CHAPTER TWO: REVIEW OF LITERATURE

2.1. Introduction

In general, a literature review is a means to explain and analyze investigation that has been conducted and studies that have been published on the research topic. Not only should relevant literature be summarized, but it should also be reviewed critically in order to detect areas for further research (Tayler & Procter, 2006).

Since this project is aimed at the investigation on events management in emerging markets, the discussion of different research topics is necessary. The topics that will be covered are: the concept of Integrated Marketing Communication, Marketing Communication vehicles and objectives, event marketing as part of Marketing Communication, the organization of and critical factors in events management, institutional voids in emerging markets, and strategies for companies operating in emerging markets.

This literature review takes into consideration publications in English, Spanish and German language and will include different perspectives from researchers in Europe, the United States and Mexico. Literature on Integrated Marketing Communication has been almost exclusively done by US and European researchers. Also, articles and books on events management published by Mexican or Latin American researchers are quite rare. As to the diversity of publications, one can find manifold papers on the topics of Integrated Marketing Communication and events management, but a limited number of publications on institutional voids and emerging market strategies. Researchers have so far not discussed the issue on institutional voids in relation with events management.

2.2. Integrated Marketing Communication (IMC)

2.2.1. Context

Integrated Marketing Communication (IMC) is a term used to describe a company's aspirations to align its communication efforts in a consistent and integrated manner in order to maximize the communication impact on its stakeholders (Kerr, Schultz, Patti & Kim (2008; Duncan, 2002).

The topic of integrated communication arose in the 1990s with the end of the mass marketing area and has turned into a major organizational challenge since then, especially for companies operating in the international field (Duncan, 2002). Several researchers have pointed out important factors contributing to the need for an integrated approach, focusing on different aspects of the companies' environment, such as marketplaces and media, society and consumer, as well as the factors related to the corporate organization itself.

Market side. Increasing international competition and changing marketplaces as a consequence of the globalization process make it ever more difficult for companies to design and sell products that differentiate from their competitors'. Product homogenization as well as brand and product proliferation makes it thus necessary to find innovative ways to communicate added values to consumers. Traditional mass media communication has turned out to be less effective, particularly in reaching special market segments. Due to the rapid development of new information and communication technologies one can observe a diversification of the media sector, with an increasing number of advertising channels as well as agencies specialized in the different areas of Marketing Communication. For this reason, Marketing Communication has intensified and consumers are targeted by tons of information competing for their attention. This leads to a huge commercial message clutter and a so-called information overflow. Companies are therefore searching for more effective and at the same time cost-efficient Marketing Communication methods. An important aspect in this context is accountability, a term which refers to the attempt of measuring the impact of the different Marketing Communication tools. Accountability is necessary because of rising media cost (Drengner, 2006; Duncan, 2002; Kim, Han & Schultz, 2004; O'Guinn, Allen & Semenik, 2003).

Consumer's side. As a consequence of brand and product proliferation companies face decreasing brand loyalty and at the same time rising price sensitivity on the part of the consumer. Especially consumers in industrialized countries demand more: better quality, lower prices, and better service. Consumer empowerment and diversified consumer lifestyles require advertisers to react more quickly to changes, making use of the new communication disciplines (Drengner, 2006; Duncan, 2002; Kim, Han & Schultz, 2004; O'Guinn, Allen & Semenik, 2003).

Corporate side. Moreover, there exist a number of company-internal factors contributing to the necessity for an integration of Marketing Communication: Increasing departmentalization complicates communication between the different areas within the corporation and leads to inconsistencies in brand communication and cost inefficiencies. Also, the cooperation with increasingly specialized marketing agencies reinforces this trend. Finally, the misuse of new communication technologies (through mass e-mailings for example) counts according to Duncan (2002) among the internal factors that make an integrated approach necessary.

