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Integrated Marketing Communication Capability and Brand Performance

Sandra Luxton
Swinburne University of Technology, Hawthorn, Australia

Mike Reid
RMIT University, Melbourne, Australia

Felix Mavondo
Monash University, Clayton, Australia

Drawing on the resource-based view (RBV) of the firm this research investigates how an integrated marketing communication (IMC) capability drives a brand's financial performance through influencing the effectiveness of communication campaigns and the brand's market-based performance. The results illustrate that an IMC capability has a significant direct effect on campaign effectiveness and significant indirect effect on a brand's market-based performance and financial performance. The study highlights the role of IMC as a key firm-specific capability with significant impact on performance outcomes. Competitively, the more the firm is able to build its distinctive IMC capability, the greater its campaign effectiveness, which in turn leads to superior brand market-based and financial performance.

There are two interrelated areas of marketing capabilities (Morgan, Vorhies, and Mason 2009). The first area is the set of capabilities associated with individual "marketing mix" processes, such as product development and management and channel management. The second is capabilities concerned with the processes of marketing strategy development and execution. These capabilities are valuable nonsubstitutable sources of advantage that can lead to superior performance, which may be difficult for competitors to replicate (Peteraf and Barney 2003; Wu 2010). Previous studies describe the IMC process as a marketing capability because it combines and converts tangible and intangible inputs into outputs (Ratnatunga and Ewing 2005; O'Cass and Weerawardena 2010). In this sense, IMC is a market-relating deployment mechanism that enables the optimization of communication approaches to achieve superior communication effectiveness, which has other downstream benefits (e.g., brand and financial performance).

The development of an IMC capability is likely to be felt through better performing campaigns, which in turn result in improved brand outcomes such as market position and financial performance (Duncan and Mulhern 2004; Reid 2005). Given the competitive challenges facing most firms, it is vital that brand managers and their agencies identify and react to competition and growth opportunities rapidly by building and sustaining marketing capabilities strategically and linking these directly to organizational objectives (O'Cass and Weerawardena 2009).

Despite much conceptual work around defining IMC and theoretical posturing about the value of IMC for brands, little research has been undertaken to illustrate its value as a capability and demonstrate its value to brands. To address these issues, this study is grounded in the resource-based view (RBV) of the firm and considers IMC and its execution as a business capability that facilitates the translation of a firm's communication-related resources and its brand assets into market-based outcomes or returns on those assets (Ratnatunga and Ewing, 2005, 2009). Relatively little empirical research has been undertaken to examine the processes by which internal and market-based resources are converted into competitive advantages (Fahy et al. 2006; Srivastava, Fahey, and Christensen 2001), and we contribute to the better understanding of the integration of marketing and RBV.

Address correspondence to Sandra Luxton, Factulty of Business and Enterprise, Swinburne University of Technology, P.O. Box 218, Hawthorn, VIC, Australia 3122. E-mail: sluxton@swin.edu.au

Sandra Luxton (PhD, Monash University) is an associate professor, Faculty of Business and Enterprise, Swinburne University of Technology.

Mike Reid (PhD, University of Otago) is an associate professor, Department of Economics, Finance, and Marketing, RMIT University.

Felix Mavondo (PhD, Monash University) is a professor, Department of Marketing, Monash University.

We also seek to build on the previous work of a number of authors. First, we extend the research of Reid (2005), who employed a modified version of the Duncan-Moriarty IMC miniaudit (1997) as a basis for evaluating the IMC process in organizations and its relationship to brand outcomes. In extending the work of Reid (2005) we adopt a more succinct set of measures and frame IMC as a capability. Second, we empirically examine IMC's contribution in light of previous conceptual studies that propose a chain of performance consequences (Ambler et al. 2002; Keller and Lehmann 2003, 2006). This was posited by Reid (2005) as something that needed to be investigated and we find that the IMC capability does, in part, influences the effectiveness of brand-related communication campaigns and subsequent market-based brand equity factors of brand awareness, perceived quality, channel support, and perceived customer brand loyalty. By pulling apart performance into campaign effectiveness, market-based brand performance, and brand financial performance our study empirically also tests the conceptual propositions of Reid, Luxton, and Mavondo (2005) regarding a "chain of IMC performances."

