MANAGING TOTAL MARKET COMMUNICATION AND IMAGE

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***Abstract*:**

Market communication is, of course, a substantial part of the marketing function. Communication is also such as sales, advertising, and sales promotion. Communication is also an integral part of the Interactive Marketing Function. What employees say, how they say it, how they behave, how service outlets, machines, and other physical resources look, and how they function communicate something to the customers. The communication effect may be positive, such as "they really care for me here", "they have modern and efficient equipment", or "they are nicely dressed". It may also, of course, be less favorable, such as "how rude their people are", "what a sloppy office they have", or "how can it always take so long to get things done here".

Keywords: *market communication, marketing function, communication cycle, image*

There is an important difference between the communication of the Traditional Marketing Function and that of the Interactive Marketing Function. The latter types of communication are related to reality as customers perceive it. They communicate *what really is* as far as consumers are concerned. The former types of communication, such as advertising, are always on an abstract level for customers (and other publics). They involve promises and/or information that may or may not be true; however, as far as the customer or potential customer is concerned, the validity of these types of communication must still be tested. Testing takes place when the customer meets reality. There is an obvious connection here with how service quality is perceived. Market communication efforts like advertising and sales predominantly impact the *expected* service, whereas the communication effects of the buyer-seller interactions of the Interactive Marketing Function influence the ***experienced*** service. Of course, advertising and brochures may sometimes have some immediate effect on the perception of the interactions, which probably enhances the customer's opinion of the service.

Hence, there is here a truly ***total communication impact****;* almost everything the organization tells about itself and its performance and almost everything the organization does that is experienced in the buyer-seller interactions has an impact on the customer. Moreover, the various means of communication and their effects are interrelated. Furthermore, these communication effects, together with other factors such as the technical quality of the services, shape the ***image*** of the organization in the minds of customers, potential customers, and other publics. There are a range of situations where communication effects occur and thus a number of different types of communication. For instance, the following four broad categories can be distinguished (see, for example, Grönroos & Rubinstein 1986):

1. Personal communication (not related to the interface between service production and service consumption);
2. Mass communication (impersonal);
3. Direct communication; and
4. Interactive communication.

In addition to these types of communication, which are more or less actively used as means of communication, there is a fifth type of communication, which must also be taken into consideration when planning total communication:

When a firm decides not to inform its customers about, say, a delay or quality fault, this is not lack of communication. Instead, there is a distinct piece of information involved. This is perceived either immediately on the spot or later on. Moreover, absence of communication is frequently perceived as negative communication.

Personal com*munication* that is not related to the interface between service production and consumption includes, for example, sales by professional or other salespersons that do not take place as part of normal service production. Impersonal ***mass communication*** includes, for example, advertising, brochures, and mass-distributed sales letters. *Direct communication* is personalized impersonal communication which is directed to named receivers. An example is sales letters addressed to the receivers personally. These three types of communications are part of the Traditional Marketing Function.

Interactive communication refers to the communication effects of customers' perceptions of the buyer-seller interface during service production. Much of this is, of course, personal. But there is a distinct difference between this type of communication and the above-mentioned category of "personal communication." The latter always is, or should be, planned as communication and communication only, whereas the communication effects of personal contacts during service production (part of "interactive communication") are normally pure side effects. Basically what is planned is the production process itself, whereas the communication effects are a second-hand issue, which in reality is equally important. Furthermore, much of the interactive communication effects are due to how customers perceive the physical aspects of the service production process, such as offices, the technology used, the fit of technology and systems to the customer's needs and level of knowledge, and so forth.

From a communication point (if view, the challenge is to manage all of the five types of communication and their effects in an integrated way. Otherwise, customers will receive different and sometimes even contradictory signals from the various sources of communication. A salesperson may promise one thing (effect of personal communication), or a personalized sales letter (effect of direct communication) may he somewhat different, and yet a third communication effect may emerge when the customer actually perceives reality in the buyer-seller interactions when consuming the service (effect of interactive communication). And furthermore, somewhere along the line there may be au absence of communication, either deliberate or due to ignorance, which adds to the confusion of the total communication effect.

On the other hand, the organization that masters total communication management can achieve a powerful market communication impact, which adds substantially to the performance of the total marketing function. It is a way of boosting image and has a substantial effect on another phenomenon in the communication area, one that has yet to he added to a discussion of market communication. This phenomenon is *word-of-mouth.*

The marketing impact of ***word-of-mouth communication*** is almost always huge, frequently greater than that of personal communication, mass communication, or direct communication. Word-of-mouth is tile message about the organization, its credibility and trustworthiness, its way of operating, its services, and so on that is communicated from one person, a customer or practically anyone, to another. In the eyes of the receiver a sender who perhaps has had personal experiences with the organization and who is independent of it is a fairly objective source of information. Consequently, if there is a conflict between the message of word-of-mouth and, say, an advertising campaign, advertising, and all other paid messages as well for that matter, loses, or at least has only a minor impact when the two messages are blended into one communication effect.