2.2.2. What is IMC?

The term IMC has been originally defined by the American Association of Advertising Agencies (AAAA) as stated in Table 2.1. Since then, the term has been redefined and completed by several other researchers in the field of marketing. Some of the most recent definitions have been provided by (Duncan, 2002), by O'Guinn, Allen & Semenik (2003), and by Schultz & Schultz (2004). Table 2.1 provides an overview of the different definitions since the 1990s.

Table 2.1: Definitions of IMC

Author	**Year**	**Definition**
AAAA	1989	A concept of Marketing Communications planning that recognizes the added value in a program that integrates a variety of strategic disciplines – e.g. general advertising, direct response, sales promotion and public relations – and combines these disciplines to provide clarity, consistency and maximum communication impact
Kotler *et al.*	1999	IMC is the concept under which a company carefully integrates and coordinates its many communications channels to deliver clear, consistent and compelling message about the organization and its products
Duncan	2002	A cross-functional process for creating and nourishing profitable relationships with customers and other stakeholders by strategically controlling or influencing all messages sent to these groups and encouraging data-driven purposeful dialogue with them.
O'Guinn *et al.*	2003	IMC is the process of using promotional tools in a unified way so that a synergistic communication effect is created
Schultz & Schultz	2004	IMC is a strategic business process used to plan, develop, execute and evaluate coordinated, measurable, persuasive brand communication programs over time with consumers, customers, prospects, and other targeted, relevant external an internal audiences.

Source: Self-elaboration, adapted from Kerr, Schultz, Patti & Kim (2008)

The modern understanding of IMC thus differs from the original concept defined in 1989 by the AAAA. Whereas the AAAA's definition primarily focuses on the integration and combination of various strategic marketing disciplines in order to create consistency and to maximize impact of the communication effort, modern researchers have widened the approach adding the following aspects:

From transactions to brand relationships. The modern understanding of IMC introduces the importance of building brand relationships, which involve a series of interactions between individuals and the company over time, thus moving from pure transactions to a personal dialogue with customers in order to create profitable brands and ultimately increase sales and profits (Duncan, 2002; Kerr, Schultz, Kim & Patti, 2008).

The customer-oriented view. Closely linked to relationship-building is the idea of building trust by creating a customer-focused culture. This way, the scope of communication has been amplified focusing on an interactive dialogue with the customer (Duncan, 2002; Kerr, Schultz, Kim & Patti, 2008).

From consumers to stakeholders. Finally, the traditional IMC concept has also been widened in the sense that main emphasis is no longer put on the consumer only, but on all relevant stakeholders (Duncan, 2002; Kerr, Schultz, Kim & Patti, 2008). A stakeholder can be "anyone who has a stake in the success or failure of an organization" such as employees, investors, suppliers, the community, the media" etc. (Duncan, 2002, p.7)

When companies are developing their marketing strategy, they need to consider the above-mentioned elements and determine the most efficient Marketing Communication mix in line with their strategy. All elements of the marketing mix need to deliver the same underlying value proposition to the targeted segment. Among the most common elements of the communication mix are advertising, direct marketing, sales promotion and public relations (Winer, 2004). However, new media and information technologies play an ever-more-important role (Duncan, 2002). Companies can therefore make use of a growing number of communication alternatives rather than simply focus on traditional mass media forms (Kitchen, Kim & Schultz, 2008).

Not only do companies need to integrate their planning process with the different marketing functions and media, but they also need to monitor brand-building activities in order to assure the creation of a consistent brand image (Duncan, 2002). O'Guinn, Allen & Semenik (2003) describe this approach synergistic communication effect

While one can detect many similarities among the different definitions provided in Table 2.1, it still does not exist a commonly accepted definition of IMC (Kitchen, Kim & Schultz, 2008). Therefore, the importance attached to the various dimensions of IMC varies among different authors. Whereas (Duncan, 2002) considers communication as the foundation and the heart of all relationships, O'Guinn, Allen & Semenik (2003) regard the focus on the brand as much more important. They propose an integrated brand promotion perspective with an emphasis on brand awareness, identity and preference.