IMC PROCESS AND BRAND VALUE

In the face of the many challenges emerging in the marketing environment, brands offer value in terms of the perceived credibility and trustworthiness of the firm, the ability for messages about the firm's offer to be attended by consumers, for emotional attachment to form between the firm and its stakeholders, and in motivating consumers and customers to purchase and repeat purchase what the firm has to offer (Ambler et al. 2002; Rust et al. 2004). One critical aspect of building strong brands is the ability of the firm to devise ongoing effective marketing communication strategies that ensure the market sees and hears the brand, thereby enabling the development and sustenance of long-term brand value.

IMC is defined "an on-going, interactive, cross-functional process of brand communication planning, execution, and evaluation that integrates all parties in the exchange process in order to maximize mutual satisfaction of each other's wants and needs" (Duncan and Mulhern 2004, p. 9). IMC is evolving as a strategic management process that involves the interweaving of activities and procedures crossing traditional departmental boundaries, employing the knowledge and skills of specialists and nonspecialists alike to bring together all responsibilities for communication (Ratnatunga and Ewing 2009). Furthermore, it is a process driven by, and responsive to, customer data, understanding stakeholder perceptions about the brand, the role of traditional and emerging channels, and recognizes that increased brand equity reflects the outcome of efficient and effective customer and stakeholder relationships (Burmann, Jost-Benz, and Riley 2009). IMC plays an important role in contributing to the building of brand equity, which is the stored value, built up in a brand, used to gain market advantage (Srivastava, Fahey, and Shervani 2000).

There are several benefits associated with developing an IMC capability. It helps firms focus their resources (time, effort, and financial) against "best" customers and prospects via "outside-in" thinking, which starts with the customer rather than determining what is to be said and then looking for prospects to whom to say it. It is designed to bring all the marketing and communication elements into a credible, persuasive, meaningful, and measurable process that can be evaluated for effectiveness and efficiency. It consequently encourages the cohesive coordination of all the firm's communication activities into a whole via a common firm-wide framework. Finally, it facilitates the effective use of external resources and internal capabilities to achieve maximum results (Ratnatunga and Ewing 2009).

Drawing on the RBV, this study explores the relationship between IMC as a process capability and a brand's market and financial performance. We posit that both campaign effectiveness and market-based brand performance act as mediators of the relationship between a firm's IMC capability and the brand's financial performance.

IMC CAPABILITY AND PERFORMANCE

Extant literature in RBV proposes that a firm's performance is dependent on its deployment of resources and capabilities—not simply on ownership and access. This deployment requires the conversion of resources and assets into outcomes via capabilities (Grant 1991; Madhavaram and Hunt 2008; Prahalad and Hamel 1990). In recent years a number of studies have utilized the RBV approach to examine the value of marketing related capabilities (Finney, Lueg, and Campbell 2008; Morgan, Vorhies, and Mason 2009; Nath, Nachiappan, and Ramanathan 2010; Ngo and O'Cass 2009; O'Cass and Weerawardena 2010; Orr, Bush, and Vorhies 2011). Marketing capabilities are integrative processes designed to apply the collective knowledge, skills, and resources of the firm to the market-related needs of the business, adding value to goods and services in meeting competitive demands (Day 1994; O'Cass and Weerawardena 2009). IMC can thus be positioned as a process that represents a firm's ability to apply tacit knowledge and judgment to combine and convert tangible assets (e.g., billboards, point of sale) and intangible assets (e.g., brand identity, slogans) into direct and indirect performance outcomes (e.g., brand equity, sales, return on investment [ROI]).

By adopting the RBV of the firm, IMC is viewed as a firm-specific capability in that its underlying processes may be deeply embedded in organizational routines and practices (Lin and Wu 2014; Madhavaram, Badrinarayanan, and McDonald 2005). IMC, then, is a resource of the organization that the firm can draw on in undertaking communication challenges. Consistent with RBV theorizing, a capability does not imply doing something in an outstanding way. It means performing some function at some acceptable level that provides advantages (Helfat et al. 2007). This obviously avoids the possible tautology implicit in assuming a capability means doing something outstanding and then linking it to performance (Zahra, Sapienza, and Davidsson, 2006).

