Integrated Marketing Communications in web 2.0 environment: Challenges and Opportunities of online presence

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Abstract- In today’s digital world, it is impossible to achieve wide scale marketing goals without using modern methodology of integrated marketing communications management. Companies experience increasing influence of consumer-generated content and online reviews. Therefore, the need for specific tools and methodology of integrated marketing communications management increases in parallel with expanding Web 2.0 community. The features of Web 2.0 environment eliminate effectiveness of “traditional” marketing methods and creates the need for implementing modern approaches. However, the gap between “traditional” and “modern” marketing has faded away. Today, integrated marketing communications management is a complex and ubiquitous array of activities. The process of integrated marketing communications management in Web 2.0 environment contains challenges, alongside with numerous opportunities. The paper aims at identifying risks, threats, opportunities and reviews management methodology of integrated marketing communications in Web 2.0 environment. The introduction represents general overview of the issue, followed by literature review, discussion and conclusion. The main goal of the author is to present personal vision of the issue through own observation and literature study.

General Terms- Marketing management; Online marketing

Keywords- Integrated marketing communications; IMC; Web 2.0; Social media; Online reputation management; ORM

1. INTRODUCTION

Each member of the internet community faces increasing number of advertising messages and commercial offers online on a daily basis. Abundance of advertisements and tough competition between companies facilitates creating an environment where customer trust and loyalty is a valuable intangible asset. Gaining trust among potential customers becomes more and more difficult task to attain. On the other hand, maintaining strong relationships with existing customers also requires significant efforts. Lopsided communication is ineffective whereas people become more inclined to trust each other's recommendations and experiences. This is where Web 2.0 comes into play. Development of marketing generally and online marketing in particular was immensely affected by emerging of Web 2.0. This is a turning point in development of integrated marketing communications (IMC) that fundamentally changed the way companies manage communications with their audiences. The scale of changes can be compared with emergence of Marketing 2.0 where communication became consumer-centric instead of product-centric. Even the gist of these two stages of development of marketing have the same character, despite chronological difference. In both cases audience represents the main focus in the processes. All the components of IMC experience increasing influence by Web 2.0 environment. PR, advertising, sales promotion, direct marketing and branding are activities that greatly depend on proper understanding and management of principles of Web 2.0 environment. Emergence of Web 2.0 in middle 2000’s was accompanied by increasing popularity of social media. Furthermore, social media itself contributes to Web 2.0 environment more than any other platform (blogs, forums, wiki sites etc.). Profile-based (Facebook, Twitter, etc.) and content-based (Youtube) social media sites allowed internet users to obtain their own audience, often large enough to compete with companies. For example, users who make video reviews on different products on Youtube, to some extent, are considered to be more reliable than communication channels used by companies. Their intention is to have as large audience as possible and not commercial success of a product they make reviews on. Their recommendations can have considerable influence on potential customers’ decisions. Such reality created the necessity for companies to envisage Web 2.0 environment in their IMC and marketing policy in general. Today, no brand or organization is able to maintain favorable relationships with audience without activities designated specifically for Web 2.0 environment. Therefore, maintaining social media platforms, ORM (online reputation management), electronic customer relationship management (eCRM) and electronic word-of-mouth (eWOM) activities are
essentially important for managing IMC on modern markets.

If we consider Web 2.0 environment according to each component of IMC, influence level can be different. However, all of them can be affected significantly both in negative or positive manner. For instance, in case of public relations through Web 2.0, the main problem is that internet audience attitudes are completely unpredictable and diverse; also, if we consider advertising, companies do not have any leverage to control dissemination of an advertisement as internet users are able to modify or even distort its main idea. Motivation for doing so can be different. Each product, service or campaign is rather fragile in Web 2.0 environment. Thus, the gap between success and failure can be extremely small. Therefore, risks and threats are issues that must be dealt with special attention and high competence while managing IMC in Web 2.0 environment. On the other hand, it gives companies opportunities for raising brand awareness, sales promotion, public relations, direct personalized relationship with each customer etc.