2.2.3. The important elements of IMC summarized

In brevity, the most important elements of IMC mentioned by (Duncan, 2002), Kitchen, Kim & Schultz (2008) and Kerr, Schultz, Patti & Kim (2008) will be summarized in the following:

First of all, the planning process of Marketing Communication and the integration of the different media of the communication mix need to provide strategic consistency. This can be achieved by searching for synergy among the different communication functions.

Second, the strategic planning process needs to be cross-functional, involving different departments and agencies, and not just the marketing area. Moreover, it needs to start with the receiver of the message (targeted consumers and other stakeholders), and not with the sender (the organization itself). This is what has been described as a customer-oriented view.

Third, the primary IMC objective is the creation of valuable stakeholder relationships, which is why relationship-building efforts play a major role in IMC processes. Profitable customer relationships can be established by encouraging a purposeful dialogue (Duncan, 2002) with the customer that is oriented towards the achievement of certain marketing goals. The management of contact points between customer and organization is consequently a major objective in IMC. Communication thus becomes a continuous, circular and responsive process and not remains a linear one.

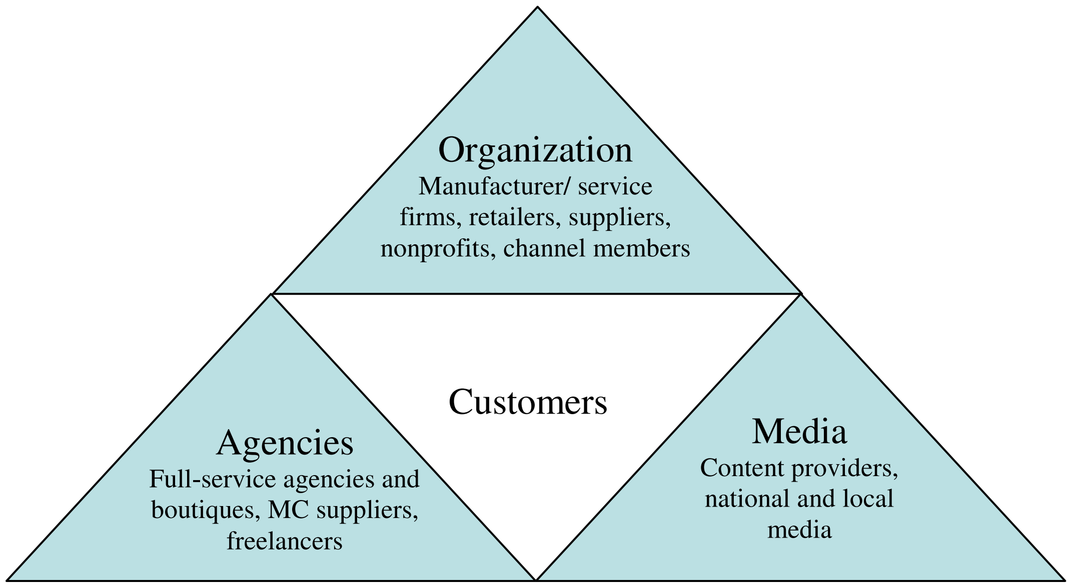
Fourth, IMC focus lies on creating brand equity by providing consistent brand messages to the targeted consumers or stakeholders.

And finally, an efficient control of all aspects of the marketing mix (functions within the company as well as agencies) that deliver messages is indispensable for guaranteeing long-term success.

2.2.4. Organization of IMC

An organization pursuing an Integrated Marketing Communication approach needs to include all parties in its strategic planning process that are relevant for the communication with the customer. IMC decision-making involves internal company departments as well as external agencies supporting the organization with their expertise and with operational issues (Kitchen, Kim & Schultz, 2008). Duncan (2002) provides an overview of the major players integrated in the decision-making process in IMC (Figure 2.1).

Figure 2.1: The Marketing Communication Players



Source: Duncan, 2002

In customer-focused IMC programs, customers are in the center of the planning process which involves the corporation itself, the agencies as well as the media. Agencies and media support the relationship between the customer and the organization. The more internationally oriented the company is, the more complex becomes the "Golden Triangle" because the number of marketing partners that are getting involved increases significantly (Duncan, 2002).