We recognize that IMC is heterogeneously distributed among competitors, hence its ability to provide some performance advantage. Thus, our formulation implies firms will have IMC capability, but some will have more than others. This is synonymous with the concept of market orientation (Narver and Slater, 1990). For IMC to contribute to competitive advantage, just like any other resource it needs to possess the VRIN characteristics: value, rare, inimitable, nonsubstitutible (Barney, 1991). IMC is valuable because it confers many benefits in communication (overall effectiveness, lower costs, more targeted to stakeholder groups); this explains why many companies are investing in IMC (Duncan and Mulhern 2004). IMC is on one hand embedded within organizations; on the other, its deployment and implementation is episodic. Hence, the configuration of activities in IMC for each organization is different and potentially unique. However, we believe best practice IMC could be imitated. This may be expensive for competitors (diseconomies of duplication; Dierickx and Cool, 1989). Consistent with Eisenhardt and Martin (2000) IMC may not be a source of sustainable competitive advantage but is likely to provide a series of temporary advantages. Again we note that IMC may be substitutable by various configuration and strategic management orientations with specific reference to communication. We believe this substitutability is not complete but adequately serious to caution us from hypothesizing that IMC is a source of sustainable competitive advantage. We further note that capabilities differ from physical resources in that often their efficacy increases with regular deployment and use (as opposed to depreciation) (Makadok, 2001). This suggests that brands with an effective IMC capability will grow stronger and become a moving rather than static target for competitors, thereby creating a more sustainable competitive advantage.

CONCEPTUAL MODEL

One of the critical issues in IMC research is the relationship between the firms IMC ability, their implementation of it, and the impact that this might have on campaign, brand, and financial performance outcomes (McGrath 2005; Schultz, Cole and Bailey 2004). While little published empirical work exists on the effects of IMC on brand performance at an aggregate level, some research exists on specific aspects. Recent conceptual developments focus on ROI (Ambler et al. 2002); return on touch point investment (ROTPI) (Schultz, Cole, and Bailey 2004); and improvements in brand equity and customer equity (Madhavaram, Badrinarayanan, and McDonald 2005; Schultz, Cole, and Bailey 2004). This research examines the contribution that IMC capability makes to the market and financial performance of brands. Figure 1 presents these relationships.

The IMC–brand performance link is in principle supported in the literature (Duncan and Moriarty 1997; Low 2000; Reid 2005; Schultz, Cole, and Bailey 2004), despite a lack of empirical evidence (Cornelissen and Lock 2000; Kitchen, Brignall, and Li 2004). The conceptual framework (Figure 1) implies a "chain of IMC performance" (Reid, Luxton, and Mavondo 2005) similar to the brand value chain concept (Ambler et al. 2002; Keller and Lehmann 2003, 2006), which links the IMC capability with campaign effectiveness and the brand's market and financial performance. The most proximal effect of IMC is likely to be campaign effectiveness because this is the first and probably most readily evaluated outcome of IMC capability effectiveness. This can be assessed using a number of criteria: awareness, recall, and cost among many others. In line with previous literature (e.g., Ratnatunga and Ewing 2005; Schultz 1998), the better the firm is at combining and managing tangible and intangible marketing communication assets synergistically and improving its touch point opportunities, the greater the impact is likely to be on campaign effectiveness (Schultz, Cole, and Bailey 2004). Thus we propose:

> **H1a:** A firm's IMC capability has a direct and positive effect on a brand's communication campaign effectiveness.

Firms that practice a more integrated approach to marketing communication as part of their marketing strategy will likely have better performance results in terms of brand performance and ultimately on financial performance (Reid 2005). Hence:

> **H1b:** A firm's IMC capability has a direct positive effect on a brand's market-based performance.

Brands and building brand equity are critically important in achieving positional advantage in the market and in leveraging this position for financial rewards (Duncan and Mulhern 2004; Schultz, Cole, and Bailey 2004). Strong brands and their presence in the market are partially a function of effective communication to customers and the responsiveness of targeted consumers to communication efforts (Keller and Lehmann

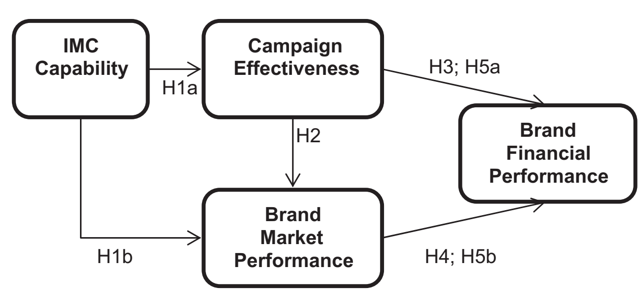

FIG. 1. Conceptual model.

