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The relative importance of Integrated Marketing Communications (IMC) components in the fuel industry in South Africa

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The relative importance of Integrated Marketing Communications (IMC) components in the fuel industry in South Africa

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ABSTRACT

Marketers in the fuel retail industry in South Africa communicate with customers and prospects through advertising, sales promotions, the sales force, publicity and sponsorship and point of purchase communications. These instruments of communication have very specific functions. They are generally used discretely to achieve the objective of each instrument. The relative importance of each component regarding effectiveness and contribution to sales is not known. Integration of the components of marketing communications is at an early stage.

The objective of this study was to determine the relative importance of integrated marketing communications (IMC) components in the fuel retail industry in South Africa. To investigate the relative importance of the IMC components, fifteen in-depth interviews were conducted with managers and owners of established and emerging fuel brands in the fuel retail industry.

The main findings of this research were; that advertising was the most important component of IMC, followed by sales promotion, which was more important than sales force abilities in the retail fuel industry. The research effort could not distinguish the relative importance between point-of-purchase communications and public relations and sponsorship.

It was established that integration of the components of IMC based on relative importance improved effectiveness of communications components and created the opportunity for interaction with the market. Integration on the basis of relative importance contributed to elevating the communication from a tactical effort to a strategic initiative. Using the components for communication, whilst being cognisant of the relative importance, supports the strategy and allocating the marketing budget, according to relative importance, improves sales.

DECLARATION

I, Donald Malcom Stuart, declare that this research is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the University of Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

DONALD MALCOM STUART

Signed at ----------

On the ------- day of ---------- 2009

DEDICATION

This work is dedicated to my parents who instilled in me the importance and value of education and to my wife, Starrene, and our son, David, who sacrificed time that could have been spent together and supported me through this process of personal development.

ACKNOWLEDGEMENTS

I am sincerely grateful for the guidance and support that was provided throughout the process by lecturers, friends and business colleagues who contributed in a selfless and considerate manner. In particular, I acknowledge the contribution made by:

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- Sasol Limited, the company that has been supportive through every stage of the process, contributing financially and making the time available for me to concentrate on my personal development and
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1 INTRODUCTION

1.1 Purpose of the study

The purpose of this research was to evaluate the relative importance of Integrated Marketing Communications (IMC) components on diesel sales in the fuel retail industry in South Africa.

The fuel retail industry in South Africa spends a substantial budget on marketing communications. There is no clear understanding of the relative importance and value of the communications components and the benefits that could be derived from integration of marketing communications components with regard to diesel retail sales. With a clearer understanding of the relative importance of IMC components, managers should be in a better position to decide on the appropriate allocation of marketing communications spend to achieve set objectives.

There would also be justification to focus on the concepts associated with IMC and to develop processes that drive and support implementation. Some discussion has started to emerge around IMC but development of understanding and debate around implementation is at an early stage.

Virtually no attention has been given to conceptualising and testing a framework to measure and to value the relative importance of IMC components. Research related to relative importance of components of IMC could initiate activity around thinking about the concepts associated with IMC, implementation and eventually quantitative evaluation of the relative importance of IMC components within the fuel retail industry.

Understanding how to link IMC programs to strategy whilst building the brand could have the long term effect of elevating brand awareness that could become a competitive advantage of marketing.

In the marketing fraternity, there is still debate regarding a definition for IMC. Definitions include:

- IMC is the process of developing and implementing various forms of persuasive communications programs with customers and prospects over time. The goal of IMC is to influence or directly affect the behaviour of the selected communications audience. IMC considers all the sources of the brand or company contacts which a customer or prospect has with the product or service as potential delivery channels for future messages (Shimp, 1986).

- IMC is a concept of marketing communications planning that recognizes the added value of a comprehensive plan that evaluates strategic roles of a variety of communications disciplines e.g. advertising, sales promotion, public relations, personal selling, the internet and sponsorship. IMC combines these disciplines to provide clarity, consistency and maximum communications impact (Shultz, 1991).

- IMC is the business process used to plan, develop, execute and evaluate coordinated, measurable, persuasive brand communication programmes over time with consumers, customers, prospects and other targeted, relevant external and internal audiences (Shultz and Schultz, 1998).

The definition by Shultz (1991) was used for this research.

1.2 Context of the study

During 2008, a major oil company in South Africa spent in excess of one hundred and fifty million rand on advertising in the fuel retail industry hoping to improve fuel retail sales. Simultaneously, the company spent on point-of-purchase communications, promotions, sales force training, public relations and sponsorships. At the end of the financial cycle the extent to which each marketing communication component contributed to enhancing sales was not clear. The general view was that the relative importance of the various components of IMC was not known. This study intends to assess the relative importance of the components of IMC to drive diesel sales in the fuel retail industry in South Africa.

In addition, since the retail price of diesel has been deregulated in South Africa, both domestic and global competition is increasingly intense with imported diesel available in the market. International companies without refining capacity are entering the South African market and advertising clutter is enormous. Shimp (1997) cited that customers are living under increasing time constraints and the market place provides so many options that consumers are confused, excited and only the best companies will prosper.

Marketing efforts often have not been subjected to the same rigorous analysis and evaluation that is routinely applied to the other areas within a business. There is increasing concern and pressure for marketing efforts to be subjected to similar analysis and control, as is the case for other areas of the business (Baidya and Basu, 2007).

Successful evaluation of the impact of the components of IMC on diesel sales in the fuel retail industry will assist managers in deciding which components of IMC to focus on and which to pay less attention to, in the drive to increase diesel retail sales. The correct focus will help to reduce ineffectual marketing programmes.

1.3 Problem statement

1.3.1 *Main problem*

The purpose of this research is to evaluate the relative importance of Integrated Marketing Communications (IMC) components to drive diesel sales in the fuel retail industry in South Africa.

1.4 Significance of the study

The study fills a gap in that it provides information on the perceived relative effectiveness of each of the components of IMC toward improving diesel retail sales (Baidya and Basu, 2007).

The study provides guidance to managers in allocating resources to different IMC components with more insight, to improve the effectiveness of marketing expenditure (Baidya and Basu, 2007).

The study develops understanding on how to manage integrated marketing communications in a completely deregulated retail fuel industry if/when complete deregulation takes place in South Africa.

With development of understanding of relative importance of IMC components, it is hoped that improved understanding will contribute towards development of strategy and enhance the tactical approach to conducting business. There is also the suggestion that a firm with and IMC programme in place tends to be more customer centric and able to implement systems for linking the organisation to the market and customer, as well as processes, systems and mental models that link functional areas of the business (Slater, 1997).

Senior management participation is imperative in driving a successful IMC process. With understanding the relative importance of IMC components and with participation of senior management, there could be an organizational change regarding integration of marketing communications and improved focus on IMC components that contribute to increased sales and growth of market share. With a focus on IMC, there will also be development of experience on how to implement IMC-based programs. Hopefully, with improved understanding, there could be development of a standardized measurement that could facilitate evaluation of IMC (Kitchen, Kim and Schultz, 2008).

In the fuel industry in South Africa, it is often mentioned that convenience is a critically important aspect that drives retail sales. However, brand awareness and confidence that the brand is associated with products of consistently high quality appears to be an important customer consideration before they would purchase the product offering. In South Africa there has been an emergence of several new fuel brands. These brands could take advantage of integrating their marketing

communications to optimally inform customers of their products and thus catapult the brand into prominence in the fuel retail market place.

1.5 Delimitations of the study

The study did not attend to IMC outside of the fuel retail industry in South Africa. Wholesale marketing and commercial marketing of diesel were not addressed in this study.

The focus was on the relative importance of IMC components on diesel retail sales. The study did not attend to petrol retail sales. At the time of this study, the petrol retail price in South Africa was still regulated.

Quantitative evaluation of the relative importance of IMC components to drive diesel retail sales was not conducted as the information to do so was not available. The study attempted to establish the relative importance of IMC components using a qualitative approach.

The study did not provide a means for determining the extent of the importance of one IMC component relative to another. It purely indicated which component was perceived to be more important in contributing toward improving diesel retail sales.

1.6 Definition of terms

Term	Meaning	Reference
IMC	Integrated Marketing Communications	(Shimp, 1986)

1.7 Assumptions

The first assumption was that IMC components affected diesel retail sales.

The second assumption was that the relative importance of the IMC components on diesel retail sales was stable.

The third assumption was that the effects of the various IMC components on diesel retail sales were distinguishable.

The fourth assumption was that respondents knew which IMC components were relevant to the fuel retail industry, had an intimate understanding of the effects of IMC components on diesel retail sales and were willing to express their views and share experiences relating to effects of IMC components on diesel retail sales.

2 LITERATURE REVIEW

2.1 Introduction

Shimp (1986) explained that communication is the process whereby thoughts are conveyed and meaning is shared between individuals or between organisations and individuals. Marketing is the set of activities whereby business and other organisations create transfers of value between themselves and customers. Taken together, marketing communications represent the collection of all elements in a brand's marketing mix that facilitate exchanges by establishing shared meaning with the brand's customers.

Integrated Marketing Communication (IMC) was a breakthrough concept when Don Schultz introduced it to marketers in the 1980's (Cook, 2004). IMC which is more important today as the marketing mix has expanded to include many non-traditional activities has encountered challenges in practical application. Cook (2004) adds that marketers still do not have effective integrated marketing plans and rarely focus on measuring the Return on Investment (ROI) for each component of marketing communication.

Cornelissen and Lock (2000) questioned whether IMC was a theoretical concept that could be developed or a management fad. Debate ensued regarding a definition for IMC. Cornelissen and Lock (2000) doubted IMC's theoretical robustness as well as its actual significance for marketing and advertising thought and practice. They viewed IMC as "simple rhetoric" and a management fashion apparent in its lack of definition and transient influence. Schultz and Kitchen (2000a) rebutted this challenge arguing that Cornelissen and Lock's (2000) citations were "selected and incomplete" by focus and location almost completely inside the public relations discipline. IMC was at a developmental stage and thus not bound by an accepted definition. More than twenty years have elapsed since Schultz elevated the importance of IMC. Although the academic world has yet to supply a robust IMC theoretical system the evidence of its longevity and popularity suppress thoughts of IMC being a management fad.

Criticism of IMC centred on the lack of measurement regarding effectiveness of IMC programs. Schultz and Kitchen (2000) responded by raising concerns that many marketing activities cannot be measured and that the value of communication effects and impacts are tenuous. Thus measurability is not a problem of IMC only, but a primary concern of all marketing communication activities.

Shimp (2000) stated that although IMC can be defined or approached in a variety of ways, each definition suggests five key features that are significant to IMC. The five key features are:

1. The primary objective of IMC is to affect behaviour through directed communication.

2. The IMC process should start with the customer and then work back to the brand communicator.

   Kitchen (2005) described this as the “outside-in” approach and argued that it was only in the last years of the twentieth century that marketers began to consider this approach seriously. In the marketing discipline for many years an “inside-out” approach to marketing communications has prevailed in practice, even though the logic of marketing argues for an “outside-in” approach. IMC and the “outside-in” approach encourage purposeful dialogue between marketers and customers and provide an opportunity to interact.

3. IMC should use all forms of communication and all sources of brand or company contacts as message delivery channels.

4. The need for synergy with coordination helping to achieve a strong brand image.

5. IMC requires that successful marketing communication needs to build a relationship between the brand and the customer.

Schultz and Kitchen (2000b) identified four stages in IMC development arguing that the majority of companies are anchored at stage 1 and very few have developed to stage 4. Figure 1 reflects the four stages of IMC development.

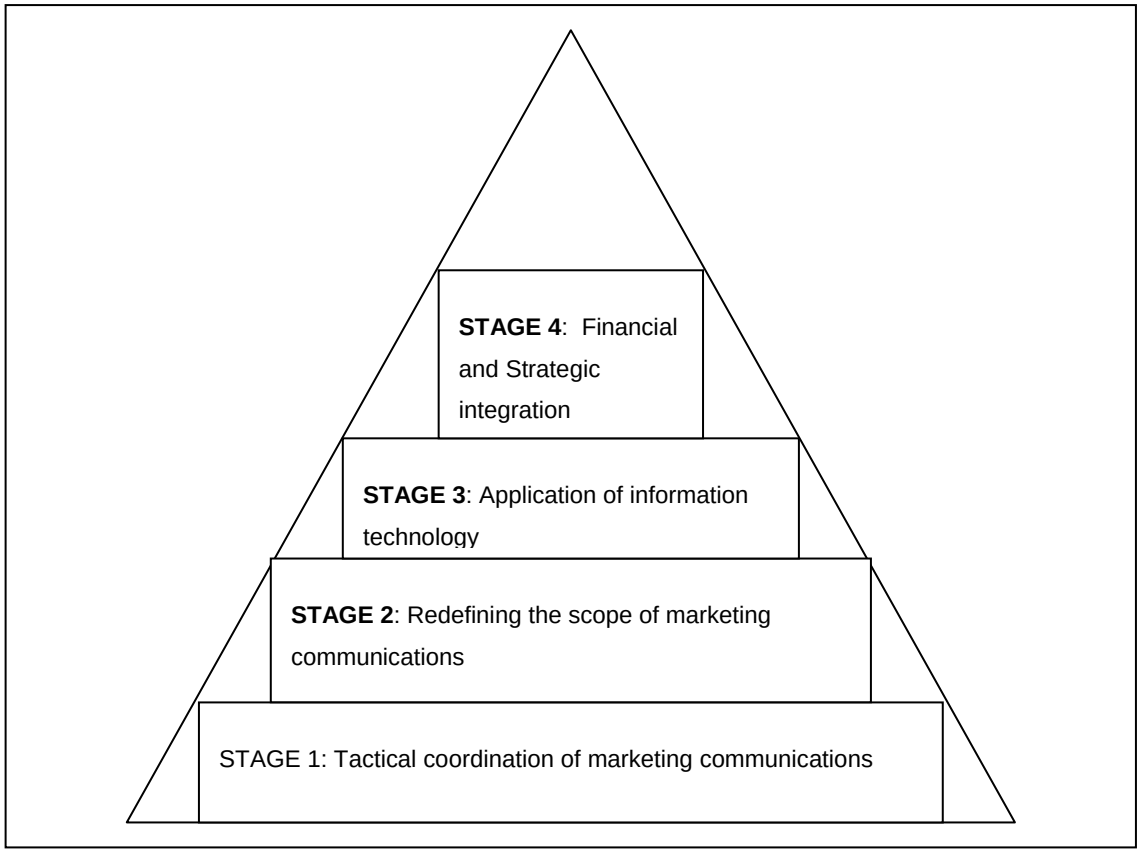

Figure 1: The Four Stages of IMC Development (Schultz and Kitchen, 2000b)

At stage 1 – Tactical coordination of marketing communications; a high degree of interpersonal and cross-functional communication is required internally and externally. This process is to be led by business and not by external agencies.