The corporate side. The great majority of companies are departmentalized (human resources, finance, manufacturing, marketing and sales etc.) and use a top-down chain of command rather than project-based teams including representatives from relevant areas.

Generally speaking, the more departments there are within a company, the more challenging is the coordination of marketing strategies, especially since a lack of communication between the different departments is quite common. As only few companies have strategic business units (see Definitions, Chapter one) with separate marketing departments or separate departments to handle IMC responsibilities, cross-functional planning needs to involve multiple departments and functions within the corporation. The goals of cross-functional planning are the improvement of internal communication and the development of programs that are not redundant or opposed to each other (Duncan, 2002).

The agency side. Organizations develop their marketing strategies in cooperation with advertising and promotion agencies. The services provided by such agencies include (1) *creative design and production* services, (2) *key account management*, (3) *media planning and buying* services as well as (4) *market research* services. The creative design includes the artistic direction as well as the delivery of promotional texts. Key accounts are an agency's clients, and account management includes the attraction of those clients as well as the provision of services they require. The account manager thus serves as a link between the client and the agency. Media planning is responsible for selecting media for advertisement placement and also for the buying process. Market research aims at obtaining relevant information about the advertiser, the consumers and the competitors in order to enable decision-making. Of these four functions, creative design and account management services are more commonly required by organizations. (Tellis, 2002; O'Guinn, Allen & Semenik, 2003)

Agencies that provide all or most of the services are so-called *full-service-agencies*. *Specialized agencies* are those which do not cover the four functions, but specialize in one of the functions (Tellis, 2002). Classifications of agencies differ from author to author: Whereas Tellis (2002) basically distinguishes full-service and specialized agencies, Duncan (2002) focuses on the different types of agencies, such as public relation firms, direct-response agencies (e.g. data shops, printers, letter shops etc.), sales promotion agencies, media buying services, specialized agencies (e.g. Business-to-Business specialists, ethnic agencies, high-tech agencies etc) or Marketing Communication suppliers (creative boutiques, freelancers).

Finally, O'Guinn, Semenik & Allen (2003) make a clear distinction between advertising and promotion agencies, which is especially interesting regarding the focus of this study (see Table 2.2).

Table 2.2: Advertising and Promotion agencies

Advertising agencies	**Promotion agencies**
(1) Full-service agencies (2) Creative boutiques (3) Interactive agencies (4) In-house agencies (5) Media buying and planning services	(1) Direct marketing and database agencies (2) E-commerce agencies (3) Sales promotion agencies (4) Event-planning agencies (5) Design-firms (6) Public relation firms

Source: O'Guinn, Allen & Semenik (2003)

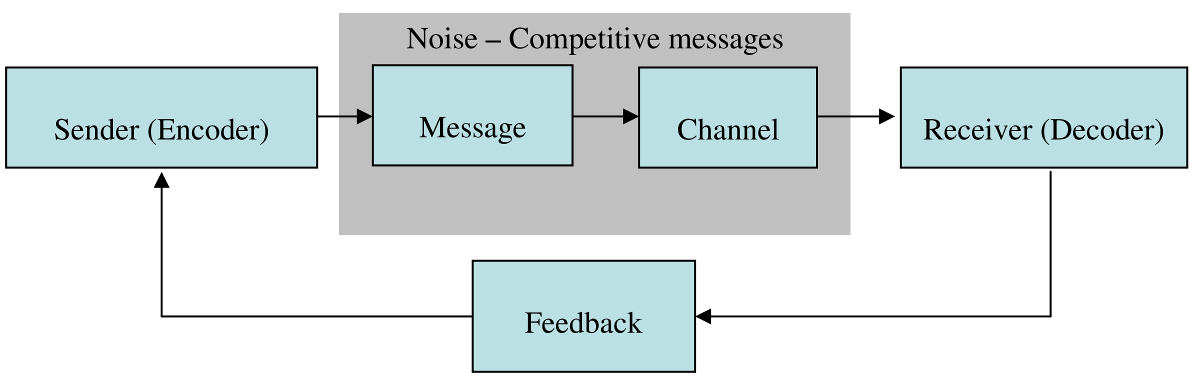
Advertising agencies include (1) full-service agencies, (2) creative boutiques (responsible for the creative concept development, for copywriting and artistic services), (3) interactive agencies (help advertisers prepare communications for new media such as the Internet, interactive kiosks and television), (4) in-house agencies (advertising department within the company) and (5) media buying and planning services. *Promotion agencies* include (1) direct marketing and database agencies, (2) e-commerce agencies, (3) sales promotion agencies, (4) event-planning agencies, (5) design firms and (6) public relations firms.