2003). We expect that greater campaign effectiveness will lead to, among other things, improved market-based performance, including improved brand awareness, brand recognition, market share, and financial returns:

> **H2:** Campaign effectiveness has a direct positive effect on a brand's market performance.

> **H3:** Campaign effectiveness has a positive effect on a brand's financial performance.

In measuring marketing productivity, Rust and colleagues (2004) link marketing strategy and tactics to customer, marketplace, and financial benefits for the organization. Following the aggregation of these intermediate measures of performance to the level of marketing assets, the appropriate measures are brand equity and customer equity metrics. Marketing performance is also likely to have flow-on effects to financial impact such as ROI and economic value added (EVA) (Ambler 2003), as measured by financial position (including profits and cash flow). Thus:

> **H4:** A brand's market performance has a direct positive effect on its financial performance.

The effectiveness of brand communication campaigns at achieving objectives is also likely to mediate the impact of a firm's IMC capability on brand performance (Ratnatunga and Ewing 2005). This is consistent with the arguments about technical efficiency (Helfat et al. 2007) in that the impact of IMC on campaign effectiveness is a measure of technical efficiency of the capability. Technical efficiency should support evolutionary efficiency (long-term performance) or survival—in this case, market performance and financial performance. However, achieving technical efficiency does not lead to evolutionary efficiency automatically, as this depends on market demand, degree of competition, ability to offer lower cost or higher quality. Technical efficiency is an economic term that implies ability to achieve stated objectives. In this case this is a measure of IMC capability to achieve set intermediate objectives such as campaign goals and marketing objectives. The ability to achieve evolutionary fitness (or long-term performance) is a separate issue, as noted. Thus, campaign effectiveness may act as one of the principal mechanisms linking IMC to market and financial performance. Similarly, the market-based performances of the brand will partially mediate the impact of the firm's IMC capability on the overall financial performance of the brand. In effect a chain of impacts in Figure 1 reflects the partially mediated relationship between the IMC capability and financial performance. We hypothesized that the relationship between IMC capability and financial performance would be totally mediated by brand market performance and communication campaign effectiveness, hence the lack of a direct relationship between IMC capability and financial performance.

> **H5a:** Campaign effectiveness mediates the effect of an IMC capability on a brand's financial performance.

> **H5b:** A brand's market performance mediates the effect of an IMC capability on a brand's financial performance.

METHOD AND RESULTS

Sample and Data Collection

The study utilized a commercial mailing list and employed a postal survey of Australian managers with brand communication responsibilities. Australia, as a developed economy, is deemed an appropriate focus as it exhibits similarities with many Western economies in terms of the competitive nature of the marketplace and its approach to brand management, marketing, and consumer behavior. The unit of analysis is the primary brand under the control of the responding manager. Prior to full administration of the survey, practicing brand managers were asked to evaluate the questionnaire design and the items employed. This evaluation resulted in minor revisions to several items and the questionnaire layout and goes some way to addressing concerns regarding the ability of respondents to provide appropriate responses and to understand what is being asked of them, and addresses some of the concerns associated with common methods bias (Podsakoff et al. 2003). Following a single reminder letter, the final response rate was 187 (17.7%) completed and usable questionnaires. The final set of respondents' firms comprised a range of business areas and firms (Table 1). The sample is broadly representative of firm size in Australia, with 32% of our sample considered small business, 38% considered medium, and 30% considered large (DIISR, 2013). The majority of managers (54%) reported having spent more than four years with the firm.

