

# PUBLIC RELATION BASED MODEL OF INTEGRATED MARKETING COMMUNICATIONS

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## Abstract

The marketing communications industry and theory are facing rapid changes in accordance with global business and society fluctuations. Global and local market conditions are constantly varying and thus creating hardly predictable environment. The most implemented tool for marketing communications – advertising, is losing its power for effective communications; customers are becoming over-advertised and resistant to traditional advertising stimuli. Advertising, as one-way communication mass media tool is no longer effective as previously, hence can no longer fulfill the role of leading marketing mix tool. Therefore, the necessity for altering the structure of the traditional marketing communication mix elements, emphasizing the role of other elements but advertising, with more personalized and interactive functions. One method for improvement of marketing communication's mix efficiency is by reallocation the leading role of advertising with public relations. The practice of public relations tools can ensure higher level of transparency in internal and external organizational communications and thus can certify more effective marketing communication. The theoretical research is supported with qualitative research of business segment by conducting a detailed interview for the marketing communication practice.

Keywords: promotion, advertising, communication, mix.

*Jel Classification: M30*

## INTRODUCTION

Today's dynamic business society uplifts standards for effective and sustainable communication among stakeholders. The effectiveness of company's marketing communication strategy is highly dependent on the proper combination of integrated communication elements: advertising, public relations, sales promotion, direct marketing and personal sales. For several decades the most frequently used tool for mass marketing communication of companies was and still is the advertising. The advertising, as a

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leading component of the promotional mix, earned its popularity; both in practice and literature due to the level of its predominant usage equated to other promotional mix components. The trend of advertising and particularly the dominant part of marketing budget captured in advertising activities was so much exploited that has lead even to stage of confusion to the term marketing. Using other words, advertising became synonym for marketing (Solomon 2010). However, due to many drivers, external and internal, business environment is changing; accordingly, companies are tailoring their business model and hence adapting their marketing integrated communications strategy. Customers are more educated and research oriented. The most dominantly uses method for marketing communications—advertising, is not based on credibility and the receiver is aware of the fact the sender has paid for the message (Koushiki 2015). Furthermore, advertising is one-way mass communication method that lacks the function of interactions—an aspect required by today’s customers. The modern customer is associative with certain brand only when the relation is founded on trust, which requires a sustainable marketing communication and memorable experiences (Clow and Donald 2010). Customers nowadays seek for personal, niche oriented communication based on facts, evidences and trustworthiness—aspects that advertising cannot longer obtain because of its functional limitations. This paper will present the urge of promotional mix restructuring with much stronger exploitation of public relations versus advertising due to its advantages and functionalities based on trustworthiness. The replacement of the leading role of marketing communications strategy from advertising to public relations will be elaborated in this paper as a model for successful and effective marketing communication. The research is based on quantitative research of the business segment. In order to reach this finale, a range of arguments and models used in theory are elaborated. Previously, the paper exploits the reasons why certain marketing approaches and models, neglect public relations mainly due to the poor understanding and lack of know-how as a main driver for low PR awareness. In order to emphasize its importance, firstly, the distinctive role of PR in communication mix is discussed and then the public relations functionality is stressed out via comparative analyses with advertising disadvantages brought up by the modern market trends. Then, the new role of advertising is elaborated in accordance with new market trends. The theoretical and qualitative research in this paper is revealing a new marketing communication model with different structuring of the existing components in favor of increased public relations usage and decreased advertising efficiency.

## **1. THE MARKETING COMMUNICATIONS MIX**

The company communicates with its target by every means of its internal and external operations and activities: advertising, promotions, pricing policies, CEO’s public exposure, media statements, employee’s behavior, packaging, designs etc. Some of these marketing communication elements are well integrated, planned and carefully performed, but some are less or not controlled at all. In many cases companies fail to control their external interactions and hence, jeopardize their reputation and image. Each single aspect of company’s interaction with the public may influence on its image and thus on customer’s willingness to undertake transactions in favor of purchasing company’s products or services (Giannini 2010). Therefore, companies, being part of

one system have no choice whether to practice marketing communications or not. Hence, the biggest challenge of each company is to structure the right marketing communication model within its elements: advertising, public relations, direct marketing, personal sales and promotions (Coviello, Winklhofer, and Hamilton 2006).