We are not going to go into the area of word-of-mouth in any further detail in this context (see, for example, Arndt 1969, Reingen & Kernan 1986, and Brown & Reingen 1987). Instead, we are turning to what we call the *communication circle,* where word-of-mouth plays a critical role (Grönroos & Rubinstein 1986). This circle is schematically illustrated in Figure 1.

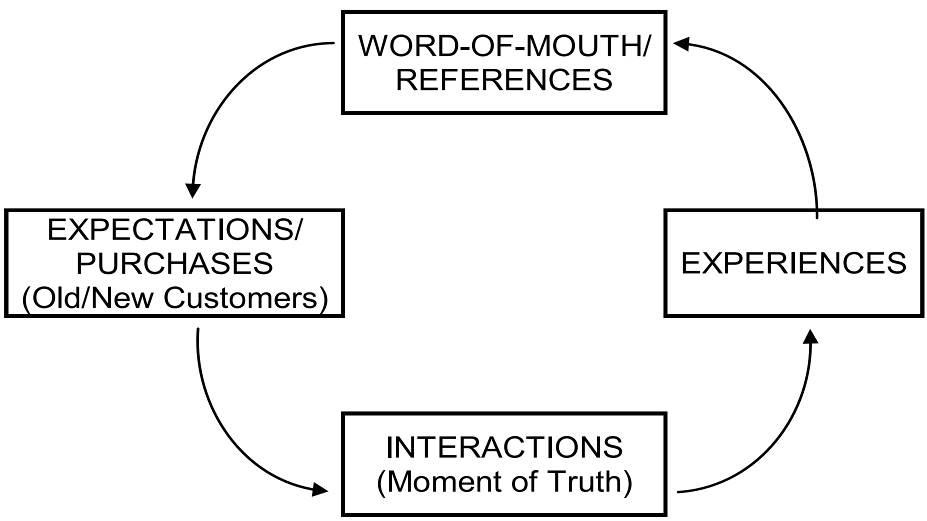

Figure 1. The Communication Cycle

The communication circle consists of four parts, Expectations/Purchases, Interactions, Experiences, and Word-of-Mouth/References. A customer or potential customer has developed certain ***expectations*** and therefore may decide to make a purchase; that is, an ongoing customer relationship continues or new business is created, respectively. Having done so, he or she (or an organizational customer) moves into the consumption stage of the Customer Relationship Life Cycle. At this point, the customer gets involved in *interactions* with the organization and perceives the technical and functional quality dimensions of the services rendered. These interactions usually involve a high number of ***moments of truth*** or ***moments of opportunity****.* This is where interactive communication effects occur as part of the customer's perception of the interactive marketing performance of the organization.

Now, the ***experiences*** that follow from the fact that a customer has been involved in buyer-seller interactions and has there perceived the quality dimensions multiply several times by means of *word-of-mouth.* If the message communicated by word-of-mouth is positive, customer expectations develop favorably. The customer with positive experiences is inclined to return or continue to use the services on an ongoing basis. New potential customers get interested in the organization and its offerings as a possible means of satisfying their needs and solving their problems. ***References*** (and *testimonials)* represent an active way for the firm to use positive word-of-mouth in its marketing, thus capitalizing more effectively on potential sources of good word-of-mouth.

The multiplier effect of word-of-mouth varies very much between industries and situations. And as common wisdom tells us, negative experiences tend to multiply by word-of-mouth quicker and more often than positive experiences do. The multiplier may be any number between, say, three and thirty. An often-cited multiplier in service contexts is twelve; that is, bad experiences are communicated to at least twelve other persons, good experiences perhaps to somewhat fewer. There are no facts to prove this figure, but the trend is clear and sends the marketer a blunt message: *Do not play with word-of-mouth.* Make it work for you in all situations. Always try to capitalize on word-of-mouth (compare George & Berry 1981).

Thus, word-of-mouth has a powerful impact on the formation of ***expectations*** of existing and potential customers (and other publics as well) and is an important determinant of future ***purchasing behavior****.* On the one hand, good word-of-mouth has a positive effect on expectations and future purchases. On the other hand, negative word-of-mouth has, of course, the opposite effect.

It is extremely important that the existence of the communication circle be understood and its consequences for market communication fully appreciated by the marketer. If the interactions create too much negative experience and negative word-of-mouth follows, a ***resistance to actively used market communication*** is built up. The more negative word-of-mouth there is, the less effective are, for example, advertising campaigns, direct communication, and sales efforts. More has to be invested in these types of communication if the negative impact of word-of-mouth is to be nullified. And if too many negative messages are communicated by word-of-mouth and the image of the organization suffers severely, no increase in the market communication budget will be enough to save the situation, at least not in the long run.