Measurement of Variables

The items in the survey are based on preexisting measures (Table 2). The IMC capability construct is a reflective 12-item scale and is based on measures used in previous IMC research examining how well a firm is able to undertake marketing communication activities (Duncan and Moriarty 1997; Low 2000; Reid 2005). All items were measured on 7-point Likert-type scales where 1 indicates *Strongly disagree* and 7 indicates *Strongly agree*. The measure of IMC capability differs from studies examining broader marketing capabilities (see Atuahene-Gima 1993; Greenley, Hooley, and Rudd 2005; Weerawardena and O'Cass 2004), which, although identifying the importance of promotion as a general capability or activity undertaken by the firm, do not provide insight into the specific IMC capability.

For the performance measures, communication campaign effectiveness is based on Cornelissen and Lock (2000), Linton and Morley (1995), and Rossiter and Bellman (2005) and

TABLE 1
Demographics

Category	Percentage
Strategic business unit is part of a larger organization	
Yes	54.0
No	46.0
Total brand sales in last financial year	
Less than $500,000	2.1
$501,000 to $2 million	9.1
$2.1 million to $5 million	7.0
$5.1 million to $10 million	8.0
$10.1 million to $20 million	11.2
$20.1 million to $50 million	12.8
$50.1 million to $100 million	13.4
Above $100 million	36.4
Industry area	
Consumer packaged goods	35
Retail	14
Consumer services	10
Consumer durables	6
B2B goods	6
B2B services	6
Not for profit	4
Other	19
Size of brand's annual marketing communications budget	
Less than $100,000	20.3
$101,000 to $500,000	19.3
$501,000 to $1 million	12.8
$1.1 million to $5 million	22.5
$5.1 million to $10 million	9.1
$10.1 million to $20 million	9.1
Above $20 million	7.0

consists of four items related to the extent marketing communications activities achieve above-the-line objectives, have a significant effect on consumer's brand recall, and operate synergistically. Respondents were asked to consider their campaign effectiveness relative to that of their main competitor and were measured on 7-point Likert-type scales where 1 indicates *Strongly disagree* and 7 indicates *Strongly agree*. The brand market performance scale consists of five items (Duncan and Moriarty 1997; Rust et al. 2004; Schultz, Cole, and Bailey 2004) evaluating the degree to which respondents felt their brand was performing in the market relative to the performance of their main competitor and were measured on 7-point Likert-types scales where 1 indicates *Strongly disagree* and 7 indicates *Strongly agree*. Finally, the brand's financial performance employs five items (Cavusgil and Zou 1994; Srivastava, Fahy, and Christensen 2001) that ask respondents to provide an estimate of the average annual growth rate for each measure over a three-year period. The indicators were 1 = *Over 10% decrease*; 2 = *5% to 10% decrease*; 3 = *Under 5% decrease*; 4 = *No change*; 5 = *Under 5% increase*; 6 = *5% to 10% increase*; and 7 = *Over 10% increase*. While self-reported data entail some degree of trust in the managers providing assessment, it is considered to be a justifiable approach to take because our brand managers all have spent an appropriate amount of time at the firm and are well placed to make a judgment about brand performance (Churchill et al. 1985; Harris and Schaubroeck 1988).

Model Estimation

To estimate the IMC performance model, we adopted a partial least squares (PLS) approach that allows for modeling of relationships with a lower number of respondents. Specifically, we used the SmartPLS program (Ringle, Wende, and Will 2005). The level of statistical significance of the coefficients was calculated using a resampling procedure with 500 subsamples. Table 2 summarizes the measurement variables and the descriptive statistics in greater detail, as well as the weights, factorial loads, and the reliability levels of the scales employed.

For the model, all factorial loadings are significant and above 0.6. Moreover, composite reliability and average variance extracted were above those usually recommended, and an examination of correlations between the constructs confirms discriminant validity (Fornell and Larcker 1981; Sarkar, Echambadi, and Harrison 2001). Further analysis confirmed the nonexistence of multicollinearity among the indicators comprising each scale (VIF: 1.70–3.48; tolerance: 0.42–0.68). Overall, the results show that the measures in this study have an appropriate level of reliability and validity. Convergent validity is demonstrated (Table 2) through acceptable Cronbach's alpha for constructs and by acceptable composite reliability (Fornell and Larcker 1981). In this research both approaches show adequate convergent validity.

