Inventing the Future, Honoring the Past

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INTEGRATING INTEGRITY INTO IMC

by Lynn B. Upshaw

“A lie can travel halfway around the world while the truth is still putting on its shoes.”

- Mark Twain

ABSTRACT
Integrity is not just an ideal; it is a discipline that is rapidly becoming a key driver of brand choice – especially within the framework of integrated marketing communications. The Internet has created a customer army of hyper-informed skeptics who are increasingly on the lookout for wobbly integrity that is magnified by powerful IMC channels. The author recommends some specific actions to achieve a maximum “return on integrity”: 1) Replace “targeting” with integrity-driven customer partnerships; 2) Market only products that you could personally recommend to a close friend; 3) Employ marketing messages that are not only legal, but disarmingly honest; 4) Build value propositions that yield superior “share of credibility”; 5) Appoint an integrity ombudsman to help you – and your industry – create and adhere to strict new integrity standards.

Potent integrated marketing communications (IMC) is now considered a prerequisite for achieving maximum impact in the marketplace. But despite that impact—or because of it—the fate of even the most robust IMC programs may hang by a single thread: the perceived trustworthiness of the message and the messenger.

As IMC techniques mature and strengthen, it is easy to assume that any, and all, marketing messages that can be catapulted through IMC channels should be catapulted through IMC channels. That is one assumption that marketers could live to regret.

The Guidant Corporation was a leading medical device manufacturer whose faulty quality control forced it to recall or issue safety notices for 88,000 heart defibrillators and 250,000 pacemakers after a series of patient deaths. According to internal documents, Guidant executives reportedly knew about these defects—as did the FDA—as many as three years before it became public. During that time, the company allegedly marketed aggressively to physicians via well-coordinated, multiple channels, without notifying them of the defects of the devices they were implanting in their patients.
The Guidant Corporation became an industry leader but was ultimately sold to Boston Scientific. A trade journal described how the new owner was forced to euthanize the once-valuable brand: “. . . in a classic horror-movie move, (Boston Scientific decided to) erase the memory of Guidant altogether.”

Push back

The so-called interactive age has given way to a new consumerism in which customers push back or re-mold what they do not like. The systemically disruptive Internet has enabled consumers and business customers to become more educated about the marketplace than many of the marketers that work within it. Mushroombasing blogs, wiki communities, citizen journalists, webinars and podcasts have generated a tsunami of information and unfiltered opinion to anyone with online access, often through devices they carry in their hands.

Those good folks we refer to as “customers” are rapidly evolving into hyper-informed skeptics of commercial messages. If they do not believe a brand, they do not listen to even its most deafening message onslaughts. Some may even invent their own brands in response, as urban young people have done in creating Hundreds, aNYthing and Barking Irons urban gear.

In such a topsy-turvy commercial universe, the last thing an IMC marketer should be doing is exacerbating the problem by attempting to persuade prospects with potentially questionable, if not flat-out misleading messages. Credibility springs from trust, and vice versa. Neither is sustainable without a relentless adherence to integrity. Integrity, in short, has become a critical driver of brand choice.

The IMC paradox: bad news on steroids

The words “integrated” and “integrity” share the same root: they both denote a state of being whole, congruent with what is sound. Just as integration is the foundation for effective marketing communications, integrity is becoming an important factor in determining the effectiveness of that outreach.

However, when marketers fail to see that factor, and integrity defects are magnified through powerful IMC channels, it is like bad news on steroids. Here a few of the many examples that some marketers would like to forget:

- Blockbuster created a major IMC program to promote their “End of Late Fees” campaign, which failed to mention that customers would have to buy a video if they returned it too late. Forty-seven Attorneys General consequently sued Blockbuster and were awarded $630,000, plus restitution for Blockbuster customers, for allegedly deceptive and fraudulent marketing. Subsequently, its major rival Netflix has made good use of its competitive advantage by touting that they have shipped “more than a billion videos without late fees.”
- Warner-Lambert pled guilty and paid more than $430 million in fines for its “illegal and fraudulent promotion of unapproved uses for one of its drug products.” According to the U.S. Department of Justice, the drug Neurontin was marketed through multiple channels as a remedy for far more ailments than it was approved to treat.
- Bostonians awoke on February 1, 2007, to find dozens of blinking electronic signs with a boxy cartoon character presenting the American middle-finger gesture scattered throughout their city. It looked to some like a terrorist bomb about to explode, but it turned out to be just a guerilla marketing event for the Cartoon Network. It definitely

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exploded: Time Warner ultimately paid $2 million in fines for the questionable tactic and the Cartoon Network CEO resigned.