2. LITERATURE REVIEW

Definition of Web 2.0 may be a subject of interpretation but the main principles are similar. The term was first used and defined by Tim O’Reilly in 2005 as sites and services that rely upon the generation of content by their users, as opposed to editors or dedicated content creators [12]. More detailed definition can be stated as follows: Web 2.0 is a collection of open-source, interactive and user-controlled online applications expanding the experiences, knowledge and market power of the users as participants in business and social processes. Web 2.0 applications support the creation of informal users’ networks facilitating the flow of ideas and knowledge by allowing the efficient generation, dissemination, sharing and editing/refining of informational content [3]. Some of the examples demonstrating the difference between Web 1.0 and Web 2.0 are Britannica Online vs. Wikipedia, personal websites vs. blogs, page views vs. cost per click etc. [13]. Hence, B2C communication has become based on intense interaction, open discussions, reviews and, of course, consumer-generated content.

While consumers find emotional and practical benefits in participating in online discussions, these conversations have profound commercial implications as well. Everyday consumers are wielding greater control over their media habits and their role in the commercial marketplace. Moreover, with the growth of online participation, consumers exert greater influence over the products and brands considered for purchase [17]. Each internet user has no time or space limitation to spread negative or positive ideas on a product or service. Consumer-generated content in social media, blogs and video portals have immense influence on consumer decision and behavior. Since “consideration” is an important phase in consumer purchase cycle, Web 2.0 can have significant influence on final decisions of customers and their behaviors. Also, audience behavior and opinions are shaped by eWOM which can be triggered and developed both by companies and audience. Therefore, companies don’t have full control over their marketing campaigns insasmuch as customers are equal actors in the process, in line with companies themselves. Companies need to elaborate flexible marketing plans that will respond the challenges existing in Web 2.0 environment.

3. DISCUSSION

3.1 Risks and Threats for IMC in Web 2.0 Environment

Before discussing Web 2.0 risks and threats in terms of IMC we need to identify the types of members of Web 2.0 community and their motivations. In Web 2.0 environment audience can be classified into three categories: 1. Hyper active, 2. Active, 3. Passive. Hyper active audience members are individuals who create content, write blog posts, make reviews on video portals, attract audience in social media etc. Their goal is to have as large audience as possible, often for commercial purposes; Active audience members share, discuss and thereby promote content created by hyper active users. The purpose for doing it can be different. For example, demonstrating loyalty to a particular brand that, in its turn, can also be considered as a way for personal self-expression; Finally, passive audience members are consumers of the content created by hyperactive users and promoted by active users. They search such content intentionally and often have considerable trust towards it. However, they don’t contribute to its dissemination and discussion. To some extent, such classification is conditional and a member of each category may belong also to another one. Besides, the vast majority of the entire audience consists predominantly of active and passive users. Although, hyperactive users are individuals who can have the biggest influence on shaping opinions and decisions concerning brands and products. In order to have more thorough understanding of nature of consumer-generated content, we also need to identify incentives motivating hyperactive users. Consumer-generated content can be both loyal or extremely critical to a brand. Advertisers and brand managers have to think seriously about what they should do when their brands are targeted. Consumers have three basic motivations for creating and broadcasting content: intrinsic enjoyment, self-promotion, and perception change. "Intrinsic enjoyment" individuals create for the sake of creation; They create for the playful enjoyment they gain from the process. What happens to the creation, and the effect the creation has, are secondary; Content created by “Self-promotion” individuals is merely a means to the end of bringing the creator to the awareness of a specific group of people; As for “perception change” individuals, they
intend for the content to have a specific effect on a target audience(s). Their goal is to change sentiments, to influence people [1].

While discussing risks and threats, advertising is among the most vulnerable components of IMC in Web 2.0 environment. Internet gives customers an opportunity to react on advertising campaigns publicly. Negative reactions and attitudes may become contagious which, as a result, can undermine the campaign or even brand reputation. This risk creates stronger necessity to test an advertisement on focus groups and conduct more detailed pre-campaign market research. These measures create the need for more financial resources and time. As a result, planning and conducting an advertising campaign through internet channels becomes a complex and time-consuming process with many unexpected circumstances and complications. The scale of problems may vary from small to massive, depending on the duration of the campaign, size and segment of target audience and product type.