Although PLS path modeling lacks an index for global validation of the model (Chin, Marcolin, and Newsted 2003), Tenenhaus and Vinzi (2005) propose a global goodness-of-fit (GoF) criterion that can serve as a diagnostic tool. Wetzels, Odekerken-Schroder, and van Oppen (2009) also formulate indicative GoF values as baseline values for global validations of a PLS model: $GoF_{small} = .1$, $GoF_{medium} = .25$, and $GoF_{large} = .36$. With a GoF of .37, the proposed model performs well compared with baseline values.

The results (Table 3) demonstrate support for hypothesis 1a—that an IMC capability has a significant direct influence on campaign effectiveness (H1a: $\beta = 0.49$, $p < 0.001$). The analysis also shows that IMC has a direct but lesser effect on brand market performance (H1b: $\beta = 0.19$, $p < 0.01$). Hypothesis 2, which analyzes the effect of a brand's campaign effectivness on its market performance, is accepted ($\beta = 0.46$, $p < 0.001$), while hypothesis 3, which examines the influence of campaign effectiveness on a brand's financial performance, is

TABLE 2
Summary of Measurement Scales

Scale items	Mean	SD	PLS Loadings
IMC capability ($a = 0.93$; $cr = 0.94$; AVE = 0.56)			
All of our marketing communications tools work together to achieve our overall brand communication goals.	4.96	1.37	.66
Our creative theme is broad enough to use in campaigns aimed at different stakeholder groups.	5.23	1.53	.76
We regularly discuss our brand's communication strategy with our creative agencies.	4.96	1.79	.75
We coordinate all our external agencies so they one another's roles in achieving our brand communication objectives.	4.64	1.81	.73
Our marketing communication strategy is driven by clear objectives for creating relationships with key stakeholders.	5.03	1.34	.80
Target market insights from market research guide our campaign planning process.	4.93	1.62	.73
We conduct a SWOT analysis to help determine our brand's marketing communication planning.	4.75	1.67	.85
Our brand communication strategies maximize the strengths of all marketing communications tools.	4.79	1.51	.83
A clear understanding of all our "brand touch points" guides our campaign planning process.	4.72	1.60	.69
We thoroughly evaluate the performance of every campaign.	4.51	1.75	.73
Our business commits to maintaining highly skilled personnel to manage our brand communication.	4.95	1.61	.96
Adequate time is made available to plan and execute brand communications.	4.41	1.67	.78
Campaign effectiveness (relative to main competitor) ($a = 0.0.83$; $cr = 0.88$; AVE = 0.60)			
We are more successful in achieving "above-the-line" objectives.	4.64	1.41	.74
We have greater "synergy" between the communication tools used.	4.58	1.19	.74
Our campaigns have a longer sustained effect on consumer brand recall.	4.62	1.29	.86
We have a higher return on campaign investment.	4.51	1.25	.83
Brand market performance (relative to main competitor) ($a = 0.80$; $cr = 0.87$; AVE = 0.63)			
Our brand is seen as being of higher quality.	5.32	1.36	.82
Our brand is able to maintain a price premium in the marketplace.	4.79	1.66	.74
Our brand commands greater support from our intermediaries.	4.62	1.32	.71
Our brand has a higher level of brand loyalty.	5.01	1.52	.80
Our brand is more easily able to increase its market penetration.	4.52	1.40	.78
Brand financial performance (past three years) ($a = 0.89$; $cr = 0.92$; AVE = 0.71)			
Sales value	5.33	1.35	.81
Market share	4.73	1.30	.77
Gross margin	4.91	1.33	.89
Return on investment	4.95	1.31	.87
Return on assets	4.93	1.38	.86

TABLE 3
Estimation of Proposed Hypotheses (PLS)

Relationship		β	*t* value	R^2	PLS Supported
1a	IMC capability → Campaign effectiveness	0.49	10.11***	.24	Supported
1b	IMC capability → Brand market performance	0.19	2.85**	.36	Supported
2	Campaign effectiveness → Brand market performance	0.46	7.54***		Supported
3	Campaign effectiveness → Brand financial performance	0.11	0.94ns		Not supported
4	Brand market performance → Brand financial performance	0.22	2.19**	.09	Supported

GOF = Square root of AVE*R^2 = 0.37.
*$p < 0.05$; **$p < .01$; ***$p < 0.001$.

not significant ($\beta = 0.11$, n.s.). Hypothesis 4, which assesses the effect of a brand's market-based performance on the brand's financial performance, was significant and accepted (H4: $\beta = 0.22$, $p < 0.01$).