The media side. The media menu includes all the communication vehicles through which Marketing Communication messages can be carried to (and also from) the target audience (Duncan, 2002). The next section will explain the communication process in general and will focus on Marketing Communication in particular, presenting the different media vehicles that form part of the Marketing Communication mix.

2.3. The communication process

2.3.1. The basic communication process

Figure 2.2: The communication model



Source: Winer, 2004; Duncan, 2002

As indicated in Figure 2.2, the communication process involves a *sender* who *encodes* and sends the *message,* and a *receiver* who *decodes* and interprets the message. The message is transmitted through a *communication channel*. Both the message and the communication channel are subject to interference called *noise.* In interactive communication, the receiver might provide *feedback* to the sender (Winer, 2004; Duncan, 2002).

2.3.2. Marketing Communication

Marketing is defined as “the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large” (American Marketing Association, 2007). The traditional marketing mix consists of the four P’s – Product, Price, Place, Promotion –, and is being gradually superseded by what (Duncan, 2002) calls the four C’s or the new marketing mix: Customer, Cost, Convenience, Communication. In order to create a competitive advantage, companies need to aim at effective and customer-oriented Marketing Communication.

Marketing Communication is “the collective term for all the communication functions used in marketing a product” such as advertising, sales promotion etc. (Duncan, 2002, p.15). The communication model presented before (Figure 2.2) serves as a basis for the Marketing Communication process. The marketer encodes the message, translating his ideas into some message format by using words, pictures or sounds to convey the message. The customer decodes the message by interpreting the words, pictures etc. The medium by which the message or the information is transmitted can be any type of mass medium or other Marketing Communication functions such as events, sales promotion etc. Typical noise interferences are message competition and message clutters (Duncan, 2002).

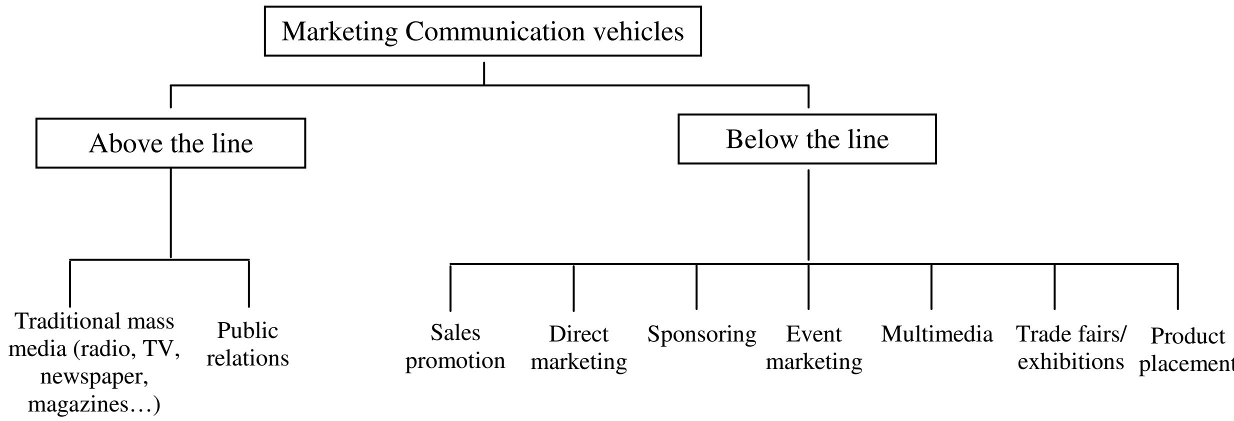
The traditional communication process is a one-way sending of messages to customers that does not provoke an action but rather informs customers. Effective communication, on the contrary, is an "interactive, two-way communication process resulting in an action or decision" (Kalla, 2005, p.304). Marketing Communication at best should thus result in a purchase decision and in the act of purchase.

