FROM IMC TO CCM:
The Evolution of Communications

ABSTRACT China is now entering a new era of marketing. Two dramatic changes are occurring: 1) The Internet is becoming a “virtual living place;” and 2) Corporations are transforming into service-oriented enterprises. The Creative Communications Management (CCM) theory is born from the IMC theory. It proposes a change from “communication is marketing” to “communication is management,” encouraging corporations to promote communications on a strategic management level. In the current digital era, CCM provides a solution to the challenges of the evolving media landscape.

AUTHOR Professor Gang Chen, Associate Dean at School of Journalism and Communication, Peking University

associate editor PHOEBE LIU
From Mass Media to New Media

Times are changing. Marketers today care more and more about new media rather than mass media. Internet, the most prominent example of new media, has gradually become a virtual living space for people. Relying on digital technology, the Internet restores, amplifies and enriches communications world over.

The virtual living space and real life are highly interconnected. First, the Internet combines and blends all past communication forms but is fundamentally different from traditional ones. The communication platforms at corporations’ disposal have become increasingly diverse, ranging from the development of owned media such as corporations’ official sites, the success of earned media such as Sina Weibo, and the rise of paid media such as Baidu advertising. Today, organizational communication requires no physical office, and interpersonal communication is no longer as common as it was, say five years ago. Secondly, the virtual living space increasingly reflects daily life. Internet users all over the world are gathering in this mass living space and forming communities depending on their habits, lifestyles and social attributes. They can easily shop, seek entertainment, study online or network in the digital space. Companies have even created specialized currency for digital transactions, such as Q coins, the electronic currency that can pay for various services Tencent provides, and Bitcoin, a much talked about example of digital currency. Today, Bitcoin has found acceptance on multiple platforms. In fact, John Donahoe, CEO, eBay indicated that his company was working on the integration of Bitcoin and PayPal. The virtual living space has become more and more similar to the real living space. As the Internet theorist Allucquère Rosanne Stone pointed out, the Internet space, “without a doubt, is a social space, where people still meet face to face. However, a redefinition of ‘meet’ and ‘face to face’ is necessary.”

With the evolution of the Internet, almost every real-life phenomenon and relationship can be represented in the digital living space, without the constraints of geography, time and space. User-generated content has revolutionized digital media, with everyone creating content and freely sharing it online. This free-flowing form of communication has successfully broken the monotony of mass media. With so much information out there, marketing communication usually gets sidelined, with consumers turning a blind eye to them.

Internet has changed the face of communication, and in this period of transition, CCM has emerged as the next step in the natural evolution of traditional forms of communication.

A Transition to Service-oriented Corporations: From Product and Brand Marketing to Service Marketing

In the digital living space, the roles of corporations and consumers have changed. The consumer is no longer just the purchase-decision-maker, but also the content creator, communicator and the receiver of the end product. Consumers form their own communities, where corporations could participate. From those communities, corporations are able to understand the likes and dislikes, needs and wants of customers and find a way to satisfy their desires. On the other hand, consumers now have more authority to take part in the business process from product R&D to marketing communications. The corporation-consumer relationship changes from the former produce-consume relationship to a service-satisfaction relationship.

Product marketing and brand marketing messages have traditionally used mass communication channels as a medium. Nowadays, with customers in direct contact with brands, the company is forced to consider direct one-to-one communication with its customers in order to increase the level of personalization in this relationship. This is substantially similar to the marketing strategy of the service industry. In other words, corporations have reworked the traditional planning process of strategy planning, product R&D and marketing communications, by weaving in instant customer feedback from the many digital platforms where they have a presence. They invite the participants to share their feedback, which helps with product R&D, and use this information to go beyond the market expectation. With the development of 3D printing technology, it has become possible for corporations to create low-cost customized product prototypes as well, and them before a mass-market launch. The above changes have forced corporations to shift from a product/brand focused marketing to a service oriented approach instead. (Figure 1).
Today, more and more Chinese brands are waking up to the transition, and are preparing for this service-oriented shift, with Xiaomi’s name leading the list of success stories. The brand invited more than 500,000 technology experts to their online platform to help develop their product. Xiaomi refined its product and solution every week to constantly satisfy the new demands from those experts and fans. Lei Jun, the founder of Xiaomi, defines his business model as a combination of “Hardware + Software + Service.” For Xiaomi, service is the strongest selling point.