The coordination and integration of all marketing communication tools within the company into a program that maximizes the impact on a customer and other stakeholder at a minimal cost is the integrated marketing communication plan. The promotional mix or the IMC (Integrated marketing communication) plan is composed of the following elements (Solomon 2010):

- Advertising
- Sales promotion
- Public relations
- Personal selling
- Direct marketing

Each element of the promotional mix has its distinguished role, benefits and usage. Today's challenge is to mix them effectively in order to achieve the communicational goals and ultimately, profitable and long term relationships with targeted public (Papasolomou and Yioula 2012).

### **1.1. Advertising**

Advertising is a predominant component of the marketing communications mix and exists for one century. The evolution of advertising has employed a variety of advertising approaches. According (Clow and Donald 2010) there are seven major types of advertising appeals: Fear, Humor, Sex, Music, Rationality, Emotions and Scarcity. The same authors are systemizing the advertising goals as: Building a brand image, providing information, persuasion and supporting marketing efforts. They also describe advertising through its 3 functions: informing, persuading and reminding. In order to conduct these functions advertising is using mass media: TV, Internet, Radio, Print, Out of home media, directing the message from the sender to the receiver (Descotes and Delassus 2015). Advertising process identifies three sides: Sender, Message and Receiver. The sender is the sponsor of the marketing communication and the receiver is the mass target. This breaking down of the advertising basics emphasizes its limited functionalities regarding feedback and interactions and gradually arouses doubts about its worthiness and efficiency (Pozzi 2012).

### **1.2. Sales Promotions**

Sales promotions consist of different sales incentives offered to customers and channels members to encourage products/services purchase. Sales promotions can take two forms: Consumer promotions—directed towards existing or potential buyers, and Trade promotions—directed toward sales and distribution channel, motivating them to push the sales of the products / services (Clow and Donald 2010).

Nevertheless, the literature review discovers strong disagreements among authors regarding the impact of sales promotions, referring to their immediate results orientation.

The sales promotion objective is not only to sell, but also to sell now, immediately. This impact of Sales Promotion element of the promotional mix is strongly criticized by experts when the long term branding strategy is considered.

### **1.3. Personal selling**

Personal selling occurs when a company representative interacts directly with a customer or prospective customer to communicate about the good or services (Solomon 2010). Therefore, this is the most direct approach of all within the integrated promotional mix. In business-to-business marketing communications, personal selling seems to be crucial. Personal selling is also predominant tool when company is practicing push promotional strategy including marketing efforts directed toward the sales / distribution channel. Another convenient business situation for practicing personal selling predominantly is when the product is costumed / tailored good or personalized service (Malthouse et al. 2004).

However, the limitations of direct sales related to its functionality is that it only works with small number of individual orders, minor volume of customers and it is highly dependent of the salesperson sales skills (Descotes and Delassus 2015).

### **1.4. Direct marketing**

Direct marketing is currently the fastest growing component of the promotional mix. (Solomon 2010). This element involves e-mail, direct response advertising and e-commerce. Having on mind the evolution of the customer, it makes sense that the niche oriented marketing communication models are in growth, unlike mass oriented marketing communication models, which are declining. As the world entered in a turbulence period in parallel with the economic crisis it seems like everything that was described as normal, does not function any more as such (Lewes 2010). The standards for normality and abnormality are changing. Within the same trend the mass media models are losing their capability to communicate with the over advertised, increasingly educated and spoiled customer and the more personal and intimate models such as direct marketing and public relations are taking place instead.

### **1.5. Public Relation**

According Edward Bernays (1952) the aim of the public relations comprises the interpretation of their public to the organization and of the organization to its public. This description, although referring to the first quarter of the 20<sup>th</sup> century has been in some form or other echoed by several authors (Ries and Ries 2004) who underline this mediation function of the public relations.