Managing other components of IMC are also connected with complications and risks in Web 2.0 environment. Namely, sales promotion process can be affected by negative feedback from disappointed customers. Such individuals can be extremely influential for potential and existing customers as their experience and impressions gain high societal interest and, to some extent, irrational trust. Eventually, negative word-of-mouth can be triggered which harms campaigns and brand reputation in general. The same situation occurs while conducting direct marketing activities.

Out of other components of IMC, PR (public relations) is the most exposed to risks and threats in Web 2.0 environment. There are numerous examples when even world scale brands experienced severe consequences of PR crisis. People are committed to spread negative information and often mock a brand. PR crisis experienced by Samsung concerning exploding batteries of Galaxy Note 7 was a good example of how powerful Web 2.0 community can be. Even though Samsung responded the crisis adequately, it had negative consequences on brand reputation. Besides, the crisis resulted in huge financial loss. The company had to recall all of the more than 3 million devices it had sold, after reports of overheating and exploding batteries. Estimated cost of the recall exceeds $6 billion [4]. The crisis was aggravated by social media users posting and sharing memes and negative information. This case demonstrates how damaging and powerful Web 2.0 environment can be. It is noteworthy that Samsung managed to deal with the crisis properly and with high competence which comprised immediate response and post-crisis communication. Although, it is also worth mentioning that brand authority and past reputation played the key role. It demonstrates that companies with high brand equity and reputation are much more resistant to crises emerged in Web 2.0 environment than small companies.

With high probability, a small company would not be able to survive in similar crisis.

While planning and implementing IMC in Web 2.0 environment, marketing managers and company executives must realize that this is an environment where communication is bilateral. Unlike decades ago, when target audience was just a passive group of individuals receiving commercial messages, Web 2.0 community members possess a leverage to affect the way brands maintain communication. Web 2.0 media shift PR from command driven, top-down communication to a symmetrical conversation. Basic skills of 20th century public relations practice such as writing media releases, statements, speeches, and organizing interviews and news conferences, are not relevant to the growing array of social media. PR practitioners need to develop new skills such as how to enter conversations online to represent their organizations, correct inaccurate information, and defend against criticisms. This requires new ways of talking and new ways of listening [10]. At the same time, many companies regard web 2.0 as a potential marketing and/or PR risk, as it can give the opportunity to dissatisfied customers to publicly express and share their opinions online, harming the company’s image and reputation. As a result, many companies choose to either moderate user comments on their social media or refrain altogether from having an online presence [23]. No matter how loyal customers are and how positive attitudes they have, there is still a risk that they will demonstrate unexpected behavior that can harm brand reputation. In this process social media can have important role as significant number of customers choose this channel for communication and spreading their personal opinions. Hence, choosing proper style and elaborating communication policy through social media can insure some of the risks concerning communication with customers.

One of the characteristic features of Web 2.0 environment is its possibility to reflect audience’s attitudes and opinions. It can also be converted into quantitative and qualitative analytical data that creates an opportunity for comparison between competing brands. In such a democratic environment, evaluating a brand or product depends solely on will of a person. Negative reviews may be damagingly associated with the overall image of a brand or the whole organization. Through social media these negative reviews and perceptions can be further shared all over the world [18]. Consequently, the Horns effect (opposite phenomenon of the Halo effect) may occur in perception of vast audience and the whole brand may face the threat of its further development. Moreover, all its products and services will be associated with negative evaluations, notwithstanding the fact that only one product or service received negative feedback.

It is difficult to identify all the detailed risks and threats Web 2.0 environment comprises. However, deriving from past experiences and practice, it is possible to take some insurance measures for minimizing risks. On the other
hand, in line with risks and threats, Web 2.0 environment has a number of opportunities for successful management of IMC.