- Wal-Mart reportedly payrolled professional bloggers to take their side in a series of blogs at a time when the company came under fire for allegedly questionable hiring practices and other workplace violations. The PR firestorm—which was already burning brightly—was fueled by multiple stories in many outlets, an IMC Pyrrhic victory that carried the wrong message at exactly the wrong time to millions of potential customers.

- Sony Pictures repaid movie fans $1.5 million after allegedly distributing fictitious quotes from fictitious film critics to spread fictitious buzz about one of their movies, and became the butt of industry jokes for years to come.

- Until recently, the drug maker Merck had long been one of the most admired companies in its industry. But that admiration faded fast when their popular painkiller, Vioxx, was reportedly linked to heart problems and the company was accused of misleading sales and marketing programs. Despite winning numerous court battles and never admitting culpability, the company eventually agreed to pay a $4.85 billion personal injury settlement to alleged victims. While Merck has remained profitable, in the aftermath of the Vioxx scandal Merck’s CEO lost his job and the company was significantly restructured and downsized. At one point, its stock price fell 60 percent from its high in 2000.

The real paradox is that IMC can simultaneously make a questionable marketing tactic more visible, and yet appear to be more surreptitious. That is because once a brand

Figure 1

The Practical Integrity Proposition

A Customer Strategy
Build genuine partnerships forged with mutual integrity

A Promotion Strategy
Promote honestly and non-invasively

Practical Integrity
Systematically market with integrity, regardless of market changes or competitive circumstances

A Product Strategy
Market products that embody a marketer’s personal integrity

A Value Strategy
Use trust to drive value

A Competitive Strategy
Win the credibility race
or company appears less trustworthy, skeptical buyers wonder what is being hidden from view. Success in IMC can serve to highlight a company’s apparent dishonesty, causing a train wreck when marketers are hoping to cause a sensation.

**IMC and practical integrity**

In light of these tougher marketing circumstances, readers should consider employing what I refer to as “practical integrity.” This approach creates an operating structure that fortifies IMC by shoring up its credibility without diluting its effectiveness. Practical integrity calls for several actions (see Figure 1):

- **Replacing “targeting” with genuine customer partnerships that are forged with mutual integrity.** What buyers want from marketers is what marketers should seek from buyers—a mutually beneficial partnership that delivers fair benefits to each party. If either partner is short-changed, the partnership fails. Apparel retailer Patagonia, for example, does its best not to sell products that could potentially harm the environment. More than once, the company has publicly apologized to their catalog readers for not yet being able to find a fully sustainable substitute for certain products (see Figure 2).
- **Delivering product integrity that you can personally recommend.** Is the product or service that is being marketed something that marketers would personally recommend to their closest friends? If not, is it smart business to sell it to strangers? Online retailer Blue Nile has thrived by providing consistently superior diamonds to buyers who are fearful of being fleeced by local jewelers that routinely take advantage of inexperienced shoppers. The company has lifted the veil from formerly mysterious pricing and product evaluation commonly practiced in the industry.
- **Employing marketing messages and techniques that are not only considered legal by statute, but honest by any objective**

*Figure 2 Patagonia’s “Tell All” Environmentalism*

*From the Patagonia Web site, July 2008*
observer. Marketing communications and other promotional efforts that are less than honest—regardless of whether they adhere to the letter of the law—are the fastest way to communicate that the sponsoring company cannot be trusted. Leading office systems maker Herman Miller screens all of its marketing materials through a simple filter suggested years ago by a former CEO: “The truth is good enough.”

- Creating value propositions that seek the maximum “share of credibility.” Value that is driven more by trust than price will inevitably lead to stronger market position and sustained brand loyalty. Furniture giant IKEA offers genuine value and consistently delivers on its promise to offer high quality merchandise at lower pricing by transparently involving their “prosumers.” That, among other things, is why IKEA is the largest company of its kind in the world.

  Practical integrity is practical in everyday use, yet stringent in its application of what we all consider to be honest and trustworthy.

But can we measure the impact of integrity?