The PR component of the marketing communication mix can function only if integrated with other components successfully. In fact, none of the above-mentioned element can contribute to company's strategic marketing communication solely. The

attempts to explain PR functions and PR aspects by Public Relations authors (Ries and Ries 2004) can be summarized in the following declarations:

- Public Relations is a management function
- Public Relations is a long lasting process
- Public Relations is a two way communication
- Public Relations can be assigned in many corporate activities, from launching a product or a brand, defending company's reputation, all away to fostering corporate social responsibility.

Although there are many different models for structuring the public relations process into well-defined steps, the ultimate objective of the public relation is to harmonize external and internal relationships, so the company can enjoy the benefits of goodwill of its public, stability and long life (Pozzi 2012). The same author stresses out that the Public Relations is 20<sup>th</sup> century phenomenon lifted up mainly due to the following determinants: growth of the big institutions, media sophistication, increased incidence and conflicts, growing power of media, public opinion, democracy and internet.

Public relations in its processes play a great role in creating the perception and the image of the company. In other words, public relations communications involve attempts to define reality for the targeted publics on whom the organization depends. Hence, public relations is in a function of construction of social reality because it helps shape the perspectives through which people see the world.

This distinguishes public relations unique position among all promotional mix elements. It underlines its ability to communicate and interact to the public on a very specific, intimate level that provides the modern public the most desiring concept: credibility and trust.

## **2. THE MARKETING COMMUNICATION MIX RESTRUCTURING**

Due to external and internal factors, business environment is changing; accordingly, companies are tailoring their business model and hence adapting their marketing integrated communications strategy. Customers are more educated and research oriented. The necessity for altering the leading role of the communication mix from advertising to public relations is explained through several points:

- The advertising clutter.
- The effects of clutter are stronger when consumers are not very familiar and emotionally linked with the brand. The clutter is perceived as excess of advertising messages within a medium. In their view, clutter comprises all ads that consumers do not want to be exposed to.
- Cluttered media environments make it impossible for consumers to attend to all information they are exposed to. For instance, the generic usage of newspaper is to transmit news. Editorials as a Public Relation form of releasing news for new product are therefore more likely to gain attention than the advertisements surrounding them. (Ries and Ries 2004).
- The evolved customer.
- The global economic crisis and, social platforms and digital media changed customer's sensitiveness for communication messages. Customers are more

research oriented and show resistance to fear and humor in communication messages. What they seek for is trust, more individual and personal approach based on simplicity, facts and research (Lewes 2010).

- The globalization.
- The world economic crisis has dictated finding ways for survival in the most pessimistic scenarios or just cutting costs in the best situations. The advertising sectors of the global companies are showing lower marketing budgets, but importantly they have not been cut completely (Pozzi 2012).

Media, media proliferation and the resulting audience fragmentation seem to typify the twenty-first-century marketplace (Shultz and Patti 2009). With extremely high speed the traditional media power is becoming questionable and the social network electronic media power is rapidly developing. The explosion of new media forms is important part of the promotional re-mix process. Media planning, media buying and media development segments are facing new challenge, which is how to integrate traditional media with digital media and still keep brand values and communicate effectively within the integrated marketing communication model. This is especially delicate since the impact of the social media is not evaluated yet and conflicted attitude of professional and academic experts are present. However, they occupy a great deal of time and energy of the modern customer (Mikolon et al. 2015).