Through stage 2 – Redefining the scope of the marketing communications; organisations gather extensive information about their customers and apply this information to deploying marketing communications and evaluating feedback. There is also need to align with external agencies.

During stage 3 – Application of information technology; organisations need to maintain accessible data sources and build to globally segmented databases.

Data has to be effectively incorporated into communication planning and implementation needs to turn customer data into customer knowledge.

At stage 4 – Financial and strategic integration; firms need to constantly monitor marketing communications performance form a Return on Investment (ROI) perspective. Information and knowledge must be linked to an ongoing evaluation of each served segment on a global basis.

Schultz and Kitchen (2000b) argued that it is only during stages 3 and 4 that integration moves beyond promotional mix elements or use of market research. Through stages 3 and 4, businesses have to invest significant resources in building segmented databases. Only if communication resources are invested and measured against actual customer behaviour can financial returns be compiled. At stages 3 and 4 movement takes place from attitudinal measurement to behavioural measurement. When stage 4 is accomplished, an organisation has attained a position that resembles integrated marketing.

Table 1 summarises the characteristics and approaches with regard to IMC at the strategic and tactical levels (Reid, Luxton and Mavondo, 2005).

Table 1: Strategic and Tactical characteristics of IMC (Reid, Luxton and Mavondo, 2005)

Strategic	**Tactical**
Driven by market-based assets and financial expectations	Campaign-level consistency
Customer and stakeholder connectivity	Campaign-level clarity
Strategic consistency	Campaign-level coordination
Cross-functional integration	
Resource commitment to IMC	

The strategic dimensions of IMC as posited by Reid *et al* (2005) primarily related to quality, comprehensiveness and flexibility of the process of IMC planning and strategy development.

Within the strategic realm at the "market-based assets and financial expectations stage", IMC planning is performance driven. Reid *et al* (2005) argued that decisions made with regard to devising an effective strategy need to be underpinned and shared through clear and consistent linkages to building and maintaining brand equity and to financial indicators such as sales, market share, profit and return on investment. The use of improved data and measurement technologies are paramount to shaping IMC and facilitating its acceptance by senior management.

At the customer and stakeholder connectivity phase, IMC requires adoption of an "outside-in" approach that enhances customer connectivity and organisational responsiveness to change by putting the customer first. The existence of a data

base calibrated to measure customer and stakeholder responsiveness of campaigns will also facilitate measurement of performance.

The dimension of strategic consistency recognizes that all parts of the brand entity send a message to customers and stakeholders and that successful value adding is critically dependent on the effectiveness of IMC. The coordination of brand messages must be consistent to protect brand image. Reid *et al* (2005) further postulated that enabling strategic consistency requires the use of meetings and other mechanisms to facilitate linkages between marketing and brand strategy and IMC strategy and the use of mechanisms to ensure that the brand has the best opportunity for achieving “one voice/one look” across all elements of the marketing mix.

Phelps and Johnson (1996) highlighted that with regard to cross-functional integration, an organisation cannot be integrated externally without being integrated internally. Cross-functional integration is built on focused internal marketing processes and provides the foundation for effective IMC planning and reporting. There needs to be a willingness to change policies that inhibit the implementation of IMC. Duncan and Mulhern (2004) stressed the need for top management to drive the process.

Duncan and Moriarty (1997) asserted that in order for IMC to be performed effectively, there must be adequate resource provision, including time, finance and skilled, knowledgeable personnel. Eagle and Kitchen (2000) supported this view expressing that resource commitment can be a useful mechanism for signalling the legitimacy of behaviours and mental models consistent with implementing IMC.

Malumo (2003) conducted a research study with the aim of evaluating the effect of advertising on petroleum retail sales. Malumo’s study focused on the inability of oil companies to compete on price in the petrol market due to government regulations. Oil companies consequently relied on brand building through advertising. There was a strong focus on increasing distribution outlets. The results of Malumo’s study showed that both advertising and share of distribution

have an effect on sales and share of market. The exact relationship between advertising and share of distribution was not determined. Malumo (2003) pointed out that the results of his study indicated that advertising in the petrol market works according to the weak theory of advertising and that advertising should be aimed at increasing the salience of the petrol brand given that the presence of service stations seemed to reinforce the salience of the brand.

Kitchen (2005) argued that although marketing communication had been used for several years as an umbrella term to refer to various communication functions, the strategic integration of these functions is what makes IMC a new approach to reaching consumers and other stakeholders. In an IMC process model, IMC is viewed as different from other customer-centric processes in that its foundation is communication which is the centre of all relationships and is considered to be a circular process as opposed to a linear one. The model revealed an ongoing circular process that created brand value in the form of sales, profit and brand equity and there was no starting and stopping related to obtaining, retaining and growing customers.

Kitchen (2005) posited that by creating and nourishing stakeholder relationships, new customers were attracted and then interacted with to find ways to satisfy their needs. Profitable customer relationships are important because not all relationships are of equal value to the company.

Kitchen (2005) emphasised that if IMC was to make a tangible contribution to business success, then communication with the market had to develop from tactical promotion component to strategic business partner.

Shimp (2007) highlighted that marketing communications could be intentional as is the case with advertising and personal selling, or unintentional, as is the case when a product feature, package cue or price symbolizes something to customers that the marketing communicator may not have intended.

This literature review focussed on the following marketing communications components:

- Advertising – involves either mass communication via newspapers, magazines, radio, television and other media or direct communication that is pin-pointed at business-to-business customers or ultimate consumers. Both forms of advertising are paid for by an identified sponsor but are considered to be non-personal because the sponsoring firm is simultaneously communicating with multiple receivers rather than a specific person or a small group.

- Personal selling – historically personal selling primarily involved face-to-face communications in which a seller attempted to persuade a prospective buyer to purchase a company's products. Increasingly, electronic and other forms of communication are being used – cyberspace/the internet.

- Sales-promotion – consists of all marketing activities that attempt to stimulate quick buyer action or immediate sales of product. In comparison, advertising is designed to accomplish other objectives such as creating brand awareness and influencing customer attitudes. Sales promotions are directed both at the trade (wholesalers and retailers) and consumers. Trade-oriented sales promotions include the use of various types of display allowances, quantity discounts and merchandise assistance to encourage wholesaler and retailer response. Consumer-oriented sales promotions involve the use of coupons, premiums, free samples, contests/sweepstakes and rebates. Expenditure on sales promotions have grown more rapidly than advertising investments in recent years (Shimp, 2007).

- Sponsorship marketing – is the practice of promoting the interests of a company and its brands through associating the company or the brand with a specific event or charitable cause.

- Publicity – like advertising, describes non-personal communication to a mass audience; but unlike advertising the sponsoring company does not pay for the advertising space. Publicity usually assumes the form of news items or editorial comments about a company and its products or services.

- Point-of-purchase communications – encompasses displays, posters, signs and a variety of other materials that influence buying decisions at the point of purchase. Integral elements of point-of-purchase communications are packaging and brand naming.

Fill (1995) summarised that each variable in the communications mix had a different capacity to communicate and to achieve different objectives which highlighted the fact that each instrument in the communications matrix affected the overall marketing campaign differently. Yeshin (1998) supported this summary and added that each component had a specific task to achieve and the message was greatly enhanced when reinforced by other components in the mix, thus suggesting integration of the components.

Shimp (2007) pointed out that the management of marketing communications was the practice of co-ordinating these various elements, setting objectives for what the components were intended to accomplish, establishing budgets that were sufficient to support the objectives, designing specific programmes to accomplish objectives, evaluating their performance and taking corrective action when results did not meet objectives.

The emphasis of this study was on retail/consumer promotions rather than trade promotions as a component of IMC. Consumer-orientated sales-promotions involve the use of coupons, free samples, discounts, etc. It must be noted that generally trade promotions receive a greater share of the promotions budget; on average 46.9% and consumer promotions 27.9%. The balance of the promotions budget is spent on advertising (Kotler and Keller, 2006).

This literature review was conducted with a focus on the relative impact that each of the identified components of IMC have to drive diesel retail sales at the mature stage of the product life cycle (PLC) in the fuel retail industry.

At the mature phase of the PLC, the market has become saturated and there is little growth in demand. Demand consists largely of repeat sales. Competition intensifies, prices tend to fall, and selling effort is more aggressive (Bruce and

Barnes, 2008). At the mature stage of the PLC, consumers would have learnt of the actual effects of the product usage and the perceived risk will have reduced.

2.2 Background

This study, in assessing the relative importance of IMC components in the fuel retail industry in South Africa, attended to the following components; advertising, personal selling, sales promotion, publicity, sponsorship marketing and point-of-purchase communications.

Dyer (1982) presented the basic ideas behind advertising, identifying the links between and consistency within the diversity of business communication. The theory and practice of advertising was discussed, but as an individual discipline and differentiated from other marketing communications tools that also followed similar differentiated and specialist paths.

Shimp (1986) cited that there has been a distinct trend toward the practice of integrated marketing communications. Companies often treated communication elements as virtually separate activities, whereas current marketing philosophy holds that integration is imperative for success. Shimp (1986) emphasised that the IMC process started with the customer or prospect and worked back to determine and define the forms and methods through which persuasive communications programs should be developed.

Miller and Rose (1994) identified that here was increasing support for the unification of all communication activities under a single concept and the evolving paradigm of IMC appeared to be stimulating interest.

Kitchen (2005) cited that in the early 1980's the concept of IMC was an unrecognised paradigm. Many professionals and academics in the field of marketing considered each marketing communications function to operate with various degrees of autonomy.

The objective of this research was to determine the relative importance of IMC components on diesel sales in the fuel retail industry in South Africa with the

understanding that communications integration is important for generating optimal value and with the added appreciation that modern marketing calls for more than just developing a good product, pricing it attractively and making it available to target customers. Companies must communicate with current and prospective customers and what they communicate should not be left to chance as suggested by Kotler and Keller (2006).

Diesel retail appears to lack tactical coordination of messages resulting in inconsistencies in the communication relating to product and pricing. Communication is largely “inside-out” and not “outside-in” with the high risk of failing align with and to communicate effectively with customers. The communication process is weak with a poor structure that fails to use technology to turn customer data into useful information that can in turn be used to drive the communication process and decide on the message to be communicated. A change in the communication process with IMC as central to the process can result in synthesis of ideas and greater customer/market orientation. There could be active encouragement of customer participation to mould the communication process thus delivering a superior service and generating value by improving customer satisfaction. Customers can provide the added value by providing market and competitor information. Management information systems can help to determine how integration of the components should be coordinated and thus improve sales and profitability.

A major concern that provided compelling conviction to conduct this study was that marketers in the fuel retail industry created the impression that marketing, communication, promotion and advertising processes were linear where a message was sent out to the customers as depicted in Figure 2 (Schultz, 1996). Communicators in the fuel sales industry must appreciate that the communication process is more circular than linear. Customers want to interact and providing the opportunity for customers to interact with marketers contributes to development of relationships that can be used to enhance the value generated from communicated messages.

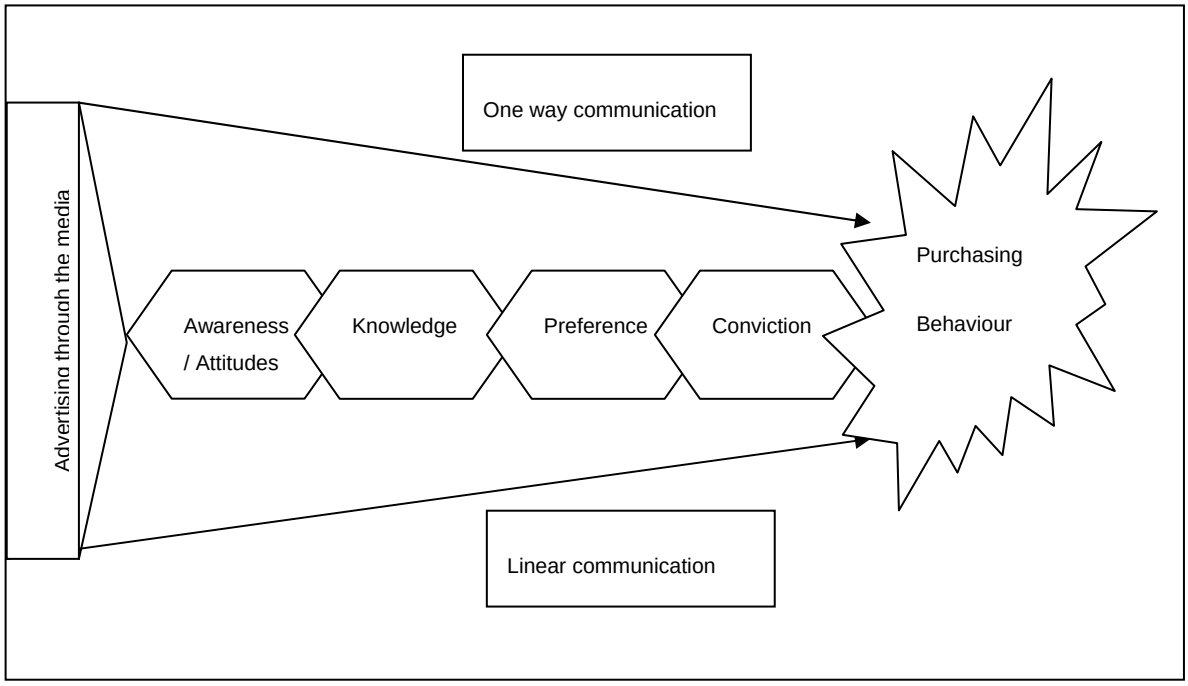

Figure 2: Traditional advertising-based view of marketing communications (Schultz, 1996)

2.3 Components of IMC

2.3.1 *Advertising*

Shimp (1986) cited that advertising performs a variety of critical communications functions including; informing, persuading, reminding and adding value. Advertising makes consumers aware of new products and educates them about particular features and benefits. Because advertising is an efficient form of communication capable of reaching mass audiences at relatively low cost per contact, it facilitates demand for existing products by increasing top-of-mind awareness for established brands in mature product categories. Effective advertising persuades customers to try advertised products. Sometimes the persuasion takes the form of influencing primary demand i.e. creating demand for an entire product category. Shimp highlighted that more frequently, advertising attempts to build secondary demand i.e. for a specific company's brand. With

regard to reminding, advertising keeps a company's brand fresh in the customers' memory.

