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# ECONOMIC EFFECTS OF INTEGRATED MARKETING COMMUNICATIONS – THE CASE OF FOOD PRODUCTS

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Ines Đokić<sup>1</sup>

\*Corresponding author E-mail: mines@ef.uns.ac.rs

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## ABSTRACT

Integrated marketing communications (IMC) present a concept in which various instruments of promotion and media are combined into a consistent message, in order to achieve their synergetic effects observed through better communication and economic indicators.

The aim of this paper is to explore the differences in the economic effects of integrated market communications between consumer segments defined on the basis of the number of integrated marketing communications' instruments related to a particular product to which influences consumers are exposed as well as on the perception of a unique promotional message from all these instruments. The research was related to consumption of chocolate, coffee and bottled water in Serbia and included the total of 1000 respondents.

The results generally show that consumers who are exposed to the integrated marketing communications in relation to a particular food product spend more on buying it and buy it more often.

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## Introduction

The mode of communication, information collection, product promotion, as well as other changes in the development and changes in the market, cause the need for a new concept of coordination of communication activities of the company (Reinold, Tropp, 2012), which is reflected in the application of the concept of integrated marketing communications (IMC). Although this concept has been present for a long time (since the last decade of the 20th century), its numerous definitions still exist today, depending on the scope that the authors consider to be key to its understanding. For example, Kerr and Patti (2015) state that the concept of IMC is currently at the intermediate level of its development and that further development is based on a deeper understanding of strategic integration, the importance of integration as a manner of organizing business and the ability to demonstrate financial return on investment in IMC. The essence is

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1 Ines Đokić, PhD, Assistant Professor, University of Novi Sad, Faculty of Economics in Subotica, Segedinski put no. 9-11, 24000 Subotica, Serbia, Phone: +381 63 822 01 73, E-mail: mines@ef.uns.ac.rs, <https://orcid.org/0000-0002-0920-0469>

to send a unique and consistent promotional message to consumers through various mutually coordinated promotional and media instruments. The goal of this concept is to achieve communication synergetic effects manifested in a better image and economic synergy effects manifested in more frequent purchases and spending more money on the promoted product. The development of the concept is studied in domestic conditions as well (e.g. Laban, Todorović, 2018) and the need for its implementation is also identified when is, for example, stressed that “marketing program should contain an interactive marketing system that uses one or more media of propaganda in order to influence the market demand” (Mihailović, Simonović, Ćurčić, 2017). The concept of IMC evolved from being just a tool connecting instruments of promotion to being strategic process in connection with brand management (Kitchen, 2005), i.e. part of brand strategy (Madhavaram, Bandrinarayanan, McDonald, 2005). It should replace different instruments, while brand management should be used for initiating and maintaining continuous dialogue with consumers and improving relationships with them (Vargo, Lusch, 2004). Tafesse and Kitchen (2016) state that it is currently the most important to measure the effects of applying IMC, and this paper provides an example of measuring the economic effects of IMC.

The topic of this paper is to research economic effects of IMC in regard to food products – chocolate, coffee and bottled water. These effects included self-reported frequency of purchasing of these products as well as the amount of money spent for it for a month period. The approach to determining whether the consumers were exposed to IMC implemented in this research is innovative. The segmentation of the respondents was carried out based on the number of promotion instruments that they report they were exposed to in regard to certain brand and qualitative analysis of the perception of a unique message from these instruments. After review of the literature, methodology is explained in more details and results and discussion are provided.

### **Economic effects of integrated marketing communications**

In addition to the basic communication objective of implementing the concept of IMC i.e. creating and maintaining a positive and clear image, the goals of applying IMC are also higher profit, higher level of sales, brand market participation, brand strength, awareness of it, customer satisfaction and level of loyalty to the brand etc., presenting economic goals or elements contributing in achieving these goals (Vantamay, 2011). Also, Belch and Belch (2009) indicate that the funds invested in IMC should have measurable results, such as the increase in sales volumes or the market share of the brand. Schultz, Cole and Bailey (2004) give a wider picture of the economic indicators of the success of the concept by defining them as return on investment, return on brand investments, return on investment in the consumer, and return on investment at the contact point.