3.2 Opportunities for IMC in Web 2.0 Environment

Even before emerging Web 2.0, the idea that marketing is constantly changing and developing area, was widely accepted among marketing scholars and practitioners. This idea gained more popularity in parallel with development of internet community and Web 2.0, in particular. Therefore, adapting to novelties and using its opportunities is extremely important for eventual success on modern markets. Possibilities like personalized communication, detailed segmentation, precise geographical targeting, tracking customer behavior and ability to obtain diverse analytical data makes Web 2.0 not only an environment with risks and threats but also with numerous opportunities. Marketers can benefit from incorporating Web 2.0 tools to: get real-time feedback on existing products or new product ideas/concepts, build “community” among consumers around their goods, services or brand, leverage customer self-service, and have consumers collaborate on developing future product strategies [14]. Thus, it is upon marketers and company executives how beneficial and prolific Web 2.0 environment becomes for a company. There are several key issues that we need to single out in order to identify the most favorable opportunities of Web 2.0 environment for marketing.

One of the main opportunities that need to be emphasized is Web 2.0’s potential to influence consumer behavior. Often people are prone to exhibit behavior influenced by other members of the society. Taking into consideration this psychological phenomenon, Web 2.0 is a suitable environment to get marketing benefits. As Mark Zuckerberg, the founder of Facebook – one of the world’s largest social networks remarks, “People influence people. Nothing influences people more than a recommendation from a trusted friend. A trusted referral influences people more than the best broadcast message. A trusted referral is the Holy Grail of advertising” [25]. In this regards, viral marketing is one of the most effective approaches. Although, it requires thorough planning, pre-campaign research and many other competences. Once a campaign goes viral, a product or service has potential to become fad as a result of mutual influence through Web 2.0 environment. Besides its effectiveness in terms of reaching broad audience and influence behaviors, it’s cost-effective. Audience provides dissemination of the advertised message on its own. It excludes the expenses needed for distribution of an advertisement. As a result, a campaign conducted within the scope of viral marketing has high ROI (return on investment), facilitates growing brand awareness, attracts more loyal customers etc. As advertising is one of the key components of IMC, advertisement with high viral potential can serve as the main activity in a marketing campaign. The methodology and practice of viral marketing is complex and a separate field of research. It would be expedient if we review eWOM coupled with viral marketing as both of them are associated with “self-distribution” of information. Since potential customers often have higher trust towards friends, acquaintances and other customers, eWOM is able to bring a number of commercial benefits for a company. This process can have positive effect not only on sales, but raising brand awareness, attracting new customers, maintaining positive reputation etc. Besides, eWOM communications are much more measurable than offline WOM which, in its nature, is qualitative data rather than quantitative. The presentation format, quantity, and persistence of eWOM communications have made them more observable. Word-of-mouth information available online is far more voluminous in quantity compared to information obtained from traditional contacts in the offline world. In other words, researchers can easily retrieve a large number of eWOM messages online and analyze their characteristics such as the number of sentimental words used, position of the messages, style of messages, and the like[2]. These opportunities combined gives a company competitive advantages. Therefore, investing in activities aimed specifically for eWOM is able to significantly boost effectiveness of IMC management.

As mentioned above, reviews of products and services can have great influence on customer decisions and behaviors. If marketers manage to establish positive reputation among content creators and boost product popularity, online reviews and blog posts can serve as an effective advertising campaign. In this regards, several aspects need to be stressed: First, popular products tend to receive more reviews, and having a large number of reviews makes such online reviews seem more trustworthy. Second, given the large number of reviews popular products receive, consumers may be more confident that they can find reviews for a popular product online and thus are more likely to search for online reviews for popular products. Finally, reviews of popular products could have a greater effect on consumers’ decisions because consumers are exposed to these reviews more often [24]. Hence, in order to maintain high awareness and competitiveness in Web 2.0 environment, companies need to plan and conduct campaigns intended for receiving positive online feedback and consumer reviews. Google statistics clearly demonstrate how powerful online reviews can be: when looking for ideas about what to buy, 68% turn to Youtube, 45% turn to blogs and 84% turn to Google [7]. However, these reviews are predominantly about shopping and specialty products, when consideration stage in buying cycle takes more time, unlike convenience products.