In a 2006 Opinion Research study, more than 75 percent of consumers claimed that they prefer to buy from a company that operates ethically, even if they have to pay more. That same year, the Edelman Trust Barometer found that business opinion leaders believe a loss of trust due to ethical misbehavior can negatively impact customer behavior. More recently, The Wall Street Journal reported research findings that consumers were willing to pay $9.71 for a pound of the higher ethics brand of coffee, compared to just $5.89 for the lower standards brand. They were willing to pay $21.21 for an ethically sourced T-shirt, versus only $17.33 for one that was not.

Do these findings represent the good intentions of consumers rather than their actual behavior? Are we hearing from well-meaning purchasers who say one thing, but actually buy according to typical price/value motivations? Perhaps in some cases, but if even a portion of these individuals actually act on their beliefs, many brands could be positively or adversely affected.

In addition, a series of business analyses discussed in BusinessWeek in July 2007, indicate that positive corporate reputation—including perceived ethical behavior—can substantially impact stock price. The article pointed out that a company’s positive reputation in growth creation, attracting top talent and steering clear of ethical pitfalls can add a premium of as much as 70 percent to a stock’s book value.

Integrity can be a subjective, nebulous goal that is difficult to manage toward, let alone measure. Still, tracking integrity helps marketers positively influence customer behavior. The managed integrity reputation of India-based Infosys’s approach to IT consulting, for example, helped them achieve a 90 percent customer loyalty rate.

Figure 3

Precipitous Decline in Ford Brand Valuation

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<tbody>
<tr>
<td>Est. Ford Brand Value ($ Billion)</td>
<td>$20.4</td>
<td>$17.1</td>
<td>$14.4</td>
<td>$13.2</td>
<td>$11.06</td>
<td>-$ 9.2</td>
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<tr>
<td>% Chg vs. Prev. Year</td>
<td>-32%</td>
<td>-16%</td>
<td>-29%</td>
<td>-8%</td>
<td>-16%</td>
<td>-45%</td>
</tr>
<tr>
<td>Ford Global Brand Rank</td>
<td>11th</td>
<td>14th</td>
<td>12th</td>
<td>19th</td>
<td>30th</td>
<td>19-place decline</td>
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Source: Interbrand/BusinessWeek’s Annual Best Global Brands Reports.
Integrity-driven products and marketing will also attract customers who might otherwise not have sought out such brands as Timberland outdoor wear or John Deere equipment. Perceived integrity has enhanced the competitiveness of Trader Joe’s food stores and helped sustain the reputation of Hewlett-Packard when it suffered through boardroom scandals in 2006. Investing in integrity, including in the monitoring of integrity perceptions, can thus help corporations weather tough times when they might otherwise be assailed to an even greater degree.

On the flip side, catastrophic integrity violations can significantly diminish brand value. The Ford/Firestone debacle of 2000, for instance, precipitated a domino-like drop in Ford’s brand equity, ultimately a totally 35 percent decline in brand value, and more than a billion dollars in losses between the two companies (see Figure 3).

So, how might integrity be calibrated? Traditional return on marketing investment is calculated using gross margin generated by marketing efforts (GM), minus the marketing investment (I), divided by that investment (ROMI = GM – I ÷ I).

The calculation for return on marketing integrity is similar, except that investment is replaced with marketing integrity (see Figure 4). The challenge is to determine which marketing investments lead to integrity and what impact those investments may have.

However, by setting up specific criteria for the investments (e.g. impact of marketing on positive customer attitudes) and tracking the movement of those criteria over time, it is possible to create a customized assessment of marketing’s impact on integrity perception over time.

How to begin

There are plenty of naysayers and apathetics standing in the way of establishing integrity as a key marketing metric. For example, only half of the 1,800 marketing communications professionals interviewed a few years ago agreed that the discussion of ethical/unethical conduct had been encouraged in their organizations. If companies do not talk about ethical behavior, they have no right to expect that their people will give it much thought in their jobs.

Then there is the winners-take-all argument. Winning at all costs is the unspoken goal at many, if not most, companies in a market-driven economy. That can change however, when and if it becomes clear that the “costs” include actual business declines when disillusioned prospects turn to other brands. Of course, sometimes it is about the other person not winning. Arguably, more dumb mistakes—including integrity violations—are made because of the schoolyard “well, he did it first” rationale rather than any other.

Despite these very real obstacles, companies and brands that are known to have greater integrity than their competitors attract significantly more new business than their less valued rivals, assuming that they are providing products or services of equal or greater quality.