In recent years a greater use of two-way communication tools such as events, sponsorships, trade shows, e-commerce etc. can be observed. The idea is to create synergy, or in other words the "interaction of individual parts that results in the whole being greater than the sum of those parts" (Duncan, 2002, p.19). Synergy can help maximizing the positive messages and minimizing the negative messages communicated about a brand by establishing brand relationships. This means not only the integration of Marketing Communication functions, but of all the sources of brand messages such as employees, business partners etc. (Duncan, 2002).

2.3.3. Marketing Communication vehicles

Traditionally, advertising and promotion media have been classified in *above-the-line* and *below-the-line* media (see Figure 2.3). Above-the-line media, including traditional mass media as well as Public Relations, address huge target groups and are focused on the increase of sales and profits. Below-the-line media, including sales promotion, new forms of PR, direct marketing, multimedia, sponsoring, trade fairs and event marketing, address smaller target groups and follow a more individualized approach. Traditionally, below-the-line instruments have been seen as a support for above-the-line instruments (Schneck, 2005; Schäfer-Mehdi, 2006; Schweiger & Schrattenecker, 2005).

Figure 2.3.: The Marketing Communication vehicles



Source: Schneck, 2005; Schweiger & Schrattenecker, 2005

With the importance of the new Marketing Communication tools constantly increasing, marketers have recognized above- and below-the-line instruments as equally matched communication instruments in the Marketing Communication mix (Schäfer-Mehdi, 2006).

More recently, communication instruments have therefore been classified according to the way of direction (one-way vs. two-way) and according to the relationship between the sender and the receiver (indirect vs. direct) (see Table 2.3)

In contrast to *one-way media*, where messages travel only from a company to its customers, *two-way or interactive media* make it possible to both send and receive messages (Drengner, 2006). Interactivity connects the company and its stakeholders creating brand relationships and brand value. (Duncan, 2002, p.138) mentions brand contact points, “brand-related, information-bearing interactions that a customer or potential customer has with its brand”, as an important feature of two-way communication.

Table 2.3: Classification of MC vehicles

Relationship between sender and receiver			
		Indirect (non-personal)	**Direct** (Personal)
Way of communication	**One-way**	- Mass media advertising	- Direct advertising - Sales promotion - Point-of-Sale advertising - Sponsorships
	Two-way	- Telephone hotline - Online communication - Direct-response measures	- Personal communication - Trade fairs and exhibitions - Event marketing - Sales promotion with personnel involved

Source: Drengner, 2006

With regard to the relationship between sender and receiver, one can differentiate *indirect or non- personal channels* on the one hand, where the sender and the receiver do not get into contact. Instead, the receiver obtains the message via a communication medium. On the other hand, there are *direct or personal channels,* where both parties do get in touch with each other.

The one-to-many aspect of mass communication requires companies to send persuasive messages to a large group of people (Winer, 2004 Duncan, 2002; Drengner, 2006). The advantage of direct media channels is their higher degree of intrusiveness, which is due to the more personalized approach. However, personalization is generally related to an increment in costs (Duncan, 2002).

2.3.4. Marketing Communication objectives

Hierarchy-of-effects models. In Marketing Communication, there exist a number of different models that explain how brand messages affect customers' brand-decision process. Such communication models serve as a basis for the setting of marketing objectives by an organization (Duncan, 2002). A classic model is the **AIDA** model – **A**wareness, **I**nterest, **D**esire, **A**ction. The first step is to attract attention, then to gain interest, to create a desire, and finally precipitate an action. Moving up in the hierarchy of the model, it is getting increasingly difficult to reach the target audience. Therefore, the percentage of customers moving toward the last step of action is significantly smaller than for example the percentage of customers affected in the first step of awareness.