Another important opportunity that must be stressed is rich analytical data. Such an advantage makes IMC in Web 2.0 environment much more effective than in traditional media channels. Advertising, PR, direct marketing and sales promotion are more functioning in
terms of management as obtained data helps marketers get right decisions and plan future campaigns better. Web 2.0 applications are those that make the most of the intrinsic advantages of that platform: delivering software as a continually updated service that gets better the more people use it, consuming and remixing data from multiple sources, including individual users, while providing their own data and services in a form that allows remixing by others, creating network effects through an “architecture of participation,” and going beyond the page metaphor of Web 1.0 to deliver rich user experiences [5]. Possessing voluminous consumer data allows marketers to create user profiles which is necessary basis for segmentation, positioning and targeting. Each campaign for each component of IMC needs proper planning. For example, websites like Facebook or LinkedIn have great potential to involve the right people in the right conversation at the right time. Therefore, promoting brands via social media is becoming personal, precise, interesting, social, and interactive [21]. These features are important for managing modern IMC. For instance, online advertising campaign would be futile without prior market research, determining segments and precise targeting. As for PR, data obtained from online user activities will help marketers maintain personalized communication with each type of customer and insure some of crisis risks in PR. Online direct marketing and sales promotion are also activities that need diverse data for successful implementation. For example, detailed data on customers and their profiles is necessary for offering different types of sales promotion, including coupons, product samples, discounts etc. Without detailed data on each member of target audience, it is not possible to conduct competitive campaign as online presence of competing companies push them to create more sophisticated and customer-oriented products and services. They try to incorporate values that are most important among customers. Besides, possessing rich data obtained from online activities is a good basis for remarketing and boosting loyalty. High level of competence in managing these activities can be regarded also as an intangible asset inasmuch as qualified and experienced human resources are able to make IMC in Web 2.0 environment key for successful marketing policy. Accordingly, it is impossible to utilize opportunities of Web 2.0 environment in IMC without proper methodology and tools.

3.3 Managing IMC in Web 2.0 Environment

Needless to say, having unified policy and approaches in IMC management is extremely important for maintaining favorable relations with target audiences. All the communication channels, personal interaction and promotion activities must correspond to principles positioned as brand’s core values. In this process, different tools, approaches and methodology must be used. Constant monitoring and understanding audience’s sentiment is one of them. To achieve this goal, online reputation management (ORM) methodology is used. It can bring a number of marketing benefits. ORM allows marketers and company executives to understand needs and opinions of target audiences, detect possible negative word-of-mouth on early stages and take necessary measures to prevent a PR crisis. Moreover, it allows to define broader scopes for online engagement as a new way of working through the lifecycle of listen and identify, inform, consult and involve, and collaborate and empower: Measure engagement by focusing on the usability of Web 2.0 applications and the extent of engagement as a result of their use; Gauge effectiveness by examining the degree to which Web 2.0 applications help create new relevant knowledge and solve cases [19]. In this process, all ORM campaigns must overcome several challenges: The growing visibility, ubiquity, and search engine relevance of user-generated content in the form of personal blogs, customer review sites, consumer advocacy sites, video sharing sites, discussion forums, social networking (and broadcasting) hubs, etc. The viral tendencies of negative online “buzz,” coupled with the inability to actually remove, take down, or directly attack the offending content, thus necessitating proactive, rather than reactive (and indirect), ORM strategies; The complex, shadowy, and ever-changing nature of search engine ranking and advertising algorithms, which introduce uncertainty and delay to even the best visibility/ORM campaigns [16]. Achieving success in coping these challenges can bring significant advantages for a company inasmuch as information and rich qualitative data obtained from customers is a valuable asset. It facilitates creating positive reputation for a company which is an extremely fluid, contingent, and precarious personal attribute generated entirely by the perception, attention and approval of others [8]. There are a number of tools that provide marketers wide opportunities for ORM. Tools like Google Alerts, SocialMention, Brandseye etc. track brand mentions in social media, blogs, analyze them and prepare reports. The results are detailed, with a breakdown of the sources and users, a measure of how positive or negative the conversation is, and its overall reach [20].