We are already seeing the front edge of a more integrity-driven future in a growing trend called “marketing with meaning.” As the creators of that concept at WPP’s Bridge digital agency explain it, “the idea is to make marketing the cause, with intrinsic value to consumers so it pulls them in rather than be thrust upon them where they can least avoid it.” Examples to date include a Kimberly-Clark $2 million
“Not On My Watch” bus tour to teach nurses how to detect and treat hospital-based infections, a major new Web site by ConAgra called “Start Making Choices” about healthier living, and “The Diabetes Control for Life” program that helps patients monitor life-threatening blood-glucose levels.

But even before launching major new IMC programs, there are a series of immediate steps you can take to enhance your organization’s real and perceived integrity in the marketplace:

1. If you have not done so in the past, begin to track “brand that I trust” levels over time. Movement in these numbers is a likely indicator of the degree to which customers and aware non-buyers believe a company is operating with integrity.

2. Ask potential customers to rank the importance of integrity or honesty of a brand when they consider a purchase in your industry. It is likely that they will exaggerate that importance – versus, for example, getting the most for their money – so discount the finding by an agreed upon percentage. Then track it over time and see how it moves.

3. Conduct a similar tracking study internally by asking employees to (anonymously) record how frequently they question whether the products or services they provide are being marketed with complete candor.

4. Create an integrity ombudsman. Appoint one staff member to be in charge of reminding colleagues of what integrity looks like – and when it is being bent – during the normal course of IMC work. This approach has been working for the news media... at least better than their systems in the past. I suggest you do it on a rotational basis so no one person is labeled as the “corporate conscience.”

5. Conduct a thorough integrity audit, and then build guidelines you can live with. Be tough on your work and your company and candidly assess just how honestly your brands are marketed, both in your view and in the view of the customer. Establish guidelines that are inviolable rules. Commit your team to making whatever changes are necessary when it is clear you are in violation of these rules. Establish solid integrity metrics and course-correct your work according to your performance against those goals.

6. Light a fire under your industry. For example, as I suggested last year in an Advertising Age article (July 30, 2007), some of the key players in leading marketing communications industries should be approached and lobbied, perhaps led by Medill, the founding academic home of IMC in Evanston, Ill. Organizations like the ANA, AAAA, PRSA, DMA, and WOMMA all have integrity principles that their members supposedly live by, but none has any authority to actually enforce such standards. Relatively small steps like an Ethical Brand™ certification or broader IMC Integrity certification are very doable and might forestall alternatives (e.g. government intervention), which would be decidedly worse.

Now would be a good time for all marketers — and particularly those employing IMC — to take notice and take action to ensure that they are not caught behind the curve in employing and capitalizing marketing integrity.

Integrity as a discipline

The questions will always be there: Do our plans really endanger our perceived integrity, or are they just considered the pardonable sin of "aggressive marketing?" Will our IMC-driven message build brand equity or erode it by undermining credibility? Have we committed to integrity tactically, organizationally and personally? Or, has it become an environmental reminder that hovers behind the action, always present yet never top of mind?

Today’s post-Enron corporate guidelines suggest that employees apply a simple litmus test to determine if an action may violate corporate integrity: “Would you be comfortable with your decision if it were a headline in tomorrow’s newspaper?” Given the extraordinary impact that IMC programs deliver, the new integrity litmus test may soon be: “Would you be comfortable if your action were blasted multiple times at lightning speed through every available marketing channel?”

In the end, marketing integrity is no different from any other communications strategy. To succeed, it must be treated as a discipline
that is integrated throughout the organization’s daily work, instead of a flowery statement that is just etched into a plaque on the wall. If such discipline is hard to master, marketers might remember that one of the values listed on the plaques of Enron was “integrity.”

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Lynn Upshaw (upshaw@upshawmarketing.com) is principal of Upshaw Marketing, a member of the MBA marketing faculty at the Haas School of Business, and Program Director of the Berkeley Executive Leadership Program at the University of California, Berkeley. His consulting clients have included Visa International, SBC Communications, WellPoint Health Networks, Bank of America, Bayer Corporation, DTS Digital Cinema, R.H. Donnelley, and BEA Systems, among many others. He is the author of numerous articles and three marketing books, including Truth: The New Rules of Marketing in a Skeptical World (Amacom, 2007). Upshaw received his Bachelor and Master of Science degrees in advertising from Medill.