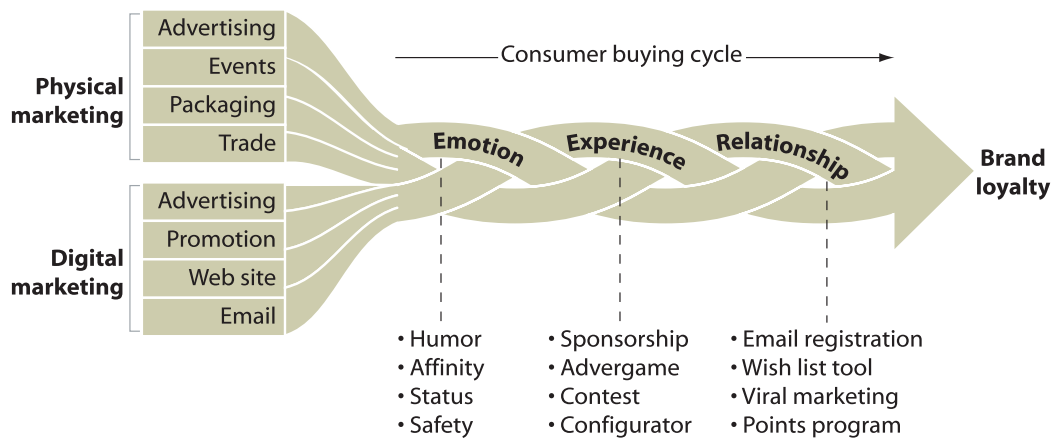
In the next decade, marketing will be defined by one grim reality: Consumers will have more power to avoid ads.<sup>1</sup> Message bombardment -- even if orchestrated across channels -- is doomed. In this first part of a three-part series, Forrester will help marketers learn a new discipline of integrated marketing, helping them go beyond delivering messages, to present measurable, experiential communications across the buying cycle. We define this next evolution of integrated marketing as (see Figure 1):

*Weaving together digital and physical channels to engage consumers' emotions, deliver brand experiences, and form ongoing relationships.*

### INTEGRATED MARKETING REQUIRES A NEW ATTITUDE

Before even thinking about an integrated marketing campaign, marketers and their partners have to clear the slate of traditional marketing preconceptions. Specifically, they must:

- **Go back to business objectives.** Marketing plans are often built by tweaking the previous year's plan or reacting to competitors. Marketers should base their planning on a strategic objective like changing consumer perception of a brand or converting an audience segment that currently has little affinity for a brand (see the December 2001 Forrester Report "Making Marketing Measurable").<sup>2</sup>

**Figure 1** Integrated Marketing Weaves Physical And Digital Channels\

Source: Forrester Research, Inc.

- **Adopt media neutrality.** Traditionally, marketers begin a marketing plan with the assumption that TV is the linchpin of a campaign, all other ideas must derive from it, and funding is contingent on what's left after the TV plan is finalized. But in today's fragmented media environment, in which consumers multitask numerous activities, TV is not the best way to grab consumers' attention (see the November 2002 Forrester Report "Media & Marketing North America: Consumer Technographics® Data Overview").<sup>3</sup>
- **Master the consumer point of view.** Most traditional marketing techniques are marketer-centric: Gross rating points (GRPs) define message delivery volume and even the four P's -- product, price, place, and promotion -- speak more to how the company wants to conduct business than about how the consumer wants to interact with the brand. Integrated marketing requires a deeper knowledge of consumers' habits, needs, and passions -- and how the brand can connect with them. Beyond focus groups and consumer panel research, companies should incorporate ethnographic and ongoing consumer input into marketing plans. Lands' End mines internal customer service feedback to understand user behavior (see the May 31, 2002 Forrester Brief "Lessons Learned From Design Leaders").<sup>4</sup>

## THE SIX COMMANDMENTS OF INTEGRATED MARKETING

With a new attitude in place, marketers can begin retooling their planning, execution, and media buying behaviors. Follow these six principles of integrated marketing:

1. **Demand early collaboration of disciplines.** Most marketers must work with multiple internal groups and agencies to execute advertising, PR, direct marketing, and promotional elements of a campaign. Instead of having one group lead, marketers should have all partners present at the project kickoff, base budget allocation decisions on each medium's contribution to achieving the business objective, and link agency compensation to how effectively they all collaborate.
2. **Define audiences with personas.** Age, income, and gender may indicate whether a product is appropriate for a consumer. But it doesn't provide insight into why he would need it or how he would evaluate it. Marketers should supplement demographics with personas -- portraits of archetypical users that detail lifestyles and motivations (see the August 14, 2001 Forrester Brief "Scenario Design Depends On Personas").<sup>5</sup> Samsung created four personas to guide execution of its strategy to reposition itself as a hip, cutting-edge consumer electronics maker.
3. **Drive planning by behavior.** Marketing is meant to change consumer behavior, not just attitudes. Doing so requires that marketers develop specific scenarios for key consumers as they pass through the buying cycle (see the September 2001 Forrester Report "Cross-Channel Scenario Design").<sup>6</sup> SBI and Company looks across the entire consumer decision process, creating a Brand Experience Journey that maps which media, channels, and touchpoints move the consumer from awareness through consideration to purchase -- and then toward loyalty.
4. **Shape execution with ideas, not by media channels.** Because TV is typically the largest spend in the media budget, prior incarnations of integrated marketing meant repurposing the TV spot's message and visuals. In 2002, the Volvo Cars of North America's theme, "Which Is Better: Offense or Defense?," drove the TV execution linking the Volvo S60's performance and safety features to the NCAA Men's College Basketball Tournament. The ads pointed to a Web site where consumers could vote which is better, enter to win a Volvo S60, and request more information about the car. Compared with a less integrated campaign in 2001, the 2002 effort drove twice the number of contest entries and five times the number of opt-ins to receive more information.
5. **Point to the next step in all communications.** Marketers must make it easy for consumers to follow up on their heightened interest. After disappointing results from a brand-image-oriented TV campaign, TAP Pharmaceutical Products switched strategies to pull consumers through three steps: 1) the TV spot offers a

free information kit to lead consumers to the Web site; 2) the site offers a seven-day trial to encourage consumers to see a doctor; and 3) the site offers the opportunity to opt in for subsequent disease information. The result: Consumers who go to the Prevacid Web site are twice as likely to become regular users as those who learn about the drug from other channels.

6. **Measure progress along the path.** When most marketers think of ROI, they focus on a sale. But tracking a direct link from an ad to a sale is nearly impossible, especially for products with complex channel mixes or long sales cycles (see the September 2002 Forrester Report “Mastering Marketing Measurement”).<sup>7</sup> Instead, marketers need to define and measure smaller, more incremental progress of consumers along the buying cycle -- something Forrester calls impact metrics. Using E-centives, Reckitt Benckiser can measure three steps along the consumer’s purchase path: opening an email message, downloading a coupon, and going to the store to purchase the product.

### **Adapt Integrated Marketing To Your Business**

No single model of integrated marketing will work across different industries and product types. But there are three broad marketing situations that require more tailored approaches to integrated marketing planning (see Figure 2).

- **High-influence products need influencer personas.** Business-to-business marketing and consumer products like pharmaceuticals involve multiple intermediaries who have veto power over the purchase decision. Marketers in this category need to develop personas of all these influencers, not just the buyer, to plan how and when to intervene to keep the sales process moving and what message is appropriate for each step.
- **High-involvement products need multiple decision paths.** Cars, computers, and travel are high-involvement purchases where the buyer actively demonstrates interest in a purchase and may pass numerous milestones along the decision path. Because different personas take different paths, marketers need to map out the three or four most common paths in detail and focus on making sure each communication provides the right links to lead the consumer to the next stage.
- **Low-involvement purchases need to correlate, not track, behavior.** Consumers make buying decisions for apparel, household products, and entertainment purchases in an instant. So instead of trying to measure individual steps along the decision path, marketers should employ correlative measurement -- using statistical analysis to link marketing spending to changes in sales -- to identify the impact of the marketing messages on purchase behavior.<sup>8</sup>