### **3. JUSTIFICATION OF REPLACING THE LEADING ROLE OF ADVERTISING WITH PUBLIC RELATION COMMUNICATION MIX**

Expert, customers and companies' nowadays see advertising as an art form rather than a communication vehicle. Decades ago when there was little or no advertising, that any advertising was effective (Ries and Ries 2004). Ads were widely read and discussed. In the past, people looked forward to reading the four-color ads in popular magazines or watching the commercials on TV. Nowadays, advertising, people, markets are changed. (Papasolomou and Yioula 2012). A very important point to analyze the increased attention of public relation's role and functions is the evolved customer. Namely, in the past decade there was a significant change in the way that people communicated and interacted. Internet access gave opportunity for instant communication all around the world. Apart from the public relation evolution, the advertising boom has culminated in situation that can be described as over-advertised society. Nowadays, it is almost impossible to detect on how many communication messages an average person is exposed per day. Some communication experts (Clow and Donald 2010) are revealing the number of even 1000 messages daily. Therefore, we can easily state, as consumers, that we live in over—communicated world brimful of messages, information, ads etc. and more ever it is not getting any quieter. The overloaded consumer is not capable or willing to receive the messages from the senders any more. Having on mind the meaning of reliable communication messages, a key word for establishing and maintaining long-term communication is trust. In order to achieve a “trust” crown, the public needs to perceive the company as credible. The credibility is often related with perception based on long-term relations and reliable information sources. (Ries and Ries 2004).

The main point that emphasis the greater contribution of public relations versus advertising in modern marketing is medium used for transferring the message toward

targeted public. (Schultz and Patti 2009) Advertising is one way communication form, sender (company) to receiver (customer) practiced by using of media such as TV, radio, print, outdoor, internet etc. The PR practice is applied by many means along with media: third party outlets, networking, events, word – of – mouth, etc. (Meyer, Gremler, and Hogreve 2014). Using only one-way communication, without interaction can hardly be effective when launching new product or brand. Advertising cannot build a brand, moreover it can defend brand once the brand has been built by Public Relations. (Susskind et al. 2000).

The second important point of differentiation between Advertising and PR is the used source of information. Advertising is one way external communication from sender to receiver using the media via planned media buying. Namely, the customer is aware that all kind of ads, television, print, radio, outdoor are designed by the sender and thus counts its clear aim which is to sell the advertised product. Unlike advertising, Public Relations are based on direct internal and external interaction with many stakeholders. The source of well-planned and efficiently performed PR is third party, not the sender. The ultimate goal of PR is to develop strategy where others are telling company's successful story.

#### 4. RESEARCH

Aiming to support the study a research of the business segment was conducted. Interviewing 20 companies in Macedonian market did the research.

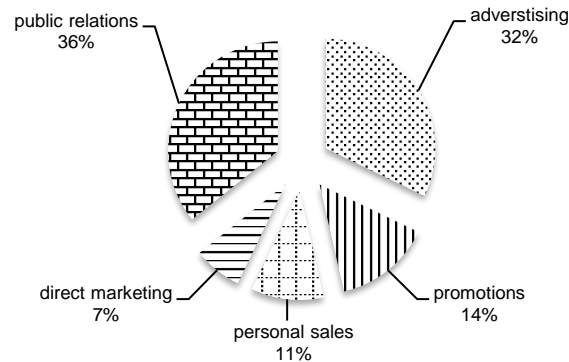
The interview was conducted through a questioner composed of 5 questions concerning marketing mix structure of future, current and past years and optional questions concerning the reasons for the mix. Question number 1, 2, 3 and 4 are multiplying selection oriented, meaning interviewed companies can choose more than one answer. Regarding the first question: What elements of the marketing communication mix the company was using in marketing communication strategy within 5 years the researched companies were choosing the elements of the promotional mix they were using for marketing communication purposes. More than one answers was optional.

**Table 1.** What elements of the marketing communication mix the company was using in marketing communication strategy within 5 years?

Advertising	9
Promotions	4
Personal sales	3
Direct marketing	2
Public relations	10

As shown in table 1, the most intensively used elements in marketing communication mix of researched companies within 5 years (2011–2016) are advertising, public relations and promotions. Public relations elements outreaches advertising element slightly; and still advertising is widely used.

What elements of the marketing communication mix the company was using in marketing communication strategy within 5 years?