The investigation of the mediated effects associated with IMC and financial performance (hypotheses 5a, 5b) is based on Preacher and Hayes's approach (2008). The bootstrap samples were 5,000. The bias corrected 95% confidence intervals were hypothesis 5a: $b = 0.99$, $p <.01$, lower CI = 0. 034, and upper CI = 0.189). Similarly, there is evidence of mediation between IMC capability and brand financial performance through brand market performance (hypothesis 5b: $b = 0.82$ $p <.01$, lower CI = 0. 026, and upper CI = 0.159). In both cases, the *c* path is rendered insignificant when each mediator is introduced. Thus, the influence of a firm's IMC capability on a brand's financial performance is felt through the capability of the firm to develop and execute communication campaigns and through the subsequent market-based performance of the brand.

Finally, to discount communication budget size on performance, we undertook an analysis for moderation. The results of budget size as a moderator were such that there was not significant interaction with IMC capability ($b = .015$, t value = .365, $p = .718$). With campaign effectiveness the interaction term was $b = -.034$, t value = $-.651$, $p = .516$, and with brand market performance the interaction term was $b = .065$, t value = 1.373, $p = .172$. Thus we concluded there was no moderation on the possible antecedents to brand financial performance.

This means that the IMC capability directly influences campaign effectiveness and the market performance of brands irrespective of size. The results also illustrate that a brand's financial performance is influenced directly by its market performance but not directly by campaign effectiveness. Campaign effectiveness in terms of synergies between communication tools and increased brand awareness, for example, are felt financially only when they are translated into brand market performance including price premiums, increased market penetration, or increased brand loyalty and repeat purchase rates. For firms, this means that regardless of size they must build and utilize their IMC capability to develop powerful brand communication campaigns so that their brand's market performance is strong relative to their competitors and that the brand's financial performance is consistently robust in the face of increasing competition.

DISCUSSION

Contribution and Implications

To contribute to the discussion on IMC and its value to firms we have drawn on the RBV of the firm and have positioned IMC as a firm capability. The RBV (Barney 1991; Grant 1991; Orr, Bush, and Vorhies 2011) provides an appropriate framework to examine the scope of IMC's impact on brand performance. Further, the study confirms its influence on both brand communication campaign effectiveness and a brand's market-based performance. The study also provides evidence that the impact of IMC capability on a brand's financial performance is mediated by campaign and brand market performance. The findings contribute to the theory and practice in several major ways.

First, the research represents one of the few endeavors to frame and empirically assess IMC as a process capability. While IMC and other brand-building activities may be important contributors to long-term financial success, providing tangible evidence of their impact (and marketing metrics more generally) has been difficult (Madhavaram, Badrinarayanan, and McDonald 2005; Stewart 2009). Our findings show that a firm's IMC capability contributes to brand performance by facilitating the development and implementation of more effective IMC campaigns resulting in positive brand-related market performance outcomes. For managers, the implication is that resources need to be directed toward building an IMC capability, ensuring that sufficient financial and human investment underpin the firm's ability to design and execute campaigns over time.

The second implication is that a chain of IMC-related performances occurs and that both IMC activities and subsequent campaign outcomes indirectly rather than directly relate to a brand's financial performance. This chain of IMC performance links firm processes and activities in marketing communication management and campaigns with customer and brand equity outcomes and financial outcomes; similar to the brand value chain concept (Ambler et al. 2002; Keller and Lehmann 2003, 2006). Consequently, firms should ensure that their approach to building an IMC capability is strategic and ongoing and involves the whole firm and its communication stakeholders (Stewart 1996). Furthermore, the way in which returns to communication investments are analyzed, particularly for brand franchise-building communications, must be appropriate. Managers need to account for the indirect influences on financial performance and ensure metrics used account for the chain of effects and not only for direct financial returns.