Taylor (2010) suggests that, in the context of the need for additional research on the measurement of the effects of IMC, more attention needs to be paid to the return on investment. Although the above-mentioned indicator is highlighted by the author, he does not exclude the possibility of using others, nor ignores remarks of Ambler and

Roberts (2008) when it comes to measuring the performance of marketing through: conventional return on investments, discounted cash flows and returns per consumer.

In this paper the effects of IMC from the consumers' perspective are analyzed through the frequency of purchase and the amount of money for purchasing. Following hypotheses were set:

H<sub>1</sub>: Consumers who perceive marketing communications in relation to a particular product as an integrated, statistically significantly differ from other consumers in a manner that they spend a higher amount of money for the purchase of that product.

H<sub>2</sub>: Consumers who perceive marketing communications in relation to a particular product as an integrated, statistically significantly differ from other consumers in a manner that they purchase that product more frequently.

### Methodology

The convenience sample of 1000 respondents from Serbia consists of 52.3% of women and 47.7% of men. The largest part of respondents (35.7%) is between 21 and 31 years old, followed by 24.8% older than 41, 24.7% between 31 and 41, and 14.8% less than 21. According to occupation, the largest number of respondents (44.6%) is employed, 35.5% are students, while 19.9% belong to pupils or unemployed or retiree. When it comes to education, most of respondents (38.8%) finished secondary school, 30.6% faculty, 25% college and 5.6% primary school. As for income, largest share (27%) has income between 45000 and 65000 RSD, 25.6% less than 25000, 24.9% between 25000 and 45000, and 22.5% more than 65000 RSD. Out of all respondents 62.1% lives in urban, while 37.9% in rural areas. The average family size is 3.07 (standard deviation 1.149).

The research was conducted in 2014. in Serbia. The questionnaire was used online as well as offline at points of sale. Respondents were asked about the brand they buy most frequently belonging to chocolate (320 respondents), coffee (340 respondents) and bottled water (340 respondents). To the respondents was given the list of different media and they were asked to select those through which they had contact with that brand as well as to describe the brand as they see it, to write down its slogan, color or any other perceived important characteristic.

The respondents were segmented into the respondents who perceive the message as confusing (regardless of the number of promotion instruments they are exposed to) – named first segment, respondents who perceive the message in accordance with the promotional mix but were exposed to the influence of only one of the promotion instruments – named second segment, and respondents who perceive a unique message in line with the promotional mix of its sender from several promotional instruments – named third segment. As already stated, the assessment whether the message is perceived in accordance to promotional mix of sender was performed by marketing experts within qualitative analysis.

In determining whether there were differences in regard to the economic effects (the self-reported amount of money spent monthly for the mostly purchase brand and the frequency of buying it) of IMC between segments, one-way ANOVA, independent samples t-test, Kruskal-Wallis test, and Man-Whitney U test were used. Specific analyses have been carried out in order to explore whether by increasing the number of promotion instruments to which consumers are exposed in the third segment, certain economic effects increase. For the purposes of that research, Spearman's correlation coefficient was used.

## Results

When it comes to research in regard to chocolate in the Republic of Serbia, out of the total of 320 respondents, to the first segment belong 58 or 18.1%, to the second 21 or 6.6%, while to the third belong 241 respondents or 75.3%. If considering the research in regard to coffee in the Republic of Serbia, out of a total of 340 respondents, to the first segment belong 107 or 31.5%, to the second 56 or 16.5%, whereas to the third 177 respondents or 52.1%. When it comes to research related to bottled water in the Republic of Serbia, out of a total of 340 respondents, to the first segment belong 133 or 39.1%, to the second 35 or 10.3%, while to the third 172 respondents or 50.6%.

The economic effects in regard to consumption of food brands within these three product categories (the average amount of money spent for a month for the brand that is mostly purchased) in the context of consumer segments derived from their exposure to IMC (related to brand they report as mostly bought) are shown in Table 1.