The primary tools used by most companies in their communication are personal selling, mass and direct advertising, sales promotions, publicity, internet, sponsorship marketing and point-of-purchase communications.

The strong theory of advertising asserts that advertising is capable of influencing knowledge, attitudes and behaviour of customers. The strong theory's view of advertising is that it will increase the advertised brand's sales by persuading brand-switchers to become loyal to the brand (Jones, 1991).

The weak theory of advertising asserts that advertising's main function is to reinforce and occasionally nudge consumers' existing propensities to buy a brand as part of their split-loyal brand portfolios. The weak theory of advertising suggests that consumers do not generally develop loyalty to one brand through advertising and emphasises that other factors such as availability and customer satisfaction play a key role together with advertising to create opportunity for the customer to consider the product (Barnard and Ehrenberg, 1997).

Low and Mohr (2000) claimed that the amount budgeted for advertising and sales-promotion relative to sales is an important issue. The findings of Low and Mohr (2000) indicated that a variety of product and market factors (such as market-growth rates, market-share, competitive activity, and a product's relative price) are related to advertising and/or sales-promotion spending levels.

Sethuraman and Tellis (2002) highlighted that during the mature phase of the product life cycle, intense competition can lead managers to shift away from advertising initiatives aimed at building long-term brand equity into sales-promotions as they focus on taking market share away from competitors. The advertising during the sales-promotion largely focuses on supporting sales-growth. Sethuraman and Tellis (2002) in attempting to establish whether manufacturer advertising for a brand stimulates or suppresses retail price

promotions developed an analytical model that showed that the relationship between manufacturer advertising and retail price promotion depends on the role of advertising. If advertising differentiates brands and suppresses consumer response to retail promotion, then the relationship is negative. However, if advertising is informative enough to increase consumer response to retail promotions, then the relationship is positive. Empirical analysis showed a strong positive relationship between category advertising expenditure and size of retail price discount, and between advertising and discount frequency. The finding supported the informative role of advertising in the context of retail price promotions.

Kotler and Keller (2006) indicated that sales-promotion seemed to be most effective when used together with advertising and that in one study, a price promotion alone produced only 15% increase in sales volume, but when combined with feature advertising, sales volume increased by 19%; when combined with feature advertising and a point-of-purchase display, sales volume increased by 24%.

2.3.2 *Personal selling*

Shimp (1986) stated that the personal selling function is an instrumental component of the marketing communications mix and key to the successful implementation of marketing programs and that all advertising, sales-promotions, point-of-purchase programs and sponsorships are of little value without effective personal selling of products to customers.

According to Shimp (1986), the five most valued behaviours of salespersons are; reliability/credibility, professionalism/integrity, product knowledge, innovativeness in problem solving and presentation/preparation. Personal selling provides the push needed to get customers to test new products and to increase the quantity purchased thereafter.

Shimp (1986) highlighted that personal selling is inextricably related to all other marketing communications elements. Advertising is of little value unless the sales

force is able to gain product distribution for new brands. Likewise, creation of point-of-purchase displays will not yield the benefits unless the sales force secures retailer cooperation in using the displays. Personal selling's primary purpose includes educating customers, providing product usage and marketing assistance and providing after sales service and support to customers.

Shimp (1986) in addition, emphasised that in practice, allocating resources to personal selling and other promotions elements amounts to an effort of balancing efficiency and effectiveness. Personal selling is generally more effective than other promotions elements, however when considering the ratio of inputs to outputs, personal selling is typically less efficient. The primary disadvantage is that the sales person typically interacts with one customer at a time.

Wiesendanger (1990) postulated that sales-people need to be able to make contact with customers either through conversation and when appropriate physical contact contributes toward elevating the level of interaction and that the quality of the sales force has a major impact on the success or failure of a sales-promotion.

Wiesendanger (1990) added that performance of the sales force in the following areas will determine whether a sales-promotion soars or suffers:

- Body Language

  Most face-to-face selling takes place over a table, making salespeople adept at upper body communication. When there is no barrier between a sales person and a prospect, salespeople feel exposed and awkward. The posture of the salesperson is critically important.

- Opening lines

  The use of old opening lines like the following does not cut it anymore:

  - "May I help you?"
  - "Are you familiar with our product?"

“These clichés are too easily answered with a simple – NO.” Wiesendanger (1990) quoted Allen Kinopacki - President of Incomm International in Chicago (1990) who advised that a better opener would be:

- “Thank you for coming in. What prompted your interest in our product?”

This approach gets the customer to set the agenda.

- Playing too many questions

  Wiesendanger (1990) referenced Chris Christman, a trainer with Communiqué Exhibitor Education in Marco Island, Florida (1990) who highlighted that if customers are questioned too early, they feel trapped and threatened. On the other hand, if salespeople end with the qualifying questions, it might be that they have done their best presentation for a competitor. A qualifying question usually serves the purpose of nudging the prospect toward making a purchase (Cherry, 2008).

  The right time to ask a qualifying question like:

  - “Do you use similar products? - is about a minute into the interaction.

  Wiesendanger (1990) suggested that salespeople start with a warm-up conversation. This provides the opportunity for the salesperson to assess the customer. If the customer determines that he trusts the salesperson, he will start to offer more information.

- Rushing to demonstrate

  Most salespeople believe that they have to present a product immediately when a customer walks in. This is often perceived as the salesperson forcing a communication which might be experienced as confrontational. Demonstrations cause salespeople to focus on the product and not on the customer.

- Disengaging

Salespeople that are skilled at engaging with customers often have difficulty disengaging i.e. ending the conversation. Customers can overstay their welcome and salespeople eventually do not speak with as many customers as they might be required to speak with.

Buchanan (2009:91) cited that “Motivational speaker Zig Zigler emphasised that salespeople must commit to a lifetime of learning”. Buchanan in addition highlighted that Jeff Hoffman an advisor to the Sloan Sales Club concluded that salespeople often make three mistakes:

- They offer too much information.
    - In an effort to impress, they festoon their pitches with too many details.
- They do not show deference.
    - “Do not ask ‘Can I help you?’ – Amateurs like to inform their prospects”. This is very presumptuous says Hoffman. Instead, “Say – That is very interesting. Many of our clients say the same thing. May I tell you how I have helped them?”
- They lose sight of the goal.
    - Inexperienced sales people will walk into a meeting without a clear goal in mind. “Mediocre sales people are happy with – Thank you for your time. If you do not ask for anything, you will not get anything”.

2.3.3 *Sales promotion*

Shimp (1986) postulated that sales-promotion is often used to indiscriminately encompass all marketing communications activities other than advertising, personal selling and public relations. Sales-promotions provide an incentive in addition to the basic benefits provided by the brand and temporarily changes its perceived value or price. A brands’ sales volume is almost always increased during the period of coupon offering and consumers are highly responsive to deals especially when they are advertised (Shimp, 1986). However, increase in volumes

does not necessarily convert to increased profits. When a deal is offered on a brand, the variable cost increases due to the expense of the offering, resulting in reduced margins. Profit will only increase if the incremental sales volume is proportionately greater than the percentage reduction in margin. Promotions have to deal with the challenges faced from brand switchers and stockpilers while they keep in mind, the effect on loyalists. Promotions as a component of IMC are noted to work well in conjunction with specialty advertising. Specialty advertising complements other forms of marketing communications by providing another way to keep a company's name before customers and prospects. It uses decorative articles to transmit an organisation's identification and promotional message to its target audience. Shimp stated that this form of promotion can assist in achieving a variety of marketing communications including; promotions to introduce new products, motivating sales people, improving customer relations and activating purchases.

Sethuraman and Tellis (1991) cited that price promotion (price discounting) may be more profitable for mature products and that price discounts provided a monetary incentive to buy the brand. Sales are sensitive to and respond strongly to price cuts. Price cuts to customers who would buy at the high price involve opportunity loss. Sethuraman and Tellis (1991) in addition, pointed out that in passing through price discounts; retailers attempt to balance the increase in demand (due to brand switching or increase in quantity bought) with the opportunity loss from loyal consumers who would have bought the brand at the regular price.

Sethuraman and Tellis (1991) demonstrated that four key factors influenced the decision to price discount.

- First – the higher the price elasticity, the more the firm should price discount.
- Second – a firm should spend more on price cuts if retailers pass through a major portion of the reduced price to the final consumer.

- Third - as a smaller fraction of original demand switches to the reduced price, the firm should spend more on discounts to attract brand switchers.

- Fourth – the decision on price discounts is intrinsically related to price contribution ratio i.e. firms with higher margin or contribution can cut their price and still increase their net profits through additional sales.

Papatla and Krishnamurthi (1996) cited that sales-promotions are designed to directly influence behaviour; therefore managers pressed for immediate sales volumes improvement turn to sales promotion as the best tool to achieve the objective.

Sun, Neslin and Srinivasan (2003) cited that promotions influence customer choice and cause customers to switch brands. In addition, consumers are forward looking in their purchase decisions and stockpile product in response to promotions.

2.3.4 *Public relations and sponsorship*

According to Shimp (1986) public relations (PR) is the component of IMC that is uniquely suited for fostering goodwill between a company and various stakeholders. PR efforts are aimed primarily at consumers, employees, suppliers, shareholders, governments, labour groups, the general public and citizen action groups. When effectively integrated with advertising, personal selling, sales promotion and sponsorships, PR is capable of accomplishing objectives other than goodwill. It can increase brand awareness, build favourable attitudes towards a company and its products and encourage purchasing behaviour.

Stammerjohn, Wood, Chang and Thorson (2005) argued that under the domain of public relations, publicity is recognised as an efficient, credible means of communication. Organisations do not have complete control over the type of publicity that consumers see. Stammerjohn *et al* (2005) cited the examples of Firestone and Enron that faced worldwide airing of negative publicity regarding their products and services. For Firestone the negative publicity about some of its

tyres coincided with the launching of a multi-million dollar ad campaign celebrating 100 years of reliability. In the face of the negative publicity, Firestone abandoned the ad campaign. Speculation in the media was that Firestone believed that the campaign might only remind consumers about negative media coverage that was prominent worldwide at the time or the continuation of the ad campaign might imply that Firestone was ignoring the concerns about the safety of its products. Positive publicity about a company and its products might improve consumer response to the company's advertising

Public relations entail a variety of specific functions and activities including:

- Advice and counsel e.g. construction of a new plant in an environment where the wildlife might be disturbed would require public relations advice and counsel to determine how best to deal with environmentalists and other interested and affected groups.

- Publicity – the public relations department serves as the primary contact with the media. Press releases and conferences are two of the most important avenues for corporate publicity.

- Public opinion is often volatile and it is important for the public relations departments to spot emerging trends that have relevance to corporate policies and actions.

Sponsorship involves investment in events or causes for the purpose of achieving various corporate objectives e.g. increasing sales, enhancing reputation or brand image. Cause-orientated sponsorship typically involves supporting causes deemed to be of interest to a social grouping such as wildlife or charity support groups.

2.3.5 *Point-of-purchase communications*

Point-of-purchase communications can be defined as any promotional materials placed at the point of purchase such as interior displays, printed materials at shop counters or window displays. It includes in-store broadcasts, video screen

demonstrations, shopping trolley advertising, shelf talkers, coupon dispensers, waste-paper baskets and interactive kiosks. Static signs have begun to give way to electronic displays that present targeted product information, instant coupons and more. Important factors in point-of-purchase communications are store image, organisation, atmosphere, product presentation and packaging.

Bianca (2008) expressed that point-of-purchase communications involved all aspects of the store environment that can signal something to customers about quality, price or product assortment. The primary objective of in-store techniques is to direct attention of customers and to stimulate them to make a purchase, but point-of-purchase communication serves various objectives including:

- Attracting customer attention and differentiating the store from the competition through an attractive exterior and interior store design, increasing the likelihood of the customer entering the store.
- Reminding the customers of ongoing or previous advertising or other forms of promotion thus reinforcing the communicated message.
- Informing the customers about the products and the store.
- Persuading the customer to enter the store to purchase specific products, to influence decision-making at the point of sale and to trigger impulse purchasing.
- Building an image for retailers and manufacturers.

The effect of point-of-purchase communications is immediate, the costs relatively low and management can fine-tune the communication to reflect changing conditions (Bianca, 2008).

Bianca (2008) also draws attention to that usual consumer sales promotion techniques include point of purchase materials, coupons, electronic coupons and convenience cards, cents-off promotions, refunds, rebates, premiums, sampling, combination offers

2.3.6 *Research proposition*

Diesel retail sales are positively impacted by successful integration of the following IMC components (in order of relative importance):

- **Advertising**
- **Sales promotion**
- **Sales force abilities**
- **PR and Sponsorship marketing**
- **Point-of-purchase communications**

2.4 Conclusion of literature review

This literature review on the relative importance of IMC components to drive diesel retail sales outlined that IMC is comprised of advertising, personal selling, promotion, publicity, sponsorship marketing and point-of-purchase communications. One of the many reasons behind IMC is that using multiple communication tools can be mutually reinforcing or synergistic as expressed by Stammerjohn *et al* (2005).

Sethuraman and Tellis (1991) cited that sales can be measured as absolute volume revenue or units) or as relative volume (market share) and that absolute volume indicates competitive gains and primary market share expansion. Market share indicates only competitive gains. For this study sales will be referred to in terms of absolute volumes which impacts market share.