LeTV.com is a corporation with a similar strategy. On March 5th, 2013, China’s biggest online supplier of official video contents, LeTV.com, announced its association with the world’s biggest electronics OEM: Foxconn. This alliance was the first step in LeTV’s ambition to capture a share of the growing smart TV market. Not long after they joined forces, the first strategic product: the Super TV X60 was launched. As an online video company, LeTV.com incorporated “the spirit of Internet” in their smart TV business from the very beginning. They adopted the CP2C (Customer Planning to Customer) model in both the R&D and marketing processes. For example, long before the pre-selling of the Super TV, LeTV.com gave away 200 Super TV X60 to users who contributed at least 10 feedback posts on the LeTV User Interface Forum. There were also heated discussions held by LeTV.com on platforms such as LeTV official Weibo page, the official forum and the official Wechat public account. The discussions about design, R&D, and marketing of the Super TV drew innumerable participants. Armed with the feedback from their customers, LeTV made the required modifications to their product and launched the revised edition. From the product’s conception, LeTV.com handled every stage of the development and sale process, from product design to R&D, communication, sales, customer service, and finally returning again to design. At each stage, the brand was able to reach out to, and interact with its customers for feedback. Such a service-oriented approach to marketing allows potential customers to truly express themselves, to participate in the process of product design, and help the company develop a product that they will love. Moreover, the Super TV is a breakthrough in terms of Televisions, because the value is now in features other than just the design, hardware and sales. The “value of LeTV.com,” unlike any of the existing televisions, lies in its efforts to offer the best experience, both in terms of design and software. It focuses on building an open cloud platform and shaping a new value chain with a 3rd party apps store. This business model was a huge success – it took merely 49 minutes to sell out all 10,000 Super TVs on the day of its launch.

The revolutionary changes in the value chain and the corporation-customer relationship indicate industrial manufacturers’ determination to transfer to service-oriented enterprises. Both Xiaomi and LeTV.com have a very deep understanding of the DNA of the virtual living space. They know how to keep track of conversations in the digital space, and proactively respond to the customer’s desires and needs.

For service-oriented brands, their transformations are taking place on a smaller scale. The innovations are especially reflected by personalized services aimed at enhancing customer’s experiences. Take “Huang Taiji” as an example. He Chang, the founder of Huang Taiji, brought Chinese pancakes – a traditional street snack to the CBD area in Beijing and successfully made the snack popular among the white-collars. A year before the pancake business was moved to the CBD area; this mini pancake shop had only 13 seats in a 10-square-meter-space. However, the pancakes were sold from morning to night. Its famous stewed pig trotters had to be reserved each day. More impressively, its followers on Sina Weibo exceeded 40 thousand. According to the rough calculation of venture capitalists, “Huang Taiji” had an annual income of $5 million, and its estimated value was around $40 million.

This big success is a result of good timing. On one hand, China has now entered a “new Renaissance phase” where people had begun cherishing traditional Chinese values again. The traditional pancake is aligned with this trend. “Huang Taiji” is able to leverage the Internet to increase awareness and provide customers with information. For example, in addition to all the communications customers have with the brand, they can now place orders and pay bills in advance via the mobile app. After placing the order on the app, the chef is notified through the app when the customer is within a 500-meter radius of the shop, so that he can begin preparing the order. Moreover, since city traffic laws prohibit street parking in front of “Huang Taiji,” the brand developed “Huang Taiji front-parking strategy” to pacify those who do get fined. If a customer gets a ticket for parking in front of the shop, he can share a photograph of the ticket and get a free pumpkin soup in exchange. According
to He Chang, the brand has always been trying to create an experience beyond the customer’s expectations. It’s true that “Huang Taiji” sells pancakes, but more importantly, it’s selling the experience - a set of customized solutions to match its customers’ needs.

**From “Integrated Marketing Communication” to “Creative Communication Management:” Response, Development and Innovation**

IMC raised the standards of communication for marketing purposes. Traditionally, television, newspapers and other such media connected corporations with consumers. According to the IMC theory, the customer’s needs must define a brand’s marketing and communication strategy. Further, through ongoing efforts to integrate all aspects of marketing communications, brands are successfully creating strong and uniform messaging across all channels.