**Table 1.** Consumers differently perceiving marketing communication in regard to chosen food products and their spending

Product categories	Consumer segments	Average monthly spending for mostly purchased brand
Chocolate	Segment 1	2481.55
	Segment 2	1520.48
	Segments 1 and 2	2226.08
	Segment 3	4444.21
Coffee	Segment 1	1627.10
	Segment 2	1571.43
	Segments 1 and 2	1607.98
	Segment 3	2036.16
Bottled water	Segment 1	678.80
	Segment 2	758.00
	Segments 1 and 2	695.30
	Segment 3	1486.63

*Source:* own research

In each case, there is a comparison between all three segments, as well as between the first and the second segment observed together and the third segment.

Firstly, it should be noted that consumers who perceive a unique message in line with the promotional mix of its sender from several promotional instruments spend in average more than consumers who perceive the message as confusing or consumers who perceive the message in accordance with the promotional mix but were exposed to the influence of only one of the promotion instruments in all three cases – for chocolate, coffee and bottled water.

When it comes to chocolate, the results of one-way ANOVA show that there are statistically significant differences between segments:  $F(2, 319) = 4.655$ ;  $p = 0.010 < 0.05$ , more precisely between the first and the third ( $p = 0.042$ ), as well as between the second and the third segment ( $p = 0.034$ ).

Furthermore, the results of the independent samples t-test show that respondents from the third segment statistically significantly differ from consumers from first two segments observed together:  $t(318) = -2.982$ ,  $p = 0.000 < 0.05$ .

When considering coffee, the results of one-way ANOVA show that there are statistically significant differences between segments:  $F(2, 339) = 4.987$ ;  $p = 0.008 < 0.05$ , more precisely between the first and the third ( $p = 0.023$ ), as well as between the second and the third segment ( $p = 0.045$ ).

In addition, the results of the independent samples t-test show that respondents from the third segment statistically significantly differ from consumers from two first segments together:  $t(338) = -3.122$ ,  $p = 0.002 < 0.05$ .

If observing bottled water, the results of one-way ANOVA show that there are statistically significant differences between segments:  $F(2, 339) = 24.187$ ;  $p = 0.000 < 0.05$ , more precisely between the first and the third ( $p = 0.000$ ), as well as between the second and the third segment ( $p = 0.001$ ).

Finally, the results of the independent samples t-test show that respondents from the third segment statistically significantly differ from consumers from first segments observed jointly:  $t(338) = -7.006$ ,  $p = 0.000 < 0.05$ .

Table 2 considers economic effects in regard to consumption of food brands within these three product categories (the average frequency of purchasing for the brand that is mostly purchased) in the context of consumer segments derived from their exposure to IMC (related to brand they report as mostly bought). As well as in previous considerations, there is a comparison between all three segments, as well as between the first and the second segment observed together and the third segment.

**Table 2.** Consumers differently perceiving marketing communication in regard to chosen food products and their frequency of purchasing

Product categories	Consumer segments	Once a month	Several times a month	Once a week	Every day	Total
Chocolate	Segment 1	22.4	44.8	20.7	12.1	100%
	Segment 2	19.0	42.9	23.8	14.3	100%
	Segments 1 and 2	21.5	44.3	21.5	12.7	100%
	Segment 3	3.3	19.5	36.9	40.2	100%
Coffee	Segment 1	6.5	42.1	34.6	16.8	100%
	Segment 2	7.1	35.7	53.6	3.6	100%
	Segments 1 and 2	6.7	39.9	41.1	12.3	100%
	Segment 3	10.2	22.0	52.0	15.8	100%
Bottled water	Segment 1	6.0	45.1	42.9	6.0	100%
	Segment 2	11.4	40.0	40.00	8.6	100%
	Segments 1 and 2	7.1	44.0	42.3	6.5	100%
	Segment 3	4.1	36.6	25.0	34.3	100%

Source: own research

In the case of chocolate, the results of Kruskal-Wallis test show that there are statistically significant differences between segments:  $c^2(2, n = 320) = 12.655$ ;  $p = 0.002 < 0.05$ . Additional research by using Mann-Whitney U test show that statistically significant difference exist between the first ( $Me = 12, n = 58$ ) and the third segment ( $Me = 12, n = 241$ ):  $z = -3.249$ ;  $p = 0.001 < 0.05$ , in a manner that respondents from the third segment ( $MR_3 = 170.53$ ) buy it more often than respondents in the first segment ( $MR_1 = 128.71$ ).