Reid, Luxton and Mavondo (2005) reinforced the view that IMC is seen as a process of managing the customer relationships that drive brand value. More specifically, IMC is a cross-functional process for creating and nourishing profitable relationships with customers and other stakeholders by strategically controlling or influencing all messages that are sent out to groups and

encouraging data driven, purposeful dialogue with them. As an indication of the ongoing conceptual and theoretical development it is suggested that IMC should:

- Be results driven;
- Be more strategic than executional;
- Include two-way as well as one-way communication and
- Be more than just about advertising and sales promotions messages.

Sales-promotions are accepted as an effective stimulus to increase sales. It is during the mature phase of a product life cycle that emphasis is placed on utilising sales-promotions to capture market share.

There is improved effectiveness with the support of well-trained sales teams. A well-trained sales force plays a key role in the success of a sales-promotion as the personal selling function is an instrumental component of the marketing communications mix and critical to the successful implementation of marketing and sales programs.

Strategically aligned PR and sponsorship marketing improve attitude toward a brand thus enhancing a corporation’s reputation and achieving objectives in addition to goodwill.

IMC does not suggest that merely one message can or must be sent out but rather that messages need to be strategically consistent. Conceptually, IMC does not necessarily promise or advise that practitioners will spend less on marketing communications, but it does suggest that synergistic effects and superior targeting will produce better results (Dewhirst and Davis, 2005).

Effective IMC is an integral part of an effective brand equity strategy and potentially enhances the effectiveness of the firm’s portfolio of brands and could positively influence brand equity (Madhavaram, Badrinarayanan and McDonald, 2005). The essence of brand strategy is that by clearly and consistently communicating the brand equity to brand stewards, the brand strategist can

ensure a more synergistic and effective IMC. This leads to stronger customer-based brand equity. An ideal outcome of such a strategy would be a consumer-held brand image that is congruent with the strategists intended brand equity.

2.4.1 *Research proposition*

Diesel retail sales are positively impacted by successful integration of the following IMC components (in order of relative importance):

- Advertising
- Sales promotion
- Sales force abilities
- PR and Sponsorship marketing
- Point-of-purchase communications

3 RESEARCH METHODOLOGY

With regard to the main problem and the proposition, the theory supported that the five identified communications components have an effect on sales. Different components have specific/unique functions.

In addition, the theory supported that integrating marketing communications should yield improved diesel retail sales. The theory suggested that there was relative importance of IMC components and that the relativity was industry/product specific.

Data to conduct a quantitative study for this research were not available. The outcome of this qualitative study set a base for building a theory by interpreting and explaining the observations of this exploratory exercise. The research effort pays attention to comparing the theory and the information gathered through in-depth interviews relating to diesel retail sales.

This study focused on personal experiences and supporting explanations of respondents relating to their perceptions of the relative importance of the integrated marketing communications components and the effect on diesel retail sales. The analysis of the data was used to generate meaning. The success of the research was very dependent on accuracy of analysis of the respondents' feedback. In order to address potential shortcomings, it was imperative that responses were clearly articulated and understood and that different levels of meaning were explored to reduce risk of ambiguity. There was a conscious effort made to ensure consistency in the approach to information gathering and interpretation of responses.

3.1 Research methodology / paradigm

Had the data linking times of the marketing communications, the costs of the programs and the effect on diesel sales been available, it would have been appropriate to conduct a quantitative study on the relative importance of IMC components on diesel retail sales. The non-availability of this data warranted that

a qualitative study be pursued. This research achieved the purpose of exploring, describing, explaining, interpreting and building a theory associated with the relative importance of IMC components in the fuel retail industry as suggested by Leedy and Ormrod (2002).

In-depth interviews were used to gather data. There were multiple sources of data and the search was to find common themes to support the validity of the data as postulated by Leedy and Ormrod (2002).

The assumptions made relating to this research were appropriate as they portrayed the study as multifaceted with many layers and it was not appropriate to attempt, at this early exploratory stage, to simplify what was observed.

The assumptions that respondents were familiar with the components of IMC and understood the effects thereof on diesel retail sales were fundamental to the success of the interviewing process.

Carmichael (2008) cited that for in-depth interviews, building relationships before the interview contributed toward obtaining more credible data. The building of relationships created a comfortable space for respondents to share experiences and was important for ensuring that there was constructive participation in the data collection process.

The assumptions relating to the effect, distinguishability and relative importance focused on addressing the perceived impact of each IMC component.

3.2 Research Design

The methodological approach was in-depth interviews in order to extract detailed information from the respondent's personal experiences. The advantage of the interviews was that they elicited authentic accounts of subjective experiences and provided the opportunity to collect and rigorously examine narrative accounts of social worlds (Silverman, 2006).

Willig (2008) stated that qualitative research provided the researcher with the opportunity to study meanings and allowed the researcher to tap into the perspectives and interpretations of the participants. In the gathering of data for this study, there was opportunity to delve into the meanings of the views that were expressed by respondents.

In addition, Willig (2008) argued that qualitative research paid attention to exceptional cases and idiosyncrasies in order to gain more complete understanding of a phenomenon. This aspect of qualitative research assisted in extracting greater value from the interviews by interrogating the exceptional cases and testing whether there was truth and value or whether the view was loosely held by the respondent with very little or no basis for the viewpoint.

The disadvantage relating to a qualitative approach to this study is that qualitative research does not provide certainty (Willig, 2008). Willig (2008) highlighted that validation depended on the quality of the craftsmanship during the investigation which encompassed continually checking, questioning and theoretically interpreting findings. With this approach, which was advantageous in this study, the emphasis moved from inspection at the end to quality control throughout the stages of information gathering and knowledge production.

An investigative approach was adopted with all respondents. The process was iterative and only questions the responses which were used, were asked in order to keep the interviews short and focused (Carmichael, 2008). There was a strong focus on understanding perceptions. The same questions were posed to all the respondents. This process presented opportunities for confirmation of the feedback. There was continual triangulation to establish whether there was convergence in the feedback or not.

Carmichael (2008) emphasised that it was important to ensure confidentiality, to select a safe, neutral venue and to use questions to direct the interview. Respondents were assured that their responses would be anonymous. Open-ended questions were used to facilitate active contribution and participation from

the respondents. The interview was structured, with various questions answered in turn.

The objective of the research was to establish the relative importance of IMC components on diesel sales in the fuel retail industry. The depth and structure of the enquiry substantially contributed to the quality of the research. A qualitative approach provided the opportunity to explore the context within which the perceptions had been developed.

Questions were organised into the two major topic areas i.e. the components of IMC that are relevant to the industry and the perceived relative importance of the components. A covering letter was included with the questions encouraging participation. Respondents were encouraged to participate on the basis that they would receive a copy of the final report which could hopefully assist them in making improved business decisions relating to marketing communications. The letter included a definition of the concept of IMC. The conceptual definition used was:

IMC is a concept of marketing communications planning, which recognizes the added value of a comprehensive plan that evaluates the strategic roles of a variety of communications disciplines e.g. advertising, sales promotion, public relations, personal selling, the internet and sponsorship. IMC combines these disciplines to provide clarity, consistency and maximum communications impact (Schultz, 1991).

3.3 Population and sample

3.3.1 *Population*

The population for this research was business people that are actively engaged in fuel retailing with diesel sales on the retail forecourt. It was essential that they had an understanding of the functions of marketing communications tools. They needed to have used the tools, experienced the effects and developed opinions of the various marketing communications components. For this research, to be

considered for an interview, the respondent required a minimum of three years experience in the fuel retail industry. Three years was arbitrarily taken as an adequate time frame for an active and interested marketer to develop understanding of the instruments used in communication with customers and prospects. The population for the research included respondents from emerging and established brands in the fuel retail industry

3.3.2 *Sample and sampling method*

The sample was a convenience sample taken from the greater Johannesburg area. The sample for this research study was current and previous managers/owners of fuel retail outlets. The sample was appropriate because the targeted population was engaged in the activities of diesel retailing on a full-time basis and showed a keen interest in marketing initiatives that were targeted at improving sales. The intention was to obtain a total of eighteen respondents given that there are six major oil companies in South Africa and the plan was to interview three respondents per major oil company. Fifteen respondents participated and it was found that convergence was achieved with a small sample but the research continued in order to confirm the results. One oil company with an established brand refused to participate and did not provide an explanation for declining.

The sample was intentionally purposive as the focus was on ensuring that the respondents had diesel retail experience and could adequately address the research questions. The sampling was purposeful with the intention of selecting those individuals that would yield the most information about the topic under investigation as suggested by Leedy and Ormrod (2002).

The sample included major oil companies with refining capacity and oil companies that did not have refining capacity but had branded fuel retail outlets. Oil companies that do not have refining capacity have been included, as the general market perception is that they are very entrepreneurial in their approach to business and seek to utilise all opportunities to improve retail fuel sales. Oil companies that do not have refining capacity generally operate with very tight

budgets and seek to get maximum return on investment. Small emerging brands are also highly responsive to potential business opportunities and the decision-making process is often quicker than that of larger corporations. To obtain interviewees, managers within the industry were approached and requested to recommend other managers and business owners that they regarded as knowledgeable and willing to be interviewed. The letter was then sent to the prospective respondents. Some potential interview candidates were apprehensive about the process and when uncertainty was detected, they were immediately disqualified as this presented the challenge of not knowing whether they will contribute to the interview without reservation. Candidates that were willing to speak unreservedly were interviewed.

3.4 The research instrument

The research instrument was a semi-structured prompt list with open ended questions (see Appendix A). The interview was structured with questions that are intended to extract facts and perceptions. There was a short discussion before each interview to define IMC and to present the research proposition. The nature of the study was explained and interviewees were informed as to how the results will be used. The questions were structured to encourage respondents to talk about the subject without being prompted. Once the respondent had answered a question, the response was repeated so that the respondent had the opportunity to clarify or confirm that the understanding of the response was accurate. The focus was to consistently cover all concepts ensuring that there was credibility, trustworthiness and accuracy in the responses. The intention was to gain information from the interviewee without revealing the interviewer's perspectives as suggested by Leedy and Ormrod (2002). Using a large number of questions was avoided as this might have made it more difficult to see emergent links across different parts of the data and to achieve successful integration of the findings as cautioned by Miles and Huberman (1984). The suggestion by Miles and Huberman (1984) where one major question is used per proposition with a series of subquestions for clarity and specificity was followed.

3.5 Procedure for data collection

The approach for data collection as guided by Leedy and Ormrod (2002), involved addressing the following questions:

- What data are needed?
- Where are the data located?
- How will the data be secured?
- How will the data be interpreted?

It was imperative that the questions were answered specifically and without reservation as cautioned by Leedy and Ormrod (2002). The data required for this study were all secured through the interviewing process. The required data were specifically located with the selected respondents that have experience in the area of diesel retail sales.

3.6 Data analysis and interpretation

The data was analysed during the collection process so that gaps could be identified early and the corrective action to fill the gaps could be taken as suggested by Miles and Huberman (1984).

Miles and Huberman (1984) added that running the data collection and analysis processes concurrently often assisted with identifying new propositions that emerged and reduced the burden of having a giant, overwhelming analysis task at the end that demotivates the researcher and reduced the quality of the work produced. Analysis during data collection created opportunity to cycle back and forth between thinking about existing data and generating strategies for collecting new, often better quality data and was a healthy corrective for built-in blind spots and made analysis an on-going lively enterprise that was linked to fieldwork of interviewing.

For this study the analysis included classifying the data into content categories which were preliminary categories in the beginning and remained flexible. Thus, the appropriate analysis was content analysis. The basic procedure was to design categories that were relevant to the research purpose and to sort all occurrences into the appropriate categories as expressed by Tesch (1990). The frequency or emphasis of occurrences in each category was noted and inferences contributed toward development of opinions on the value of the viewpoints. The words used by respondents were carefully scrutinised to establish whether there were common viewpoints and to understand the range of meanings of words that were used often in responding to questions.

The analysis process was systematic, comprehensive and run concurrently with the data collection process and the two became integrated (Tesch, 1990). This process involved reflective activity where categories were reduced or changed as the data was segmented into meaningful categories that were derived from the data. The main intellectual tool as described by Tesch (1990) was comparison. There was comparing and contrasting of the data to assist in forming of the categories, establishing boundaries for the categories, assigning data segments to the categories and summarizing the content of each category with the goal of discerning conceptual similarities and discovering patterns (Tesch, 1990). Through synthesis, the final goal of the analysis and interpretation process was the achievement of a larger consolidated picture.

3.7 Limitations of the study

The chosen methodology was in-depth interviews. There was no questionnaire which could have assisted with categorising responses. The presence of the interviewer might have influenced the viewpoints taken by the respondents as there might have been concerns about confidentiality and disclosing information which could become a competitive advantage. The sample of respondents was a convenience sample taken from the greater Johannesburg area. The economic/market conditions in Gauteng differ substantially from those in rural areas and the relative importance of IMC components might be viewed very

differently in less developed parts of South Africa. Analysis was based on the results obtained from the convenience sample. Inferences drawn from the analysis that make interpretation applicable to the entire population could be flawed. The method of analysis was not formulated hence, there is concern relating to the replicability of the study.

3.8 Validity and reliability

Reliability can help to develop understanding of a situation that would otherwise be confusing (Golafshani, 2003). Reliability attends to the accuracy and precision of the measurement procedure. On the other hand Golafshani (2003) expressed that validity determined whether the research or research instrument truly measured that which it was intended to measure or how truthful the results are. Reliability and validity are important for this study because they will support the credibility of the research. Without rigor, research is worthless, becomes fiction, and loses its utility (Morse, Barret, Mayan, Olson and Spiers, 2002). Rigor helps to improve the quality of the research.

The validity and reliability of the in-depth interviews are of concern since the interview is not a quantitative measure. In order to improve reliability, all endeavours were made to administer the interview process in a consistent manner. Prior to interviewing, the interviewer ensured familiarity with all the questions and comfort with directing the interview process so that all questions were asked and answered. The more valid and reliable the instrument, the more likely it will be that appropriate conclusions are drawn from the data collected thus resolving the research problem in a credible manner (Leedy and Ormrod, 2002).

Leedy and Ormrod (2002) highlighted that qualitative researchers frequently use triangulation – comparing multiple data sources in search of common themes to support the validity of their findings.

3.8.1 *External validity*

External validity refers to the ability of the research to be generalised across persons, settings and times. Research that has good external validity is often easily transferable to other contexts. Context specific research may have poor external validity (Stacey and Carmichael, 2008).