Today, the situation is evolving. Development and innovation of creative communication management lies in lifting communication from the marketing level to the daily corporate management level. The digital space is like a huge city square; micro blogging, forums, blogs, and a variety of social networking sites are like cafes, private clubs, bars and various other gathering places in which abundant information is quickly generated, exchanged, and spread. How to make use of the diverse digital content created by people and in turn support corporate development, is no longer merely a question about marketing communication, but a major concern for management.

Earlier, with few and restricted mediums available to consumers to voice their opinion, they were left with no choice but to buy whatever was offered to them by brands. However, today’s market is no longer focused on what corporations produce, but what consumers want, and this is a huge change. The power is now truly in the hands of the consumer, and he has a say in what he is offered. As a result of information becoming real-time and globalized, via search engines, micro blogging, forums, social networking sites and other tools, consumers can not only enjoy quick and easy access to information, but also publicly voice their own interests. It is clearly impossible for corporations to sweep issues under the carpet without catching the eye of its consumers. To address the real-time response challenge, creative communication management emphasizes the importance of turning communication into a daily managing job. Corporations are expected to gather the relevant information through creative communication management systems and with the appropriate technical support and organizational management, corporations should be able to screen and analyze relevant information, form strategies on that basis, and then send it to the relevant departments for their decision making. This process supports product research, development, and upgrades, to meet the needs of customers, as well as provide technical support. Leading companies in China are actually following the CCM theory. Haier, for example, an electronics and home appliances company in China, has set up a new department called the corporation culture center. By merging marketing, strategic planning, service and the e-commerce department, the newly formed team is responsible for processing all relevant information online, and share real-time updates to each corporate sector.

To conclude, corporate communication must evolve to communication management, in order for a brand to keep up with the constantly changing landscape of communication. A Chief Communications Officer, along with a team of communication specialists, is a must for all organizations. This team should be able to coordinate corporate production, sales, customer service, employee communication, marketing, brand communication and other middle sectors – functioning as the nerve center of the corporate service system (Figure 2).

![Figure 2: communication management department in the corporation management framework](image)

Before, the challenge with mass media marketing was to deliver a consistent brand message via various channels and one-way communication - a challenge that was effectively addressed by IMC. Today, while most marketers are struggling to provide a consistent brand experience across multiple platforms, while maintaining free-flowing two-way communication with the customers, advocates of Creative Communication Management are racing ahead!
about the AUTHOR

Professor Gang Chen is the Associate Dean at School of Journalism and Communication, Peking University. With a deep understanding and extensive experience in advertising, Chen has won the China’s Top 30 Advertiser for 30 Years and Top Ten teachers in Peking University. As a professional consultant, he has successfully helped CCTV, Sina, China Merchants Bank and a number of large enterprises and media groups, particularly in emerging markets, to plan and develop their marketing communication strategies. His research areas include advertising research, advertising history, communication of brand marketing and communication of new media marketing. He is a good friend of Don E. Schultz, the father of Integrated Marketing Communications. Professor Don was the preface writer of Chen’s renowned book CREATIVE COMMUNICATION MANAGEMENT. According to Professor Don, “Gang Chen has been one of the strongest advocates for IMC but he has also been one of its most thoughtful critics.”

Chen graduated from Peking University with a Bachelor in Philosophy, a master and a Ph.D in Aesthetic.

FOOTNOTES

1 A type of digital currency used to pay all the games and services provided by Tencent. 1 Q coin approximately equals to 1 Yuan.


4 Xiaomi, founded on 6th Apr 2010, is a mobile Internet company that specializes in high-end smart-phone development. The team members are elites from Google, Microsoft, Kingsoft, etc. The first Xiaomi cellphone was launched on August 16th 2011 and Xiaomi 2 followed on August 16, 2012. By the end of 2012, the sales volume of Xiaomi reached 7 million. The target for sales in 2013 is 15 million.

5 The official site of Super TV: http://shop.LeTV.com/?hdL.eTV20

6 A traditional Chinese cuisine fast-food restaurant opened in July 2012. It is located in Guomao, the CBD area in Beijing. The specialty dish is pancake, a traditional Chinese snack.

7 “Coming for you - thoughts after the first year of ‘Huang Taiji” by He Chang, official micro-blog of “Huang Taiji” http://weibo.com/u/2813050101?page=2&pre_page=1&end_id=3597071464788760

8 “Soul of Services” by He Chang, official micro-blog of “Huang Taiji” http://weibo.com/u/2813050101?page=2&pre_page=1&end_id=3597071464788760