**Figure 2 Three Flavors Of Integrated Marketing**

|                    | <b>High-influence</b>   | <b>High-involvement</b>  | <b>Low-involvement</b>   |
|--------------------|---|--|--|
| Types of companies | Pharmaceuticals, health insurance, business to business   | Auto, brokerage, banking, travel, life insurance   | Consumer packaged goods, apparel, books, media   |
| Key challenge      | Multiple buyers and influencers   | Complex decision path  | No trackable decision path   |
| Planning priority  | Reveal motivation of each influencer via personas   | Map consumer touch-points to decision paths  | Correlate market stimuli to consumer response  |
| Example            | FedEx profiles the mail room supervisor, purchasing manager, CFO, and anyone else who provides input on selection of overnight delivery provider. | Charles Schwab details consumers' use of newspapers, TV, email, and Web site to understand how each contributes to selection of a brokerage account. | Kraft Foods adjusts media buys during a campaign by correlating marketing spending by channel to sales volume. |

Source: Forrester Research, Inc.

<sup>1</sup> Today, 39% of consumers use spam filters on their email account, and 15% have downloaded online ad-blocking software. By 2007, video on-demand and personal video recorders will allow consumers to avoid viewing 19% of all television ads.

<sup>2</sup> Standard marketing planning that focuses on reach or even market mix models that measure sales don't give marketers insight into how well marketing drives customers through the conversion process. To really determine what marketing works, marketers must shift their mind sets to reaction marketing, which Forrester defines as planning and buying media by tracking the behaviors or attitudes a consumer exhibits when influenced by a unique marketing event.

<sup>3</sup> When Forrester questioned consumers about how deeply they engage in five media activities, consumers reported that they are least engaged with TV programs. More than half of consumers say they talk to someone in the room or on the phone, and more than 40% read a newspaper or magazine while watching TV.

<sup>4</sup> At Lands' End, one principle drives all design decisions: "Focus on customer service." To do this, the retailer's designers work closely with support staff to uncover customer complaints and understand user behavior. This guiding principle also helps the company make tough calls -- if a project has a borderline business case but will boost customer satisfaction, it gets funded.

<sup>5</sup> Personas derive from interviews conducted with representatives from each firm's key target segments. The goals, needs, and preferences gathered from each interview are compiled to create a persona that typifies each group -- ensuring that a firm's most valuable customers are taken into account. The persona should be a constant point of reference for the team, determining the outcome of every dispute. A photo of the persona at each team member's desk provides a constant reminder that each element of a campaign should be designed to communicate the brand's benefits to "Kristin."

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- <sup>6</sup> Marketers should document the steps in the personas' scenarios where they move from one touchpoint to another. Imagine supporting the efforts of a young man buying a cell phone for his wife's birthday. Intrachannel transitions happen when he moves from the Sprint.com parametric search tool to a comparison engine. Interchannel transitions are more obvious -- like when the man calls Sprint from home after discovering the phone's battery is defective. An intercompany transition is the company-to-company handoff illustrated when Sprint connects our young man to Samsung, which handles warranty claims on its handsets.
- <sup>7</sup> Direct-response techniques can connect a marketing impression to a lead or final purchase. However, this type of closed-loop tracking -- via Web, phone, or mail -- is no longer enough. In a world with an increasingly complicated mix of media and response channels, marketers need new systems and techniques to correlate a vast array of marketing stimuli to results.
- <sup>8</sup> When Tide's promise of brighter colors causes a consumer to buy the detergent three weeks later when she runs out of her current brand, the closed-loop tracking mechanisms fail. But companies like Kraft Foods and vendors like MMA have pioneered new techniques that take a higher-level view that links marketing stimulus to marketplace activity -- across multiple campaigns and channels. They can now answer age-old questions like: "Did the advertising or the \$0.50-off coupon have more effect on consumers' trial of a new product?"