In order for a theory or conclusion to be externally valid, the theory and conclusion need to have both population validity and ecological validity (Welman and Kruger, 2001). Welman and Kruger (2001) defined population validity as generalisation of results obtained from a sample to the population to which the research hypothesis/proposition applies. Ecological validity is defined as the generalisation of results to situations other than the one in which the experiment was conducted.

3.8.2 *Internal validity*

Internal validity of a research study is the extent to which its design and the data it yields allow the researcher to draw accurate conclusions about cause-and-effect and other relationships within the data (Leedy and Ormrod, 2002).

Internal validity is the extent to which the measuring instrument provides adequate coverage of the study (Stacey and Carmichael, 2008).

3.8.3 *Face validity*

Face validity is the extent to which, on the surface, an instrument looks like it is measuring a particular characteristic. Face validity as expressed by Leedy and Ormrod (2002) is often useful for ensuring the cooperation of participants in a research study. Because it relies entirely on subjective judgement, it is not very convincing evidence that the instrument is truly measuring what the researcher wants it to measure

3.8.4 *Criterion validity*

Leedy and Ormrod (2002) indicated that criterion validity is the extent to which the results of an assessment instrument correlate with another; presumably the latter measure is called the criterion.

4 PRESENTATION OF RESULTS

4.1 Introduction

The demographics of the respondents are described before the results are presented.

The results pertaining to the proposition are presented graphically and in tables. This presentation format facilitates easier reading and interpretation and also aids with reflecting the relative importance of the components of integrated marketing communications. All the results are presented as obtained during the gathering of the information. A table of the overall opinion is provided for speedy summary of the general view of the respondents. Discussion is avoided so that interpretation is not influenced at this stage.

4.2 Demographic profile of respondents

The cooperation from previous and current managers and owners of fuel retail outlets that had diesel sales on the retail forecourt was successfully secured for this study. The respondents were highly skilled, knowledgeable and understood the functions and impact of each of the components of integrated marketing communications. Respondents showed awareness and appreciation for the synergy that was obtainable through successful integration of the communications components. Experience of the respondents ranged from six years to twenty seven years in the fuel retail industry. Three of the fifteen respondents had experienced the process of communicating with customers during the roll out of a new brand. Four of the fifteen respondents were currently, actively engaged in the roll out of their own brands and using the components of integrated marketing communications to inform the market and create awareness of their brands. The respondents displayed a keen understanding of the relative importance of the components of integrated marketing communications and had a well developed sense of the relatedness and relative importance of the components of marketing communications. The respondents were from a wide spectrum of brands i.e.

established and emerging brands. Respondents form emerging brands were particularly careful of the quality of their responses and participated more actively which was an indication of the interest in providing information that was accurate and hopefully the aggregated data accurately reflects the relative importance of IMC components in the fuel retail industry.

There was a distinct difference between the attention to detail in describing the components of marketing communications and their functions and the effect that integration might have between managers of established brands and managers of emerging brands. Emerging brand managers were sensitive to costs and appeared to have more control over communications decisions whereas established brand managers exhibited a sense of having to comply with the directives of a major oil company.

The level of knowledge displayed by all interviewees created confidence that the contribution made, accurately portrayed the relative importance of the IMC components based on their experiences. Respondents were able to substantiate their ranking of IMC components and to justify the position taken regarding integration of marketing communications components.

4.3 Results pertaining to research proposition

The objective of the proposition was to determine whether advertising, sales promotion, sales force abilities, public relations and sponsorship marketing and point-of-purchase communications positively impacted diesel retail sales (in order of relative importance).

All respondents unanimously agreed that these components of marketing communication have a profound effect on improving diesel retail sales. Interviewees agreed that there is a relative importance between the components of marketing communications; all the components were not of equal importance and served distinct functions. Respondents quickly and confidently identified all five marketing communications components as positively affecting diesel retail sales.

No new components of marketing communications were added and none were removed or questioned in terms of function relating to improving diesel retail sales. There were no differences regarding the expected response and the actual response relating to identification of the marketing communications components by the interviewees.

Table 2 reflects the actual ranking of each of the components of marketing communications.

Letters (a) to (o) represent the respondents.

The components of marketing communication were ranked from most important (ranked 1) to least important (ranked 5).

The sum of each component's ranking was averaged by dividing the sum of the ranking of each component by the total number of respondents i.e. fifteen respondents.

The lowest average indicated that the component was ranked overall as the most important component and the highest average indicated that the particular component was ranked overall as least important.

Table 2: Summary of respondents' ranking of relative importance of marketing communications components

Marketing communications component	Respondents' ranking of importance of marketing communications component															Mean ranking (average)
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	
Advertising	1	4	1	1	1	1	4	4	4	1	2	1	2	3	2	32
Sales promotion	2	3	3	2	2	4	5	3	2	3	1	2	3	1	1	37
Sales force abilities	5	5	4	3	3	2	1	1	1	5	5	3	1	2	5	46
PR and Sponsorship	4	2	2	5	4	5	2	5	5	2	4	5	4	4	3	56
Point-of-purchase communications	3	1	5	4	5	3	3	2	3	4	3	4	5	5	4	54

The average ranking by respondents in terms of importance of marketing communications components to improve diesel retail sales was:

1. Advertising – most important
2. Sales promotion
3. Sales force abilities
4. Point-of-purchase communications
5. PR and Sponsorship – least important

After the respondents had ranked the components of marketing communications based on perceived relative importance – Table 2, they were requested to provide an indication of how they would allocate their marketing communications budget to each of the components. The assumption made was that if a component was more important than another with regard to improving diesel retail sales, then the more important component would receive a greater allocation of the marketing communications budget.

Table 3 reflects the respondents' actual view on allocation of budget per marketing communications component.

The average allocation of the budget proposed by respondents was:

1. Advertising – average of 26.33% of budget allocation
2. Sales promotion
3. Sales force abilities
4. PR and sponsorship
5. Point-of-purchase communications – average of 14.00% of budget allocation.

The allocation of budget per communications component closely reflected the ranking of the components based on perceived relative importance. A difference was evident between the relative ranking of point-of-purchase communications and public relations and sponsorship and the allocation of budget.

Table 3: Respondents' proposed spend of marketing communications budget per marketing communications component

Marketing communications components	Respondents' proposed % spend of marketing communications budget per marketing communications component															Mean % spend per component (average)
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	
Advertising	20	30	50	30	40	30	30	30	20	20	20	25	20	10	20	26.33
Sales promotion	20	20	10	25	30	10	10	30	20	20	40	25	10	50	25	23.00
Sales force abilities	30	15	20	15	10	30	30	10	20	10	10	20	60	20	15	21.00
PR and Sponsorship	20	30	10	20	10	10	10	20	10	40	10	10	5	10	20	15.67
Point-of-purchase communications	10	5	10	10	10	20	20	10	30	10	20	20	5	10	20	14.00

When the respondents had ranked the components of marketing communications and allocated a percentage of their budget to each component, they were requested to provide an indication of the expected percentage contribution to return on investment per marketing communications component.

The assumption made was that if a marketing communications component was more important than another and received a greater percentage of the marketing

communications budget, then the expected percentage contribution to return on investment for that component should be greater.

Table 4 summarises the position taken by the respondents.

The projected percentage contribution to return on investment per marketing communications component was as follows:

1. Advertising – perceived to provide the largest return on investment
2. Sales promotion
3. Sales force abilities
4. Point-of-purchase communication
5. PR and sponsorship – perceived to provide the smallest return on investment

The ranking of the components by respondents from most to least important, the allocation budget per component and the expected return on investment per marketing communications component were closely aligned.

There was a level of uncertainty, albeit low, with regard to the importance and contributions made by PR and sponsorship and by point-of-purchase communications. This uncertainty was evidenced by the average allocation of budget and average projected percentage contribution to return on investment relating to PR and sponsorship and point-of purchase communications.

Table 4: Respondents' projected percentage contribution to return on investment per marketing communications component

Marketing communications component	Respondents' projected return on investment per marketing communications component															Mean % spend per component (average)
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	
Advertising	20	30	50	>30	>40	40	40	10	20	50	40	40	10	10	30	30.67
Sales promotion	20	20	10	>25	>30	15	40	10	20	10	30	30	5	50	40	23.67
Sales force abilities	30	20	30	>15	<10	25	5	30	30	10	10	5	30	20	5	18.33
PR and Sponsorship	20	15	5	>20	<10	10	5	20	10	20	10	5	5	10	15	12.00
Point-of-purchase communications	10	15	5	>10	<10	10	10	30	20	10	10	20	50	10	10	15.33

With the information gathered it was useful to establish the percentages of respondents ranking each communications component from the most important to the least important contributor to diesel retail sales.

Table 5 reflects the summary of this ranking.

It was clear that no respondent ranked advertising as least important and no respondent ranked PR and sponsorship as most important.

Table 5: % of respondents ranking each marketing communications component from most important to least important

Marketing communications component	Most Important	2nd	3rd	4th	Least Important
Advertising	46.7	20	6.67	26.7	**0**
Sales promotion	20	33.3	33.3	6.67	**6.67**
Sales force abilities	26.7	13.3	20	6.67	**33.3**
Point-of-purchase communications	6.67	6.67	33.3	26.7	**26.7**
PR and Sponsorship	0	26.7	6.67	33.3	**33.3**

With regard to ranking of a communications component as most important;

a. 46,7% of respondents ranked advertising as the most important component of marketing communications that increases diesel retail sales.

b. 26,7% of respondents ranked sales force abilities as the most important component of marketing communications that increases diesel retail sales.

c. 20.0% of respondents ranked sales promotion as the most important component of marketing communications that increases diesel retail sales.

d. 6.67% of respondents ranked point-of-purchase communications as the most important component of marketing communications that increases diesel retail sales.

e. 0.00% of respondents ranked PR and sponsorship as the most important component of marketing communication that increases diesel retail sales.

Refer to Table 7 – Part 1, Appendix B for detail of results presented in (a) to (e).

The pie-chart in Figure 2 presents the results described in (a) to (e).

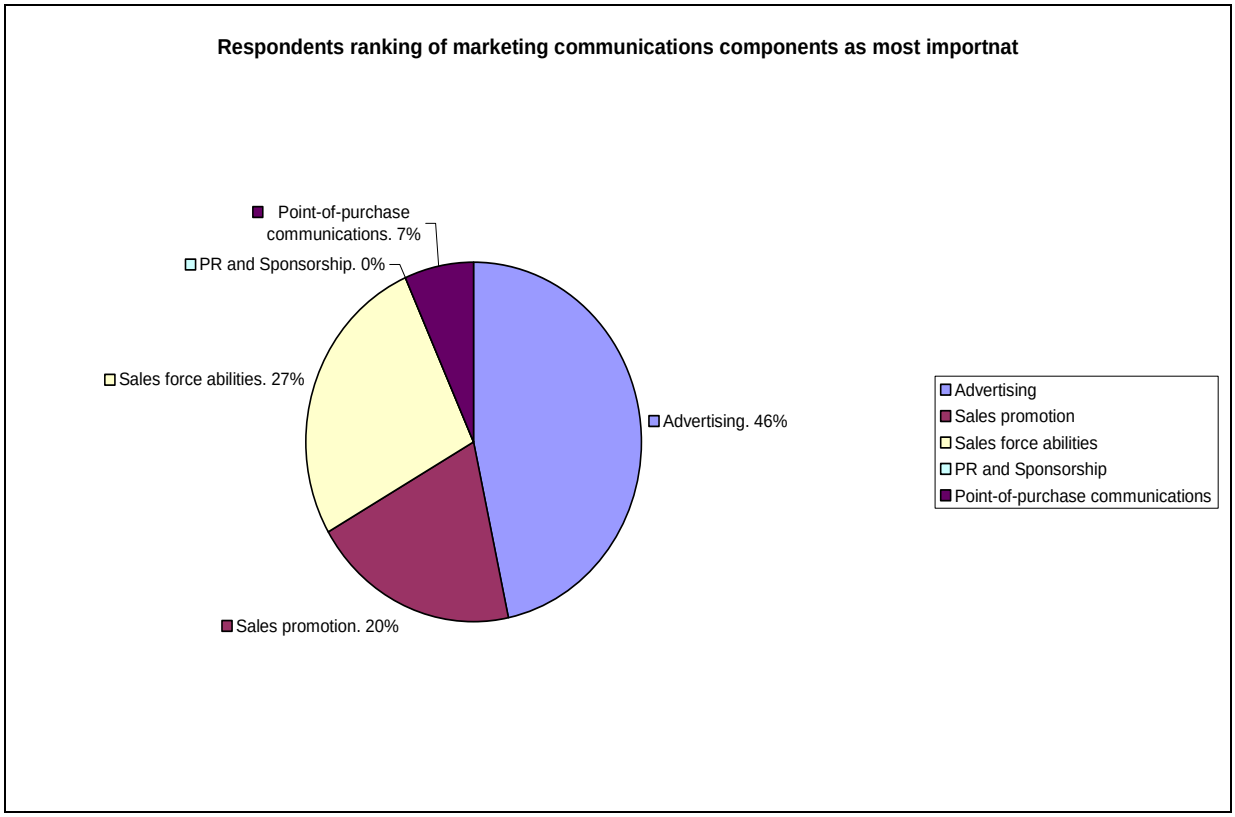

Figure 3: Respondents ranking of marketing communications components as most important

The results pertaining to relative importance, budget allocation and contribution to return on investment are graphically presented in Figures 4, 5 and 6.

In all summaries of the relative importance of the IMC components, advertising is overwhelmingly considered as the most important contributor to sales and generates the largest ROI.

There is certainty that sales promotion is the second largest contributor to ROI followed by sales force abilities.

Uncertainty is demonstrated regarding the relative importance and contribution to ROI made by point-of-purchase communications and public relations and sponsorship.