Positive word-of-mouth, on the other hand, decreases the need for huge budgets for market communication, through, for example, advertising and sales. Word-of-mouth takes care of much of the new business that is wanted. In theory, *excellent interactions,* including good customer perceived quality and interactive communication, ***make mass communication less necessary and allow more freedom for pricing***. Only when totally new services are launched may mass communication such as advertising campaigns be needed. There are numerous examples of small local firms that operate successfully in this way. Moreover, larger firms operating in larger areas can do the same.

Whatever communication strategy the organization adopts, the key to successfully executed market communication is how the *interactions* between the organization and its customers have been geared to the needs and wishes of customers and to the production of excellent perceived quality and the building up of supportive word-of-mouth. If the communication aspects of the interactions are neglected, the interactive communication impact will probably be not as good; perhaps even negative. As a consequence, more money will be needed for other types of communication. Indeed, even this may not be enough.

If the personal communication, mass communication, and direct communication programs are developed without being geared to the interactive communication effects and word-of-mouth, the risk of overpromising and, consequently, of building up quality gaps grows substantially. Then, customers will meet a reality that does not correspond to) their expectations. This, in turn, destroys the communication circle, and three types of consequences follow:

- ✓ The effects of word-of-mouth and references become negative;
- ✓ The trustworthiness and the effects of the organization's market communication suffer; and
- ✓ Corporate and local image is damaged.

On the other hand, if all elements of the communication process and customer perceptions of the buyer-seller interactions fit, the corresponding effect is, of course, the opposite. Good word-of-mouth is built up, and the credibility of the market communication efforts increases and image improves.

To sum up, only a ***total communication management*** approach will be effective and justified from a management point of view. The effects of all types of communication, including that of absence of communication, have to be taken into consideration and put to work in a *total communication program.*

There is another aspect of total communication, which is far too often neglected yet frequently imperative to the communication effects achieved. This is the notion of ***unplanned communication****,* as opposed to planned communication (Calonius 1989). Just as absence of communication has a distinct communication effect, there are often a number of situations where communication effects occur, although these situations have not been planned from a communication point of view.

As Calonius (1989) defines it, "planned communications means communications with goals." However, he continues, "planned communications need not be strictly formal or structured - of the 'canned sales talk' type". Communications that go unplanned easily have a negative impact on customer perceptions. Therefore, it is important to analyze all sources of communication and their possible effects, planned as well as unplanned. In Table 1 examples taken from the airline business illustrate how communication effects may occur.

In practical situations it is, of course, seldom possible to exclude all sources of unplanned communication. However, successful total communications management requires that as many as possible of the potential communication situations be planned and the risk for unfavorable unplanned communication at least minimized.

Table 1
Planned and Unplanned Communication

	Planned	***Unplanned***
Personal Communication	Good travel plans Good advice	Sloppy dress
Mass Communication Impersonal)	Target-group directed advertising Informative menus	Rude collection letter
Direct Communication	Correct address Personalized content in letter	Irrelevant information
Interactive Communication	Good manners Pleasant premises Effective systems	Snooty "Next window!" Badly maintained premises
Absence of Communication	"We won't give any information unless it is correct"	Neglecting to inform about delays and connections

Source: Based on two tables in Calonius, H. (1989): Market Communications in Service Marketing. In Avlonitis, G.J., Papavasiliou, N.K. & Kouremeos, A.G., eds., *Marketing Thought and Practice in the 1990's.* Proceedings from the XVIIIth Annual Conference of the European Marketing Academy, Athens, Greece.

Very frequently market communication is used to achieve short-term goals only. Sometimes efforts are taken to create more enduring effects, for example, so-called corporate advertising campaigns or image communication programs. Too often, however, such long-term efforts are planned separately from other campaigns. In fact, every communication activity, short-term or longer-term in scope, has its effects on customers, as well as on potential customers, employees, and other publics in a number of time perspectives.

We are here going to distinguish among *three* time perspectives and their impacts on how an organization is perceived in the marketplace:

1. A ***market communication impact*** in the short run;
2. A ***marketing impact*** in the medium run; and
3. An ***image impact*** in the long run.

Every communication effort, such as an advertising campaign, the behavior of customer service personnel, or the ease with which an ATM is operated, has an instant, *short-term communication impact as a communication activity.* This may be very effective as a means of communication; for example, a well planned and executed advertising campaign that makes potential customers believe in the promises given. However, in a longer time perspective the effects may be less clear, even negative.