One of the concerns that has limited empirical investigation of IMC and its link to outcomes has been the absence of a more succinct and tested measurement instrument (Duncan and Mulhern 2004; Ewing, De Bussy, and Caruana 2000). A criticism of earlier studies claimed the instruments had been operationalized via a relatively narrow definition (Phelps and Johnson 1996) and had captured only the more tactical aspects in terms of whether advertising, public relations (PR), and sales promotion executions are designed to influence simultaneously both purchases and perceptions (Beard 1996). Many IMC studies are still asking managers whether IMC is practiced or what they understand by IMC. It is time for researchers to move beyond this and start to focus more fully on the outcomes of a firm's IMC capability, and this study provides a mechanism to do that. The IMC capability measure we use is grounded in the work of Duncan and Moriarty (1997) and Reid (2005) but highlights an approach that shows sound measurement properties and is easily incorporated in other studies. The approach we have taken addresses the call for "outside-in" thinking (Schultz 1998) and for marketers to view IMC as a set of organizational processes and behaviors (a capability) strategically guided by a brand management philosophy.

Finally, there are implications for managers, especially in light of the changes and dynamics of the brand-marketing landscape. An increased level of brand competition from both domestic and international competitors (Prahalad and Ramaswamy 2012) means that brand marketers and their agencies must be able to develop impactful brand campaigns. The ongoing effects of the global economic crisis means that brand communication budgets are increasingly subject to scrutiny and managers are under pressure to prove the impact of expenditure on the brand's market and financial performance (Heerde et al. 2013). Moreover, the changing role of consumers from mostly passive receivers of brand communications to cocreators of value (Christodoulides, Jevons, and Bonhomme 2012) means that brand marketers need to have the ability to assess their IMC capability and understand how to leverage the consumer's voice through new and emerging social media channels. Overall, it is critical that managers recognize the need to ensure their IMC capability is dynamic and not static so that its value continues in the face of increased competition.

Limitations and Directions for Future Research

There are limitations to our research and these offer scope for future research. Many intervening operational activities and environmental influences exist between the building of an IMC capability, the implementation of marketing campaigns, and the achievement of a brand's financial performance outcomes. These include internal factors (e.g., pricing of products and cost of production) and external factors associated with responding to the market (e.g., fluctuations in competition and demand). Because these other factors were not in the measurement model, the variance explained for performance, although significant, may be improved with the inclusion of such moderators or antecedents. Furthermore, many aspects of marketing communication involve a long-term commitment. The IMC capability impact may therefore not be immediately evident, particularly in terms of the building of brand equity.

Future studies should adopt a specific lens, such as an examination of different organization sizes. Although we found no significant influence of size on performance, this result needs to be deconstructed through larger studies or tested in specific industry categories. For example, brands fighting in a supermarket environment might benefit from a larger budget as compared to smaller fashion brands that may benefit from social media. Given that the current study involves a diverse range of industry types, narrowing the focus to a single industry may also be beneficial in understanding the influence of IMC capability on brand performance and would enable researchers to better define and account for other marketplace and firm-level factors that influence performance. Moreover, our data are cross-sectional and do not track a brand over time relative to its IMC capability and campaign efforts. A longitudinal case analysis would be worthwhile to consider, as many aspects of marketing communication involve a long-term commitment, and the impact of an IMC capability may be more evident over time. While single informant studies are a commonly used and accepted marketing research technique, future studies would benefit by the inclusion of multiple informants from a single organization. Finally, IMC researchers need to examine the challenges of building brands in emerging markets and how an IMC capability needs to be built for these environments. For example, emerging markets in China and India pose a challenge for marketers in terms of consumer access to and use of different media, access to agencies with the skills and capabilities to develop great creative strategy, and the ability to distribute and sell product which impacts on performance of campaigns in terms of sales volume and timing.

Conclusion

In summary, the study seeks to position IMC as a core process capability that directly and positively influences campaign effectiveness and brand market performance, and subsequently the financial performance of brands, thereby supporting the idea of an IMC productivity chain. The results strengthen the argument that the true mechanisms of transmitting the firm-level benefits of an IMC capability are likely to be campaign effectiveness and brand market performance. Understanding the nature of relationships between IMC and the ultimate financial performance of brands provides managers with an improved ability to analyze the way returns to investments in marketing communication management and implementation might occur (Stewart 2009). The findings of the study demonstrate that the relationships are complex, mediation plays an important part in their explanation, and firms should therefore continue to seek and develop capabilities in IMC.

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