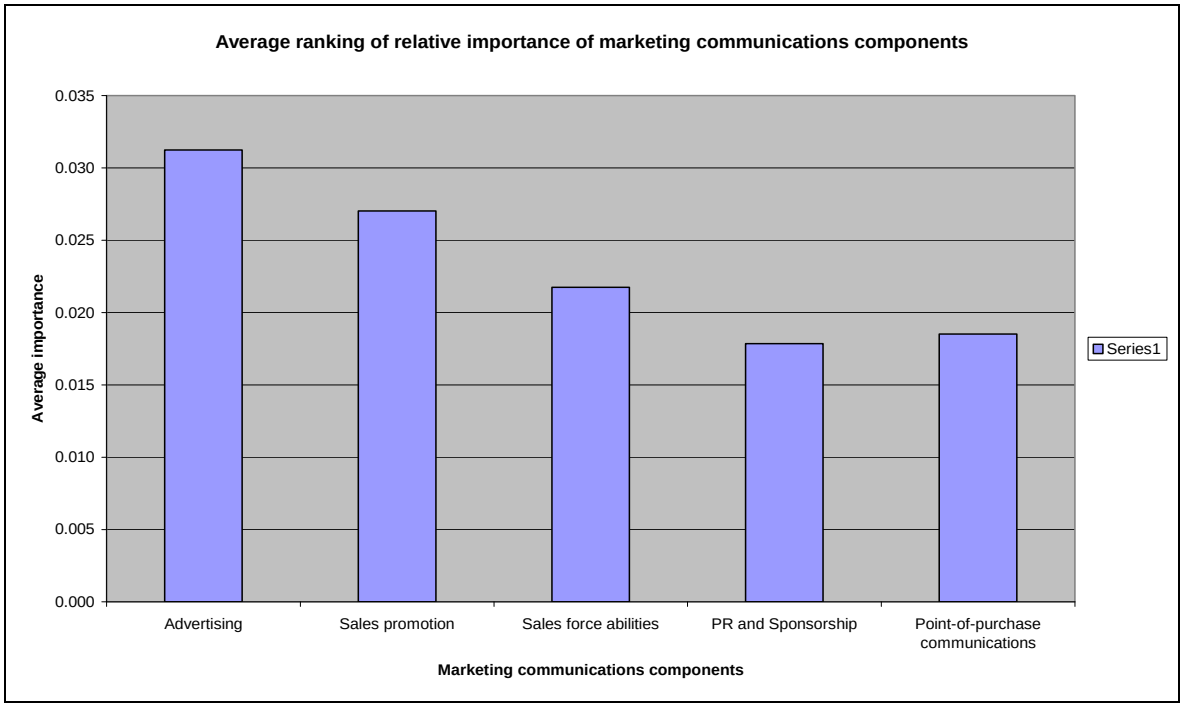

Figure 4: Average ranking of relative importance marketing communications components

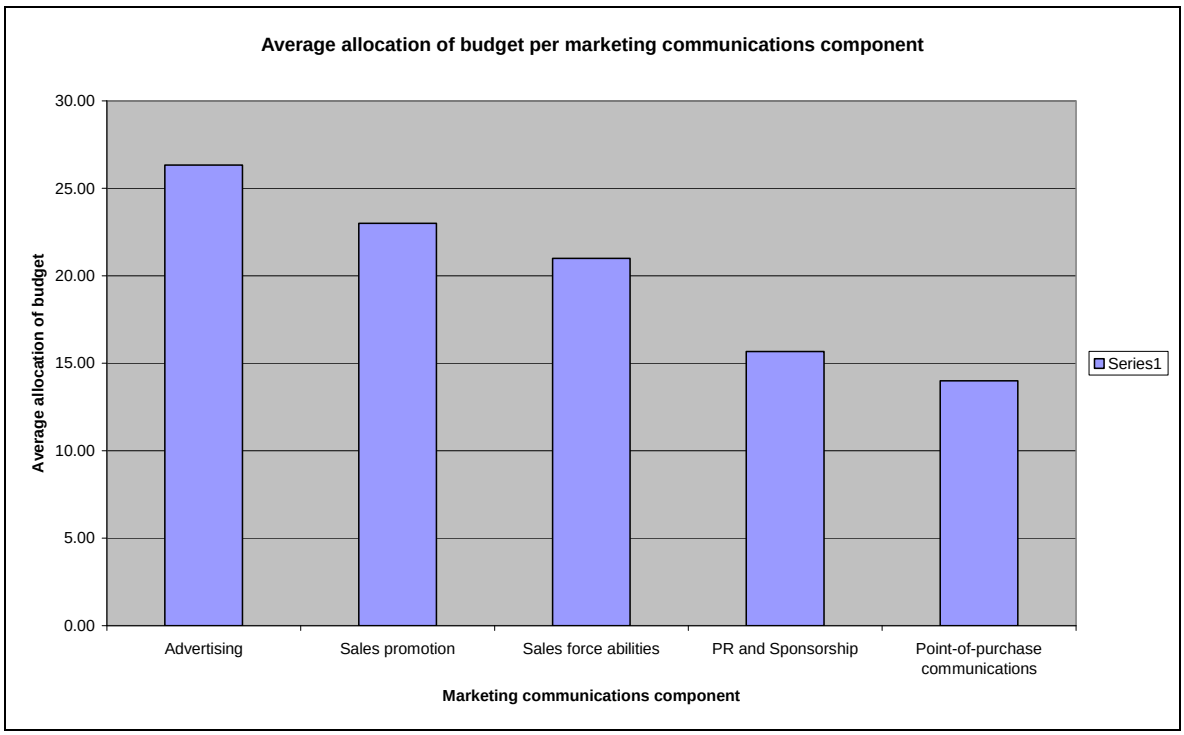

Figure 5: Average allocation of budget per marketing communications component

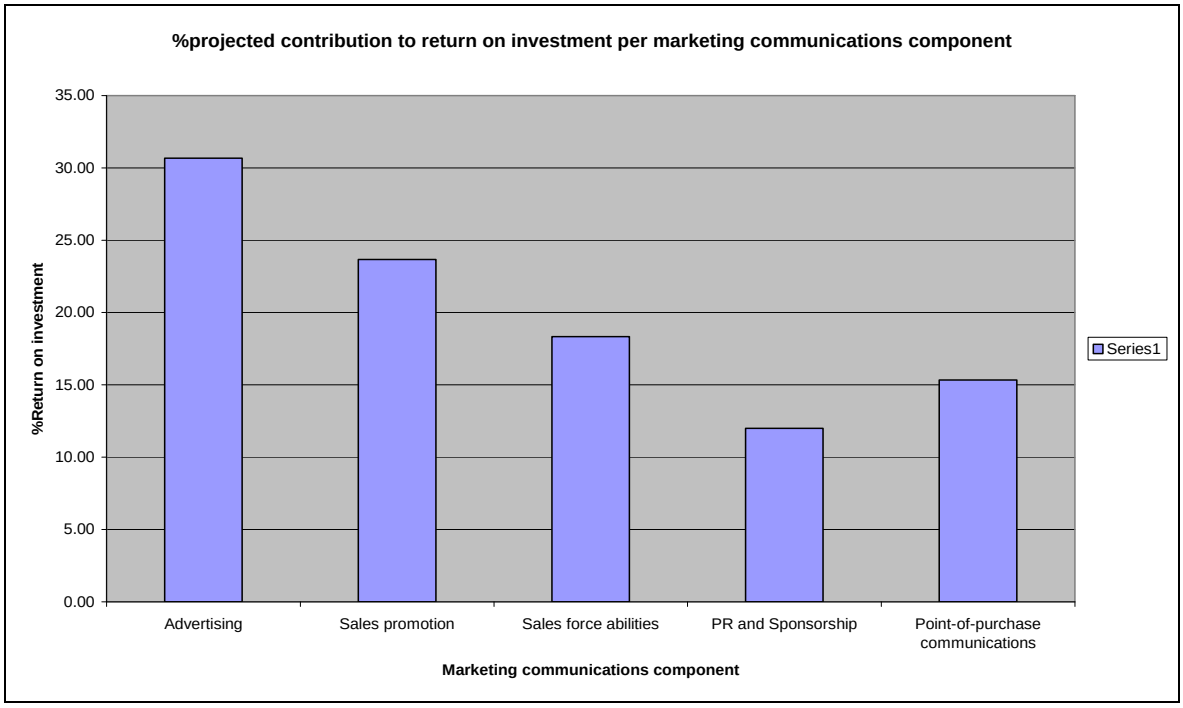

Figure 6: %Projected contribution to return on investment per marketing communications component

Respondents agreed that there was relative importance of each marketing communications component. Fourteen of the fifteen respondents i.e. 93% of the respondents agreed that the integrating of the marketing communications with consideration of the relative importance of each component is positively related to improving marketing communications performance and increased sales. 100% of the respondents agreed that integrating the marketing communications components is positively related to increasing brand awareness and thus increasing brand value.

The respondents argued in favour of and agreed that the relative importance of IMC components is equivalent to the contribution that a component will make in terms of return on investment. The contribution to return on investment made by a component would be difficult to determine, but the emphasis was that the primary purpose of making an investment in any aspect of the fuel business was based on the expectation of a financial return.

Eleven of the fifteen respondents clearly emphasised that advertising, sales promotion and sales force training are the three most important components of marketing communications that are directly linked to sales. With the prevailing drive in the fuel industry where companies are working to differentiate their brands and product offerings, advertising is the most efficient communication tool.

With discounting of diesel permitted in the retail industry, sales promotion in the form of price discounting is second to advertising with regard to contribution to return on investment. The profit margins and thus the price contribution ratio in the fuel retail industry are not very high. The low price contribution ratio that is attainable with discounting results in a limited amount of price discounting in the fuel retail industry.

The contribution of the sales force is considered to be the third largest contributor. The owners and managers in this industry regard sales force as crucial in delivering on the promise made by the advertisements and sales promotions. A failure on the part of the sales force has a lasting impact in that customers

generally do not return after a poor service experience. On the other hand repeat business often results from excellent service.

Respondents found difficulty with placing point-of-purchase communications and PR and sponsorship relative to each other. With diesel retailing, the service will determine whether a customer returns to purchase. Once the customer has experienced an acceptable quality of service, the customer is likely to return. The function of the point-of-purchase communication is thus diminished because the customer at that point has already made the decision to purchase. Point-of-purchase communication is thought to have the function of informing the customer of the options that the customer might have i.e. perhaps customers would want to know that they can select between various grades of diesel.

Most retail fuel outlets are located within residential or business communities others are located on national highways. With regard to the retail outlets that are located in business communities, respondents believe that the retail outlet's sponsorship activities or responsibilities are very much the same as those of other businesses within the business community. Within residential communities, the sponsorship activities that a retail outlet contributes toward make a profound difference to the view that customers have of the business and this gesture of goodwill can translates into sales and long term loyalty provided the sales force delivers on the promises communicated through advertising and sales promotions.

Owners of new fuel retail brands expressed that consciously working with the marketing communications, components based on understanding the relative importance of each component and its specific function early in the life of the brand so that the process is entrenched early, can contribute substantially to brand value. This view is based on the experience where it was difficult to train and educate the sales force on the importance of the messages and the relative value. Owners of new retail brands caution that failure to integrate the communicated messages from inception of the brand results in employees settling into comfort zones. The comfort zones are generally very operational and there is resistance to be market/customer orientated, because a market/customer cultural

orientation requires continual change and adaptation much less than an operational orientation.

Table 6 summarises the views of all the respondents relating to integration of the marketing communications components based on relative importance.

Table 6: Perceived effect of successful integrating of marketing communications components based on relative importance

Effect of integrating marketing communications components	Respondents' view on the impact of successful integration of marketing communications components based on relative importance														
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
Increases diesel retail sales		✕	✕	✕	✕	✕	✕	✕	✕	✕	✕	✕	✕	✕	✕
Has no effect on diesel retail sales															
Decreases diesel retail sales	✕														
Not sure of the effect on diesel retail sales															

93% of respondents were confident that successful integration of marketing communications components based on relative importance would increase diesel retail sales.

0% of respondents thought that integration of marketing communications components based on relative importance would have no effect on diesel retail sales.

7% of respondents expressed that successful integration of marketing communications components based on relative importance would decrease diesel retail sales. This 7% translates to one outlier from the fifteen respondents that were interviewed. The possible reason for the outlier is that the interviewee, held a very strong opinion that IMC has the potential of confusing customers, as the risk of failure to integrate the communicated messages has the real risk of affecting credibility in the South African market.

0% of respondents were not sure of the effect of integration of marketing communications on diesel retail sales.

With regard to proposition 1 diesel retail sales are positively impacted by all five of the identified marketing communications components.

The results reflected in Table 4 clearly demonstrate that advertising is the most important component of IMC components followed by sales promotion and sales force abilities. The relative importance of these three components of IMC was confirmed by:

- Identification and ranking of the components by respondents
- Confirming relative importance through allocation of marketing communications budget to the components
- Confirming relative importance by indicating expected return on investment per marketing communications component.

With regard to PR and sponsorship and point-of-purchase communications there is uncertainty relating to ranking of these communications components relative to each other in terms of importance in contributing to improving diesel retail sales.

4.4 Summary of results

The results from this study confirm that all the identified marketing communications components have an impact on diesel retail sales. In addition the results reflect that in the components having distinct functions with regard to marketing communications they also affect diesel retail sales differently implying that there is relative importance. The view of the respondents is that there is undoubtedly a relative importance between the marketing communications components that is based on the projected contribution of each component to return on investment per component. There is a firm view that integration of the components will be successful provided that the relative importance of the components is considered in the integration process.

5 DISCUSSION OF RESULTS

5.1 Introduction

A prevalent theme in the literature review was that organisations continuously send messages through their activities to a broad array of stakeholders. The stakeholders could have multiple associations with the organisation. The structure of the relationship between the organisation and its stakeholders makes it imperative for consistency and integration of the communications to eliminate confusion and conflict and create synergy. This theme resonates with the views articulated by respondents in this study.

Technology has an important function in the integration of communicated messages. Respondents in this study highlighted that organisations need to be constantly aware of how the market accesses the communicated messages and marketers must align with these mechanisms to avoid the risk of failing to communicate.

The theory from the literature review strongly suggests that stakeholders will in any case integrate the messages that an organisation communicates to the market. To avoid restructuring of the communication and integration in a manner that was not intended, organisations should take control and ensure that there is alignment and integration of the messages that are communicated.