Within the scope of ORM, PR crisis management is one of the most important issues to be discussed. However, a crisis is merely one phase in an organization’s lifecycle. Often the problem for organizations is not in the crisis itself, but in how the organization responds. Communication during and after a crisis is one of the most important factors in determining the long-term effects of a crisis [22]. Furthermore, it is apparent that strategic online crisis communication involves more than just building relationships with external audiences and practicing issues management in times of crisis. It also involves such things as one-way communication, the use of the Internet and the Web as an interactive hub, the development of both networks and action-nets and improvisation [6]. Nevertheless, no matter how good an anti-crisis plan and communication is, to some degree brand reputation damage in post-crisis period is
indefinite. The best anti-crisis activity is to prevent a crisis. In modern digital world, ORM is the most effective approach to do it. Thus, company management should analyze possible risks, identify all the stakeholders in IMC management process and invest necessary resources in ORM tools and methodology.

Customer relationship management (CRM) is another activity used in IMC management online. It may not always be related to IMC in “traditional” marketing but has strong correlation with direct marketing in Web 2.0 environment. More intensity of online presence creates more necessity to adopt electronic customer relationship management (eCRM) methodology as customers often prefer internet channels of communication rather than any other way of interaction. Implementing eCRM is important not only for its primary reasons but also for maintaining competitiveness in perception of existing and potential customers. The methodology allows companies to create convenient and fast ways for resolving different problems in current services and post-purchase communication. Besides, it can be regarded as the most preferred way to get information by significant number of customers. eCRM can reduce the costs involved in communicating to customers, optimize workflows as a result of integration with other enterprise systems, facilitate better market segmentation and enable enhanced customer interactions, relationship and personalization opportunities. The goal of eCRM systems is to improve customer service, retain valuable customers and to aid in providing analytical capabilities within an organization [9]. Special emphasis must be put on its ability to conduct personalized communication as it allows to understand needs, wants and demands of each customer. Proper management of this process provides raising the level of customer satisfaction which, in its turn, facilitates to positive reputation and word-of-mouth. In this regards, social media is one of the main electronic channels in eCRM. It holds unprecedented potential for companies to get closer to customers and, by doing so, facilitate increased revenue, cost reduction and efficiencies. The blend of social media and customer relationship management (social CRM) enables a brand to truly listen to its customers more than ever before [15].

While managing IMC in Web 2.0 environment, taking into consideration diversity of audiences is one of the key prerequisites for success. Due to the phenomenon of selective perception among customers it is impossible to maintain unified and strictly standardized communication. Instead, personalized communication must be carried out. Ignoring specific traits of perception among different types and groups of audience can create problems in PR. Besides, it is important to realize that not all consumers have embraced online social networks alike. Young consumers are leading this way, followed by professionals and mainstream online consumers who have realized that Web 2.0 applications empower them. In order to properly use online social networks according to the market perspective, it is necessary first to understand their demographics [11]. There are a number of tools and services providing comprehensive analysis of audience according to demography, tastes, preferences etc. Also, marketers can take advantage of analytical information obtained from databases and other secondary sources. Notwithstanding the fact that the level of accurateness of such research can be rather high, it is impossible to precisely predict audience’s possible reactions and behavior. Widely accepted notion of “Black box” among marketing scholars perfectly describes the nature of consumers as a whole. Web 2.0 is an environment where this phenomenon must always be taken into special consideration.

4. CONCLUSION

Key pillar in managing IMC in Web 2.0 environment is the principle that audience is not a passive receiver of information as it used to be decades ago. In today’s digital world, audience is a community compiled of active individuals possessing opportunities to influence not only marketing policies of companies but also social and political developments. The level of interaction between organizations and internet users pushes marketers to elaborate marketing policies specifically targeted on Web 2.0 environment. For this purpose, ORM, CRM (eCRM), PR technologies and crisis management methodology must be adopted and managed with high competence. On the other hand, in order to avoid unnecessary risks and threats, marketers and company executives must determine necessary level of online presence. The decision must be made based on the type of activity, general strategy and type of target audience. Web 2.0 contains risks and threats alongside with numerous marketing opportunities. It is upon marketing managers whether they gain benefits or experience failure in Web 2.0 environment.

It is difficult to completely identify all the threats, risks and opportunities of Web 2.0 environment as it is ever changing and constantly developing. However, theory, methodology and approaches discussed above represents important part of the current state-of-the-art. Internet audience worldwide is fast-growing that necessitates IMC management methodology to become more sophisticated. Consequently, the need for theoretical research will increase over time in order to respond to contemporary advancements in practice.

5. REFERENCES