**Figure 1.** Chart for presenting the results of the usage of each element of marketing communication mix by researched companies within 5 years

As presented in picture 1, the results of the first question of the research questionnaire regarding the most intensively used elements of the marketing communicational mix in the timeline 2011–2016, it is obvious that companies more extensively use the public relations elements for marketing communication purposes. Still, in the communication mix companies use advertising as a second leading element that reflects the strong position of advertising as a communication tool. The communicational mix of companies for last 5 years is predominantly composed of: public relations (36%), advertising (32%) and promotions (14%). Regarding the second question: What elements of the marketing communication mix the company was using in marketing communication strategy until year 2011, the researched companies were choosing the elements of the promotional mix they were using for marketing communication purposes in the past. More than one answers was optional.

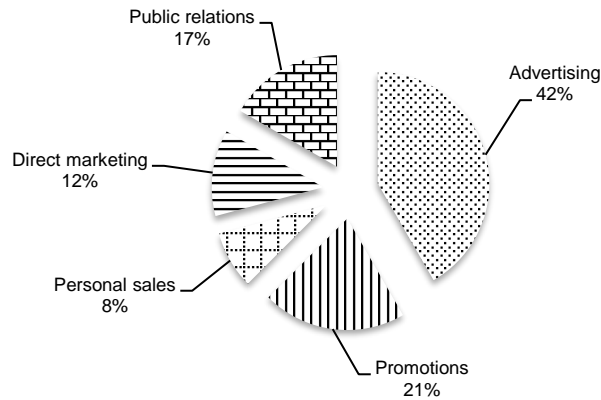
**Table 2.** What elements of the marketing communication mix the company was using in marketing communication strategy until 2011?

Advertising	10
Promotions	5
Personal sales	2
Direct marketing	3
Public relations	4

According given answers of this question, presented in table 2, companies used advertising element as a leading component of the communicational mix. Comparing with the answers of question 1 that referred to more recent years, it is obvious that companies used different communication elements for marketing purposes. Namely, in the past decade they shifted from advertising to public relations.



What elements of the marketing communication mix the company was using in marketing communication strategy until 2011?



**Figure 2.** Chart for presenting the results of the usage of each element of marketing communication mix by researched companies until year 2011

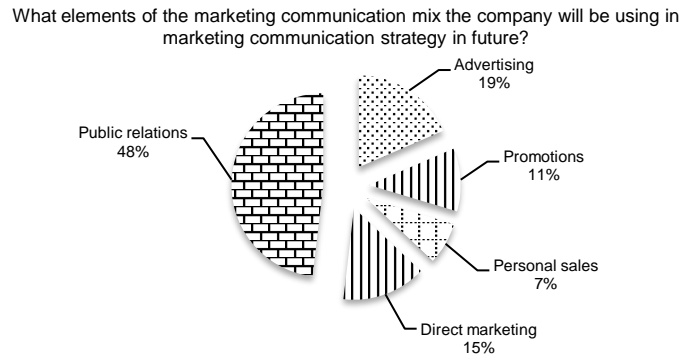
Analyzing the results of the given answers of the second question, the conclusion would be that the communication mix of the companies until 2011 predominantly was composed of advertising (42%), promotions (21%) and public relations (17%). Compared with last 5 years, companies were using the same elements for corporate marketing communications purposes but with different intensity. The most obvious difference is in the intensity of using public relations that rise up from 17% until 2011 to 36% in timeline 2011–2016. The intensity of using promotions as marketing communicational tool decreased from 21% until 2011 to 17% in timeline 2011–2016. The intensity of using advertising also decreases from 42% until year 2011 to 32% in timeline 2011–2016.

Regarding question number 3 about intensity of the future usage of marketing communication elements the companies are giving answers that illustrate even deeper restructurings in marketing communicational mix with more extensive usage of public relations and decreasing the usage of advertising.

**Table 3.** What elements of the marketing communication mix the company will be using in marketing communication strategy in future?

Advertising	5
Promotions	3
Personal sales	2
Direct marketing	4
Public relations	12

As presented in table 3, companies rely on public relations as the most effective communicational element for future strategic marketing communications. The dramatically decrease of advertising usage and promotions in favor of public relations is explained in the answers of question 4.