Respondents argued strongly that not all messages and instruments used for communication have equal effect. Marketers need to be acutely aware of the relative impact that a component of marketing communication might have and that the effects of the components can be used to develop and leverage the relationship that an organisation has with stakeholders.

Respondents highlighted that marketing costs are escalating and organisations that are communicating with the market need to focus on understanding the costs and the returns from the investments in order to improve decision making related to marketing spend. The underlying concern is that if marketing is considered to

be an investment, then there needs to be some calibrated method for measuring the return on investment.

5.2 Demographic profile of respondents

The objective was to obtain a sample of respondents that had experience in diesel retail sales. The sample was a convenience sample that had extensive diesel retail sales experience. Several respondents had experience in diesel retail sales with more than three brands.

20% of the respondents had previously experienced the process of rolling out a new brand and were familiar with the aspects of marketing communications that had to be attended to in order to get maximum value out of the communications process.

27% of the respondents were currently engaged with launching their own new retail brands and had detailed understanding of the process of communicating with the market in order to improve the success of their brands. Integration of the communications components was central to their launch campaigns.

The plan was to obtain respondents that were familiar with the marketing communications process and components and willing to share their experiences and views relating to relative importance of IMC components.

All respondents were very keen to share their experiences. Interviewees were concerned that the budget spent on communications was sizable, but has escaped scrutiny from management in the manner that other areas of business such as projects are scrutinized for evaluation of what might or might not have worked as planned and what needs to be improved, maintained or eliminated.

There was a level of impatience on the part of the respondents that businesses should work quicker to arrive at a stage where there could be a formulated process for measuring return on investment per marketing communication component.

Respondents also verbalised that it would take time to further research the relative importance of the communications components perhaps taking all products into consideration i.e. diesel and petrol into account. There was interest expressed that a full time focus on this should be motivated for. This view was specifically held by the owners of emerging brands who expressed that they could catapult their brands into visibility by correctly allocating funds that are very tightly budgeted for.

Owners of new brands saw IMC as strategic to their business and clearly expressed that it is important for a successful outcome to keep focused on the quality and comprehensiveness of the process whilst ensuring flexibility to deal with the customers developing perception of the brand. New brand owners expressed a need to find a means of ensuring that the marketing communication within their businesses is performance driven.

5.3 Results pertaining to the research proposition

All respondents stated with conviction that if a fuel retailer does not advertise, he will not increase diesel retail sales. Respondents expressed that without advertising, the brand would fall into obscurity. The view and fear was that with a brand falling into obscurity, customers might begin developing the notion that the products offered by the brand were in some way not what the market needed or that the products were of inferior quality.

Interviewees explained that advertising is an efficient means of communication and reaches the target market informing, persuading and reminding customers of the product's features and benefits. One respondent cited the case of Coca-Cola and Pepsi and brought to attention the fact that Coca-Cola has for many years had the largest advertising budget.

The respondents unequivocally stated that importers of diesel successfully place large shipments of diesel based on accurate identification of the target market and creation of awareness through relentless advertising. Informing the customer or prospect of the diesel quality and benefits e.g. a diesel with low sulphur content

creates confidence and improves attitude of the customer toward the brand because it is understood that the impact on the vehicle and the environment is much less than that of a diesel with a high sulphur content.

The concern with advertising as expressed by the interviewees is that the advertisement must convey the message related to the diesel. The advertisement must not become an entertaining insert with a message that is dislocated from the product. Respondents firmly expressed that communicators should not confuse the entertainment value of an advertisement with liking of the advertisement. Respondents firmly believe that the liking of an advertisement by customers plays a major role in attitude toward the brand. Companies that have focussed on quality advertisements with a clear message have for extended periods recorded month-on-month sales growth of between 5% and 14%. Respondents highlighted that poor quality advertisements do not yield the expected results and could possibly have long-term negative effects on diesel retail sales.

Respondents expressed that although advertising does create affinity for the brand, it goes hand-in-hand with “delivery on the promise”. The delivery will happen through the sales force on the retail forecourt. Reference was made to a distinction between a sales force and sales service, where service is developed through education and training of a sales force. The sales service experience often expressed as the “personal touch of the forecourt attendants” initiates the process that results in customers coming back for repeat business. The repeat business creates the opportunity to improve product knowledge of the customer, develop affinity and build long term brand loyalty.

The sales force largely delivers on the promise of the advertisement and on the sales promotion. There was evidence of the interdependence of the marketing communications components. The sales force as viewed by the interviewees cannot conduct itself in a manner that is removed from the message that is conveyed through sponsorship initiatives or the public relations orientation of the brand. It appeared that the sales service is the moment of truth in the whole marketing communications process and failure on the part of the sales force can have adverse effects on the objective of the marketing communications process.

The interviewees convincingly expressed that what customers return to is the quality of the service and the convenience and thus commence with a relationship that over an extended period converts to brand loyalty. The sales force in delivering on the expectations created by advertising, sales promotion, publicity and sponsorship then serve as a contact for developing product knowledge.

Point-of-purchase promotions contribute to sales by serving as the link at the purchase point between what has been advertised and the awareness created by publicity and sponsorship. Interviewees highlighted that if the point-of-purchase message is not aligned with the advertising, promotions, publicity and sponsorship it causes customers to ask questions that challenge the credibility of the brand e.g. if the point-of-purchase communications still refer to a sponsorship that has been terminated for a sports team, customers actually become irritated and often view this behaviour as fraudulent. Interviewees believe that it is prudent to change the point-of-purchase communications once the announcement of termination of sponsorship is made. This might be a huge effort, but it has long-term value as customers are becoming more sensitive to the integrity with which corporations operate.

Respondents expressed that IMC directly and positively impacts diesel retail sales. Each of the integrated components performs a specific function but the synergy, where synergy is defined as an increase in the effectiveness of each instrument due to the presence of other instruments; the combined effect of the communications mix is greater than the sum of the parts (Naik and Raman, 2003), between the components contributes to improving sales and long-term brand value.

Respondents admitted that there is a complex relationship between the components of IMC. Respondents had a strong view on the relative importance/value of each component in the integrated communication but stressed that despite the clarity on the relative importance of the components, it was difficult to implement because IMC involved concepts and processes. This view is aligned with that of Kitchen, Kim and Schultz (2008). The respondents expressed that once the concepts have been understood, the processes would be

easier, but the level of expertise of the teams in the emerging brands was the major challenge as most of the expertise resided with the owner or manager.

Several respondents highlighted that emphasis has been placed by many organisations on alignment of employees for a common cause. The common cause is usually profit. This intense focus on profit and reaching sales targets to achieve profit objectives is possibly the greatest impediment in achieving the objectives of IMC. The respondents that articulated this view explained that to achieve sustainable retail diesel sales growth, the focus has to be integration of marketing communications components and the way to reaching this goal is brand orientation.

First, all participants in the communications process must be brand orientated. Achieving orientation to the brand is a process on its own that often requires education and clarity on brand value and brand identity. The reward systems of organisations are largely structured around profit and not brand value and identity. When the brand value and identity has been embedded, it serves as a focal/reference point for the messages conveyed by the marketing communications components.

The message that is communicated by each of the components cannot be dislocated as it will directly have a negative effect on brand value. When the brand is the focal point and the messages conveyed by the marketing communications components are integrated, the next step will be to ensure that the strategy is aligned and implementation of the strategy will deliver the value in terms of brand loyalty, profit and sustainability of the business.

Respondents argued that brand messages will then be strategically driven. Interviewees stated strongly that in the diesel retail industry many brand's diesels can serve the same function. With this being true, the focus will then be to create brand distinctiveness i.e. to differentiate the brand from other brands that offer similar product utility.

Differentiating the brand is a product of strategic communication and delivery on the communicated message at all points of customer contact. The value of the

brand as strongly argued by all respondents resides in integration of the communicated messages to drive strategy. The strategy and a reward structure that is aligned with the brand value and communications drives behaviour of the organisations and in many ways determines the attitude of the customer toward the products and ultimately the affinity of the customer for the brand.

The interviewees expressly believe that the brand should be the focal point for marketing communication. Brand focus supported by integrated communications helps to align strategy.

Advertising is the component of in the integrated marketing communications that is of most importance as it creates awareness and could be the very first stimulus for demand. Even though advertising was viewed as fundamentally important to contribution to diesel retail sales, respondents clearly stated that the purchasing behaviour of customers is aligned with the weak theory of advertising; consumers do not generally develop loyalty to one brand through advertising and other factors such as availability and customer satisfaction play a key role together with advertising to create opportunity for the customer to consider the product (Barnard and Ehrenberg, 1997).

Sales promotion is the second most important and caution must be taken not to reduce the value of the brand as promotions often create the impression that lower price of product is associated with inferior quality and this could have a very immediate effect on brand value.

The sales force abilities are viewed as third important, but critical in that the sales force is the point of contact where the customer experiences personal contact with the brand. Interviewees experienced the sales force as the pivot between advertising and sales promotion and publicity, sponsorship and point-of-purchase communications. Several respondents expressed that the sales force gives a true “personality” to the brand and failure to have full integration at the sales force level is possibly the clearest indication of a failure in the integration of the communication with the market.

IMC created the opportunity for improved communication consistency. Interviewees cautioned that whilst integration of communications generates several benefits it also has the potential to create confusion and customers can quickly develop a negative attitude toward a brand that sends out confusing communications.

Several respondents made the point that in the early stages of IMC, it might be very operational, but that the passage through an operational phase will be beneficial as it provides the opportunity for all stakeholders, especially employees and customers to participate. It might be chaotic at the beginning, but the chaos serves as a fertile learning ground. It is important however that the function of IMC be developed from tactical and executional to strategic and results driven.

Throughout the process of interacting and communicating it is important that evaluation takes place in order to establish at which stage of the IMC process the organisation is.

5.4 Conclusion

It can be concluded from this study as argued by the respondents and supported by the literature, that the ultimate value that marketing communications should develop is brand value.

The brand value is driven by affinity for the brand which is evidenced in sales. The sales are impacted by the components of marketing communication with each component in the integrated communications contributing to a differing extent when compared with another. The components have differing impacts that can be correlated to sales. This study does not numerically correlate perceived relative importance of marketing communications component to sales. The data in this study are all ordinal data and must not be mistaken for interval/numeric data.

Respondents strongly argued that in the marketing communications components, sales force is the pivot component that links advertising and sales promotion on

one hand to point-of-purchase communications and PR and sponsorship on the other.

Advertising is the most important component of integrated marketing communications. Advertising in the fuel retail industry creates awareness which can be developed into knowledge and conviction that translates into sales. This is contrary to established understanding that sales promotion is the first lever to engage in an effort to drive retail sales.

In the fuel retail industry the price contribution ratio is small and customers do not have the tendency to stockpile as the price of fuel fluctuates monthly in South Africa and the risk of stock revaluation is a risk that all parties in the value chain work at minimizing. In addition customers do not have the capacity/facilities to stockpile. Sales promotion is considered to be the second most important component of integrated marketing communications and respondents argued that the limited capacity to price discount does attract customers, usually first-time buyers and this presents the opportunity to deliver a superior service that hopefully converts to brand preference and long term loyalty.

The moment of truth lies in the quality of service that the sales force delivers. The sales force needs to be fully aligned with the messages communicated through advertising and sales promotion.

Point-of-purchase communications and PR and sponsorship oscillate between positions four and five with regard to relative importance of integrated marketing communications. These two components are important, but they drive sales to a lesser extent than the other three components. Negative publicity and poorly aligned point-of-purchase communications must be avoided as these can severely diminish the impact of advertising; sales promotion and sales force abilities.

Respondents explained that the size of the organisation played a critical role with regard to ease of facilitating the process of utilising integrated marketing communications based on relative importance. New and smaller brands had a better opportunity to entrench this approach to marketing communications and start with implementation at a tactical, operational level, develop understanding

and then to move the processes to be more strategic and focused on developing a competitive advantage that translates into brand value for the organisation.

The use of interviews for gathering data appears to have contributed to the reliability of the data. The process was not scientific but it provided the opportunity to extract opinion from business people, that have experience and skills and have developed a wealth of knowledge relating to the marketing communications components. The argument for validity is non-scientific and based on face validity i.e. on the surface; the interviewing process appeared to be adequately serving the purpose of gathering the data and contributing to measuring the relative importance of the integrated marketing communications components. The method used to ask the same questions of every interviewee and the checking for supporting evidence of a position taken or opinion provided contributed toward the accuracy of the conclusions drawn from this research thus providing some comfort with the level of internal validity.

6 CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

The argument by Schultz (1996) and the evidence gathered in this study provide a strong basis for suggesting that customers integrate a company's/brand's communication with or without the intention of the company/brand. If this is true, then it is not entirely the decision of the communicator to integrate the message. It would be prudent for the communicator to integrate the messages communicated by the different components of marketing communication in order to minimise the risk of messages being ignored or being integrated in ways that the communicator did not consider, that might be detrimental to the brand.

It is also imperative that with integrating the messages, the relative importance of the components should be considered and the allocation of resources to the various components be managed to ensure that there is no conflict in the messages and that resource allocation is based on the projected percentage return on investment. Continual evaluation of the projected and actual return on investment will contribute toward development of a model that can be used to extract the maximum value from integrated communications.

The evidence gathered in this study concurred with the position taken by Duncan and Moriarty (1997) and subsequently supported by Keller (2001) that IMC plays a strategic role in managing the intangible aspects of a business and crafts relationships with customers and other stakeholders to create positive perceptions, behaviours and attitudes towards brands.

6.2 Conclusion of study

Table 7 summarises the findings of the research.

Table 7: Research proposition and findings

Research Proposition	**Findings**
Diesel retail sales are positively impacted by successful integration of the following IMC components (in order of relative importance)	
Advertising	Respondents affirmed that advertising was the most important component of IMC that served to improve diesel retail sales.
Sales promotion	Respondents confidently ranked sales promotion as the second most important component of IMC that improved diesel retail sales.
Sales force abilities	Sales force abilities were ranked as the third most important component of IMC that improved diesel retail sales
PR and Sponsorship	Respondents experienced difficulty in ranking of PR and Sponsorship and point-of-purchase communications regarding the relative importance in contributing to improving diesel retail sales.
Point-of-purchase communications	

Advertising, sales promotion and sales force abilities were ranked first, second and third respectively in terms of relative importance of the IMC components to improve diesel retail sales. Respondents experienced difficulty with ranking of PR and sponsorship and point-of-purchase communications in terms of relative importance of the IMC components to improve diesel retail sales . The findings of the research resulted **in partial acceptance of the research proposition**.