When comparing the first and the second segment observed together ( $MR_{1and2} = 129.91$ ) and the third segment ( $MR_3 = 170.53$ ), the results of Mann-Whitney U test show that there is statistically significant difference:  $z = -3.552$ ;  $p = 0.000 < 0.05$ .

In the case of coffee, the results of Kruskal-Wallis test show that there are statistically significant differences between segments:  $c^2(2, n = 340) = 9.608$ ;  $p = 0.008 < 0.05$ . Additional research by using Mann-Whitney U test show that statistically significant difference exists between the first ( $Me = 12, n = 107$ ) and the second segment ( $Me = 4, n = 56$ ):  $z = -2.596$ ;  $p = 0.009 < 0.05$ , in a manner that respondents from the first segment ( $MR_1 = 193.06$ ) buy it more often than respondents in the second segment ( $MR_2 = 156.66$ ). Furthermore, the results of Mann-Whitney U test show that statistically significant difference also exists between the first ( $Me = 12, n = 107$ ) and the third segment ( $Me = 4, n = 177$ ):  $z = -2.746$ ;  $p = 0.006 < 0.05$ , in a way that respondents from the first segment ( $MR_1 = 193.06$ ) buy it more often than respondents in the third segment ( $MR_3 = 161.24$ ).

When comparing the first and the second segment observed together ( $MR_{1and2} = 180.56$ ) and the third segment ( $MR_3 = 161.24$ ), the results of Mann-Whitney U test show that there is no statistically significant difference:  $z = -1.946$ ;  $p = 0.052 > 0.05$ .

Finally, in the case of bottled water, the results of Kruskal-Wallis test show that there are statistically significant differences between segments:  $c^2(2, n = 340) = 31.444$ ;  $p = 0.000 <$

0.05. Additional research by using Mann-Whitney U test show that statistically significant difference exists between the first (Me = 12, n = 133) and the third segment (Me = 12, n = 172):  $z = -5.217$ ;  $p = 0.000 < 0.05$ , in a manner that respondents from the third segment ( $MR_3 = 198.31$ ) buy it more often than respondents in the first segment ( $MR_1 = 142.89$ ). In addition, the results of Mann-Whitney U test show that statistically significant difference also exists between the second (Me = 4, n = 35) and the third segment (Me = 12, n = 172):  $z = -3.355$ ;  $p = 0.001 < 0.05$ , in a way that respondents from the third segment ( $MR_3 = 198.31$ ) buy it more often than respondents in the second segment ( $MR_2 = 138.73$ ).

When comparing the first and the second segment observed together ( $MR_{1and2} = 142.02$ ) and the third segment ( $MR_3 = 198.31$ ), the results of Mann-Whitney U test show that there is statistically significant difference:  $z = -5.602$ ;  $p = 0.000 < 0.05$ .

Table 3 focuses only on consumers who perceive a unique message in line with the promotional mix of its sender from several promotional instruments. The special emphasis is on the number of promotional instruments respondents reported they were in contact with. Furthermore, that number is brought in relation with the average amount of money spent for a month for the brand that is mostly purchased as well as with mean ranks of the average frequency of purchasing for the brand that is mostly purchased.

**Table 3.** Number of promotional instruments to which were exposed respondents from the third segment and economic effects of IMC

Number of promotional instruments	Chocolate		Coffee		Bottled water	
	Average spending	Mean rank of frequency	Average spending	Mean rank of frequency	Average spending	Mean rank of frequency
2	1020.00	104.00	1414.29	89.50	460.00	39.60
3	1709.38	97.79	1494.12	71.54	1014.71	72.24
4	2505.34	100.39	2122.22	95.21	1023.68	67.47
5	3754.90	114.38	2151.16	92.03	1733.33	90.86
6	4211.41	131.76	1953.13	86.39	1811.63	103.16
7	7526.57	136.75	2605.56	99.86	1820.83	103.00
8	10200.71	135.79	3057.14	106.71	1472.22	78.78

Source: own research

When it comes to chocolate, it can be stated that there is a positive, moderate and statistically significant correlation between the number of instruments to which the respondents from the third segment were exposed to and the average amount of money spent for a month for the brand that is mostly purchased:  $\rho = 0.309$ ,  $n = 241$ ,  $p < 0,05$ .