**Figure 3.** Chart for presenting the results of the planned usage of each element of marketing communication mix by researched companies in future

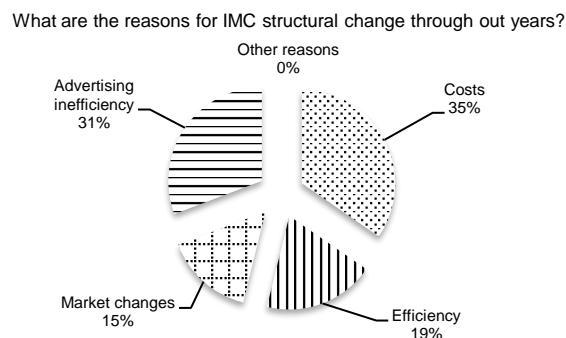
The chart representing the intensity of usage of elements of marketing communicational mix in future shows continuing the trend of marketing communicational mix restructuring in course of intensifying the usage of public relations element up to 48% and decreasing the level of usage of advertising to 19%.

As for the answers given to question number 4 referring to the reasons for the change of communication mix elements throughout years, representatives of researched companies mostly choose costs and advertising inefficiency.

**Table 4.** What are the reasons for IMC structural change throughout years?

Costs	9
Efficiency	5
Market changes	4
Advertising inefficiency	8
Other reasons	0

As shown in table 4, most of the companies choose to change marketing communication mix elements due to costs reduction and decreased advertising efficiency.



**Figure 4.** Chart for presenting the results of the main reasons for changed of communicational mix elements

As presented in picture number 4, companies change communication mix elements in favor of public relations and on cost of advertising mainly due to costs and efficiency aspects.

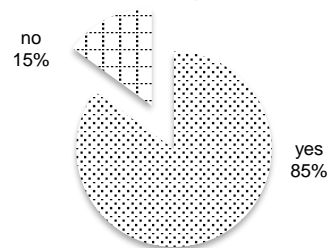
According answers of question number 5, concerning the efficiency of public relations versus advertising in terms of communication tool, the researched companies give clear perspective. Namely, 85% of the interviewed companies confirm the hypothesis that public relations are rising as communicational tool and advertising is losing its functionality.

**Table 5.** Do you think that public relations are more efficient communication tool than advertising?

Yes	17
No	3

The dominant perception of the interviewed company's representatives according table number 5 is that public relations efficiency for communications is much stronger than public relations.

Do you think that public relations are more efficient communication tool than advertising?



**Figure 5.** Chart for presenting the results of the comparison of public relations and advertising in terms of efficiency in communicational mix

The charts represent the dominant opinion of the interviewed company representative in favor of public relations. Related with answers of previous 4 questions, this the analyses gives clear understanding of the practical usage and efficiency of these 2 marketing communicational elements.

## CONCLUSION

The theoretical and quantitative research by interviewing company's representatives completes a conclusion for marketing communication mix restructuring that mainly refers to increased usage of public relations and decreased usage of advertising for communication purposes. The main shift of the leading role of advertising with public relations is due the costs related to advertising and in the same time its decreased functionality in terms of communicational efficiency. Taking into account the theoretical research whereas authors argue about advertising being not functional in modern

business environment, its critical note to take into consideration the role that advertising is taking. Namely, its functional role is decreased, but its follower role of public relations is approved both, by theoretical and business research. As for public relations, the interviewed company's representatives confirm their focus to public relations for communication purposes and decreased usage of advertising in marketing strategies. As for the future, they plan to use public relations even more intensively for communication purposes and decrease the usage of advertising. The main reasons for this shift are costs and efficiency, both in favor of public relations.

Hence, the conclusion is that the restructuring of communication mix is already practiced by the business segment and discussed in theory as such. The restructuring of the communication mix refers to shift in leading role: public relations are already more trustworthy and more efficient marketing communication element than advertising. Therefore, the modern communication marketing mix that companies should practice today and in future is composed of same 5 elements, only the leading role needs to be changed from advertising to public relations in order to achieve better marketing and business results.

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