The brand has an emotional and symbolic appeal and ties in with customers' personalities and values. IMC is centred on building and leveraging relationships with customers. The messages communicated through the brand have the ability to build or destroy the relationship with customers. Integrating the marketing communications to support the brand delivers on brand value that converts to sales. Advertising is imperative and the message communicated through advertising must be tightly woven to the values and emotions that are associated with the brand.

Sales promotions that are aligned with the advertised messages reinforce the communication and are viewed as the second most powerful communications tool for long term value, provided that sales force provides the service that is expected during a sales promotion, thus delivering on the promise that is communicated through advertising and the sales promotion.

Well structured and strategically coordinated publicity and targeted sponsorship oscillate between positions four and five in the communications hierarchy, but failure to deliver with integrity in the areas of sponsorship and publicity has far reaching and extremely detrimental effects on all other campaigns.

At all times during the business and communications process, the brand is the focal point for building affinity and customer loyalty. The brand is what will move the organisation competitively.

The communications process must be part of the strategy of the organisation, but the brand underpins the entire communication. Brand-orientation focuses on customer service and gives the organisation a personality that is often linked to quality of products and conscience of the organisation.

If an organisation can successfully develop a common understanding of where they wish to take their brand and support this understanding with IMC and a strategy that is aligned with brand value and IMC the whole marketing process will become more efficient and effective and deliver on the sales that are necessary for generation of profit.

Most respondents accepted IMC to be a structure around which marketing can be organised. This aligns with the view that IMC can assist with directing a strategy.

Kitchen (2000) argued that IMC could be viewed as a crucible into which marketing communications should be poured. If this approach were adopted, then brand building will be the focal point, IMC structured around brand building and marketing business structured around IMC. This could possibly lead to efficiencies in marketing, but the challenge will be implementation of the process to get the brand, IMC and strategy perfectly aligned and to maintain the alignment as changes take place in business.

Most organisations in the diesel retail industry in South Africa are at stage 1 of IMC development. The activities of these organisations as described by Schultz and Kitchen (2000b) can be termed “inside-out marketing”. They have little or no customer focus and appear to bundle the promotional mix elements together so that they “speak with one voice”.

There are early signs of some moving into stage 2 where there is evidence of actively considering what customers need. This as per Schultz and Kitchen (2000b) represents “outside-in” marketing. It is a major step in the direction towards IMC being driven by customers and their needs.

The view of the interviewees appeared to suggest as argued by Schultz (1996) that integration of marketing communications is a natural and inevitable result of progress in the use of promotional tools; as markets develop and customers become more aware of a brand, they begin to integrate the messages subconsciously. When customers know of inconsistencies, they question the integrity of the brand.

Even though PR and sponsorship were not the most important components of IMC, respondents highlighted that positive publicity has the ability to generate value for a brand.

The company very often does not have control over how a message will be presented in the media, but positive publicity can reinforce the message conveyed by the other components of communication, while negative publicity amidst the messages conveyed by the other components of IMC can severely challenge the credibility of a brand, because customers default to the most credible information sources to assess the trustworthiness of other information in the marketplace. This view aligns with that of Stammerjohn et al (2005), that positive information about a product from a credible source will effect information processing, which in turn affects attitudes toward a product.

Respondents throughout the interviewing process clearly articulated that communication with the market is always orientated with the brand. For well-established brands IMC is more about maintenance of the brand image while growing the brand value. For new brands, using IMC early in the life of the brand is an investment rather than an expense.

Advertising and promotion of a brand drives diesel retail sales. Advertising drives sales more effectively than sales promotion. This appears to be in direct contradiction of the general acceptance that sales promotion is the fastest way to improve sales. The explanation of this contradiction is that diesel cannot be stockpiled by the ordinary consumer and discounting cannot be for extended periods because of the monthly change in the diesel price and the very real risk of exposure to stock revaluation caused by the price change.

Integration of the components of marketing communications increases the effectiveness of the components. To achieve synergy and have the maximum impact, there must be clarity and consistency. Respondents agreed that some of the critical conditions for success include:

- An outside-in approach

- Consistent strategy
- Control of the communicated message
- Development of customer understanding.

These aspects are aligned with the thinking expressed by Kitchen, Kim and Schultz (2008).

It was evident from the responses of the various companies interviewed that organisational characteristics including size of the organisation, stage in the development of the brand and size of the marketing budget, that they reacted differently to IMC as posited by Reid (2005)

The study revealed that there is relative importance of each component of IMC in the fuel retail industry and budget allocation based on relative importance is a critical consideration if an organisation seeks to intensify the drive to maximize brand value Prasad and Sethi (2009).

Although it is clearly evident that there is relative importance of the components of marketing communications, it is imperative to note that in utilising this knowledge when communicating there are other aspects to consider as highlighted by Duncan and Mulhern (2004) and supported by Kliatchko (2005). These include:

- A sound knowledge of the organisation's stakeholders that are acquired and interacted with through the two way communication
- Communication tools must be selected on the basis of the organisation's resources and their favourability to the targeted recipient
- Strategic coordination of the various communication tools and communicated messages in a manner consistent with the organisations brand positioning, which maximizes synergy to build strong brands and stakeholder relationships
- The use of appropriate, timely and data-driven evaluation and planning to determine the effectiveness of the process

- Well coordinated inter-functional and inter-organizational relationships with those responsible for implementing marketing communication campaigns.

The proposition for this research was:

Diesel retail sales are positively impacted by successful integration of the following IMC components (in order of relative importance):

- Advertising
- Sales promotion
- Sales force abilities
- PR and Sponsorship marketing
- Point-of-purchase communications

The findings of the research confirmed that as per the proposition, advertising, sales promotion and sales force abilities are ranked as most important, second most important an third most important components respectively of IMC that positively affect diesel retail sales.

There was uncertainty of the relative importance of public relations and sponsorship and point-of-purchase communications relative to each other.

The findings of the research resulted **in partial acceptance of the research proposition**.

There is a strong case for further investigation of the value generated by public relations and sponsorship and point-of-purchase communications as the collective allocation of marketing communications budget for these two components amounted to 30% of the total marketing communications budget.

6.3 Recommendations

In the diesel retail industry advertising is the component of IMC that will create awareness and in reminding the customers of the brand, nudge customers to purchase the brand. Diesel retailers need to carefully consider the messages that are conveyed with advertising. It is important that the message is not dislocated from the features and benefits of the product and must aim to generate a liking for the brand. It is recommended that the entertainment aspect of an advertisement be carefully considered as this can detract from the brand and fail to convey the message thus failing to deliver on sales.

Sales promotion being the second most important component of IMC makes a substantial contribution to sales, but retail customers to a large extent cannot stockpile diesel hence the benefit offered by sales promotion is limited. It is recommended that sales promotion be used to attract first time buyers, but the strong support of the third most important component of IMC i.e. sales force abilities must be leveraged to deliver a strong message on the brand to retain the customers.

Diesel retail outlets are largely located within communities. This location suggests that most customers will be from within the community where the retail outlet is located. This structure of the industry sets the stage for PR and sponsorship work within the community that will in turn develop an orientation towards the brand. It is valuable to avoid negative publicity.

Point-of-purchase communications can trigger an immediate purchase. The message conveyed by the point of purchase communications must be fully aligned with all other messages as failure to align can result in inability to sell at the point where the customer is actually positioned to purchase. It is understood though that in the diesel retail industry point-of-purchase communication can be used to create awareness of the options available to the customer. The reason for this is that a customer has, at the stage of arriving at the retail outlet, already made the decision to purchase.

Diesel retailers must use IMC to leverage the synergy between different communications activities. Every communication opportunity must be strategically consistent.

Consistency needs to be reflected in the spending and the return on the investment. To improve sales and create a successful brand it is necessary to ensure that messages that are communicated are strategically driven based on importance of the communication component.

Synchronization of the components to communicate the message will enhance sales and brand value which could develop into long term loyalty, liking of the brand and ultimately sustained sales and brand success.

It is recommended that quantitative research be conducted in the relative importance of IMC components in fuel retailing in South Africa. Focusing on the communications components based on their relative importance and allocation of resources on the same basis with integration of the components at a tactical and strategic level will increase sales.

Increased sales enhance the brand from an awareness perspective and create the opportunity for brand differentiation in an industry that has experienced difficulty with product differentiation. Brand distinctiveness will add value to the products and provide competitive advantage. By integrating the marketing communications components whilst being cognitive of the relative importance of each component, value is created outside of the physical product.

Planning of IMC process and running a simulation would contribute toward reducing errors that are often discovered during implementation. This will avoid problems that compromise the efficacy of IMC programs (Kitchen, Kim and Schultz, 2008). Moreover, the strategic dimension of IMC should be formulated during planning.

A compelling argument is made by Shultz (1996) that integration is driven by technology and is thus irresistible. This leads to a recommendation that companies should review their use of technology and find ways to exploit the

opportunities that technology offers to communicate an integrated message with customers, prospects and stakeholders in general. This recommendation is supported by the widespread argument that the future of marketing will be driven by databases and electronic delivery systems.

6.4 Suggestions for future research

- Does integration of marketing communications tools/components result in synergy that increases sales in the fuel retail industry in South Africa?
- What is the relationship between IMC success and brand value in the fuel retail industry in South Africa?
- Which advertising channels have the greatest effect on improving fuel retail sales in South Africa?
- Quantitative evaluation of the relative importance of IMC components if the fuel retail industry in South Africa.

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APPENDIX A - ACTUAL RESEARCH INSTRUMENT

Covering Letter

Sir/Madam, 6 October 2009

Agreeing to participate in this interview is appreciated. The interview is for data collection for my MBA dissertation entitled:

The relative importance of Integrated Marketing Communications (IMC) components in the fuel industry in South Africa.

The purpose of the research is to evaluate the relative importance of IMC components on diesel sales in the fuel retail industry in South Africa. Results of this research could provide marketing managers in the fuel retail industry with guidance in allocating resources to various IMC components to improve diesel sales growth.

The interview seeks to establish the following:

1. Identify the IMC components that affect diesel retail sales
2. Determine the relative importance of the IMC components that affect diesel retail sales.

You are welcome to request clarity at any stage of the interview.

All respondents are assured anonymity. Participants will receive a copy of the research findings.

Your contribution will improve understanding of the relative importance of IMC components with reference to diesel retail sales in South Africa and add to academic knowledge regarding IMC. The definition of IMC for the purpose of the interview is:

IMC is a concept of marketing communications planning that recognizes the added value of a comprehensive plan that evaluates the strategic roles of a variety of communications disciplines e.g. advertising, sales promotion, public relations, personal selling, the internet and sponsorship. IMC combines these disciplines to provide clarity, consistency and maximum communications impact (Schultz, 1991).

Yours sincerely

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INTERVIEW QUESTIONS

Research Proposition

Diesel retail sales are positively impacted by successful integration of the following IMC components (in order of relative importance):

- Advertising
- Sales promotion
- Sales force abilities
- PR and Sponsorship marketing
- Point-of-purchase communications

Questions relating to Research Proposition

- From your experience, which IMC components affect diesel retail sales?
- Are you able to rank them in order of importance?

ADVERTISING

As a component of IMC, how do you perceive the contribution of advertising towards diesel retail sales?

- How do you think advertising influences knowledge, attitudes and behaviour of customers relating to diesel retail sales?
- How would you allocate advertising spend as a percentage of total IMC component spend in order to maximise diesel retail sales? Give reasons for your answer.
- What percentage does advertising contribute to diesel retail sales?

- Can you share experiences where in your view, advertising created an affinity for the product/brand that converted into increased diesel retail sales?

SALES PROMOTION

As a component of IMC, how do you perceive the contribution of sales promotion towards diesel retail sales?

- How do you think sales promotion influences knowledge, attitudes and behaviour of customers relating to diesel retail sales?
- How would you allocate sales promotion spend as a percentage of total IMC component spend in order to maximise diesel retail sales? Give reasons for your answer.
- What percentage does sales promotion contribute to diesel retail sales?
- Can you share experiences where in your view, sales promotion created an affinity for the product/brand that converted into increased diesel retail sales?

SALES FORCE CONTRIBUTION

As a component of IMC, how do you perceive the contribution of personal selling towards diesel retail sales?

- How do you think personal selling influences knowledge, attitudes and behaviour of customers relating to diesel retail sales?
- How would you allocate personal selling spend as a percentage of total IMC component spend in order to maximise diesel retail sales? Give reasons for your answer.
- What percentage does personal selling contribute to diesel retail sales?

- Can you share experiences where in your view, personal selling created an affinity for the product/brand that converted into increased diesel retail sales?

PR and SPONSORSHIP

As a component of IMC, how do you perceive the contribution of PR and sponsorships towards diesel retail sales?

- How do you think PR and sponsorships influence knowledge, attitudes and behaviour of customers relating to diesel retail sales?
- How would you allocate PR and sponsorship costs as a percentage of total IMC component spend in order to maximise diesel retail sales? Give reasons for your answer.
- What percentage does PR and sponsorship contribute to diesel retail sales?
- Can you share experiences where in your view, PR and sponsorships created an affinity for the product/brand that converted into increased diesel retail sales?

POINT-OF-PURCHASE COMMUNICATIONS

As a component of IMC, how do you perceive the contribution of point-of-purchase communications towards diesel retail sales?

- How do you think point-of-purchase communications influence knowledge, attitudes and behaviour of customers relating to diesel retail sales?
- How would you allocate point-of-purchase communications spend as a percentage of total IMC component spend in order to maximise diesel retail sales? Give reasons for your answer.
- What percentage does point-of-purchase communications contribute to diesel retail sales?

- Can you share experiences where in your view, point-of-purchase communications created an affinity for the product/brand that converted into increased diesel retail sales?

- How do you think advertising, sales promotion, personal selling, PR and sponsorship marketing and point-of-purchase communications should be integrated (with reference to relative importance) to successfully influence a diesel retail sales?

- Why to you hold this specific view?

APPENDIX B

TABLE 8: RESEARCH DATA (SEE NEXT PAGE)