In Table 2 quite possible effects of such a per se effective advertising campaign (or any type of communication effort) are illustrated. “±“ denotes a favorable effect, “-“ a negative effect, and “0” a neutral effect, that is, no effect at all. Three target groups for this campaign, customers, potential customers, and employees, are identified and the impact on these groups indicated.

The hypothetical advertising campaign obviously includes promises that cannot be fulfilled. For potential customers and even for existing customers the effects of this campaign may be positive in the short run, if it is well executed. However, the employees, who know they cannot possibly fulfill such promises, react differently. If this is the first time such overpromising takes place, they will probably react in a neutral way. The campaign has no effect. However, if such overpromising has continued for some time, their reactions will change.

In a somewhat longer time perspective, as customers and potential customers get involved in interactions with the organization, the perception of this campaign changes. They realize that reality did not meet their expectations and the promises given by the campaign. The combined impact of the advertising campaign as a traditional marketing effort and the interactive marketing effect of the buyer-seller interactions, which are inconsistent with the campaign, thus changes the per se positive effect of the campaign. This combined effect is the impact of the total marketing performance, including traditional as well as interactive activities, and it is most probably negative. The customers feel cheated, and justifiably so. Hence, in a somewhat longer time perspective, in the medium run, *the marketing effect of a campaign, which judged in isolation may seem quite good amid effective, can be poor or directly negative.*

As far as the employees are concerned, the medium-run effect is definitely negative, because they will have to cope with customers with unrealistic expectations who probably get angry and sometimes even nasty toward the employees. The personnel are put in an awkward position, which damages motivation for quality behavior and good interactive marketing performance.

Finally, we can stretch the time perspective even more, and observe possible long-term effects of this advertising campaign. If the campaign runs for a longer period of time, or is followed by other campaigns, which also) overpromise or in any other aspect are too far from reality, customers and potential customers through word-of-mouth will learn that the organization is not trustworthy. In the long time perspective single communication campaigns that, *again judged in isolation, look like good communication may have a fatal impact on the image of the organization.*

Table 2
Effects of an Effectively Executed Communication Campaign Involving Overpromising in Three Time Perspectives at Three Levels

Effect/ Time Perspective Level	***Target Groups***		
	Existing Customers	***Potential Customers***	***Employees***
Short term: Effect of campaign *as communication*	+ or 0 “May be they really mean it!”	± “This sounds good!”	0 “I doubt it!”
Medium term: Effect of campaign *as part of marketing*	— “I should have known better! Cheated again!”	0 or — “Wasn’t it more than this?” or “This is not at all what I expected!”	— “It’s as I thought and I have to explain why we cannot fulfill our promises!”
Long term: Effect of campaign on *image formation*	— — “They never do what they say they are going to do!	— — “They lust talk and promise.”	— — “I’m looking for another employer.”

Of course, employees react as strongly or even stronger. Unsatisfied customers can normally leave with short or no notice, whereas it may be less easy for many employees to find a new employer. In the long run employee motivation goes down the drain.

The effects of a trustworthy communication campaign that does not involve overpromising are, of course, totally different. Table 3 illustrates effects that can be expected to occur when, for example, an advertising campaign is run which in an effective manner gives realistic promises. Customers exposed to the messages of this campaign experience a reality that corresponds to the promises, if they decide to buy and consume services provided by the organization.

The effects demonstrated in Table *3* are totally different when compared with Table 2. In the short run, existing and potential customers as well as employees can he expected to react positively. This initial favorable effect is enhanced by the fact that the service production process is perceived to be in line with the campaign. Interactive marketing in the buyer-seller interactions and the market communication campaign support each other. In the long run, image is improved by the fact that the organization consistently gives a good impression, by market communication as well as by reality and interactive marketing performance. The employees react in a similar manner. In the longest time perspective, they will probably consider their employer the best possible, if other internal activities by management do not destroy this impression.

Table 3
Effects of Realistic Market Communication

Effect/ Time Perspective Level	***Target Groups***		
	Existing Customers	***Potential Customers***	***Employees***
Short term: Effect of campaign *as communication*	+ They have some-thing new to offer."	+ "It sounds interesting"	+ "We are prepared!"
Medium term: Effect of campaign *as part of marketing*	+ + "What a good service!"	+ "They really fulfilled their promises."	+ "It works out well"
Long term: Effect of campaign on *image formation*	+ + "That's my service provider!"	+ + "You really can trust them"	+ + "This is the best employer I've ever seen."

As these hypothetical examples demonstrate, it is imperative that every communication effort is judged not for its virtues as a communication effort only, but in a much larger perspective. Otherwise unwanted effects may occur. And today, far too often this holistic approach to marketing communication is more or less lacking.

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