If considering Table 3, it can be seen that in the largest number of cases, as the number of promotional instruments to which the respondents from the third segment in relation to chocolate in Serbia were exposed increases, there is also an increase in the mean rank of the frequency of purchasing of the mostly bought chocolate brand.

In the case of coffee, it can be seen that there is a positive, weak and statistically significant correlation between the number of instruments to which the respondents

from the third segment were exposed to and the average amount of money spent for a month for the brand that is mostly purchased:  $\rho = 0.228$ ,  $n = 177$ ,  $p < 0,05$ .

When observing Table 3, it can be seen that in half of the cases, as the number of promotional instruments to which the respondents from the third segment in relation to coffee in Serbia were exposed increases, there is also an increase in the mean rank of the frequency of purchasing of the mostly bought coffee brand.

Finally, when considering bottled water, it can be stated that there is a positive, weak and statistically significant correlation between the number of instruments to which the respondents from the third segment were exposed to and the average amount of money spent for a month for the brand that is mostly purchased:  $\rho = 0.276$ ,  $n = 172$ ,  $p < 0,05$ .

If observing Table 3, it can be seen that in half of the cases, as the number of promotional instruments to which the respondents from the third segment in relation to bottled water in Serbia were exposed increases, there is also an increase in the mean rank of the frequency of purchasing of the mostly bought bottled water brand.

### **Discussion**

The first hypothesis that consumers who perceive marketing communications in relation to a particular product as integrated, statistically significantly differ from other consumers in spending a higher amount of money to purchase that product is confirmed at the level of all researched products. The second hypothesis that consumers who perceive marketing communications in relation to a particular product as integrated, statistically significantly differ from other consumers in the fact that they are more often buying this product is partially confirmed - the exception is the respondents who belong to that segment and filled up questionnaires about coffee in Serbia. However, the amount of money can be considered a more relevant measure, since in a smaller number of purchases one can spend more money. Hence, the existence of the economic effects of integrated marketing communications can be regarded as confirmed.

Considering the character of the research in terms of covering a large number of brands, since each respondent filled out the questionnaire in the context of the most-purchased brand of one of the three product categories to which the questionnaire referred, the observation of these economic indicators is the first step in the consideration of the existence of synergistic effects of integrated marketing communications. Namely, the fact that members of the third segment are characterized by dominantly expressed above indicators in comparison to respondents who perceive the message in accordance with the promotional mix of its sender, but were exposed to the action of only one promotion instrument, but also in comparison to the respondents who perceive the message as confusing (without given the number of promotional instruments they are exposed to, so it is possible that it is the same number of instruments as for those from the third segment) can speak in favor of the existence of synergistic effects of integrated marketing communications.

The deepening of such an analysis was directed (in observing only the respondents in the third segment) to investigate the existence of a positive correlation between the number of promotional instruments to which influence were exposed the respondents and the average values of the amount of money for the products purchased, which is confirmed. In the same sense, it is also possible to interpret the number of cases in which the mean rank of the frequency of purchase increases, as the number of promotional instruments to which influence were exposed the respondents in the third segment - in the sense that this is in most cases (chocolate) or in half of the cases (coffee and bottled water).

### Conclusions

The existence of synergistic effects of integrated marketing communication instruments has been tested from the aspect of the economic effects observed through purchasing frequency and spending on purchases based on self-reported consumption of researched consumer goods. The results of the research have shown that there are positive economic effects of integrated marketing communication when it comes to buying coffee, water and chocolate.

The research points out to important managerial implications for companies within food sector. It would be of the greatest importance for them to implement integrated marketing concept in function of increasing their sale. The implementation of this concept considers the need of delivering the message through various channels as well as the need for consistency of that message.

The presented methodology is innovative and is focused on consumer perspective. Future researches would gain even more importance if it would be possible to identify purchasing data from retailers' databases and interview respondents identified in such a way.

### Conflict of interests

The author declares no conflict of interest.

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