Communication objectives. (Duncan, 2002) divides communication objectives into four basic categories:

(1) *Awareness*, e.g. making an impression or getting attention, creating brand identity, creating interest, reminding, or informing about benefits.

(2) *Attitude*, e.g. affect feelings and emotions, creating brand image and personality, creating liking or conviction, creating positive attitudes and opinions, influencing opinion leaders, changing indifferent or negative attitudes.

(3) *Action*, e.g. stimulating behavioral response, motivating trial, motivating immediate actions/ response etc.

(4) *Relationship building*, e.g. connecting the customer to the brand, stimulating repeated purchase, increasing trust in brand and brand liking, aid self-identification with the brand, encouraging dialogue and positive word-of-mouth etc.

Whereas informational *(think)* and transformational *(feel)* message strategies are applied in order to achieve awareness and attitude objectives, behavioral *(do)* and relational *(do)* message strategies are used in order to create action, interactivity and repeated action (Duncan, 2002).

O'Guinn, Allen & Semenik (2003) have classified objectives differently, but since they refer primarily to advertising objectives, the classification will not be considered here.

Tellis (2002), however, provides an overview of objectives of advertising and promotion, classifying them into tactical, strategic and final objectives.

Table 2.4: The objectives of advertising and promotion

Category of objective	Type of response	Objectives
Tactical (short term)	Cognitive *(thinking)*	Get attention Inform (about brand, product) Remind
	Affective *(feelings)*	Create and increase interest Create and improve attitude Persuade
	Behavioral *(relation)*	Reduce cognitive dissonance (see Definitions, Chapter one) Create trust
Strategic (medium or long term)	Buying experience *(action)*	Motivate trial Encourage change of brand Motivate repurchase
	Buying intensity *(action)*	Increase purchase frequency Increase consumed quantity
	Market participation	Increase or maintain market share
Final	Accounting	Increase sales Increase prices Increase profits -> PROFITABILITY

Source: Tellis, 2002

Analyzing Table 2.4, we can find again the same basic objectives as with Duncan (2002). The cognitive objectives refer to attention; the affective objectives to attitude, the behavioral ones to relation and the objectives related to buying experience and intensity refer to action. Unlike Duncan (2002), Tellis (2002) stresses the underlying objective of all communication objectives: increasing profitability by boosting sales, prices and profits.

2.3.5. Corporate Communication

Communication with internal and external stakeholders. A noteworthy characteristic of IMC is that it is not limited to product brands, but also focuses on the building of the corporate brand (Duncan, 2002). The term of Corporate Communication is used to describe the management functions responsible for both internal and external communication of an organization, including traditional public relations, corporate advertising, investor relations, community relations and corporate philanthropy, government relations as well employee relations etc. (Kalla, 2005, Corporate Communication International, 2008).

Just like Marketing Communication is a strategic tool for gaining a competitive advantage with a certain product or brand, Corporate Communication is strategically used by the corporation in the creation of the corporate brand (Corporate Communication International, 2008). The importance of Corporate Communication as a "strategic boundary-spanning function operating at the interface between the organization and its environment" has been especially stressed by Cornelissen, van Bekkum & van Ruler (2006, p.116), who focus on the importance of creating favorable relationships with relevant stakeholders through the harmonization and the efficient use of internal and external communication.

Karaosmanoglu & Melewar (2006) see Corporate Communication as the interface between Corporate Identity and Corporate Image. Corporate Identity has been explained by

Schneck (2005) as the distinctive personality of an organization which allows relevant stakeholders (e.g. consumers, suppliers, investors, citizen, parties, the media) to recognize its uniqueness and which facilitate employees to identify with the company. According to Schneck (2005), Corporate Communication forms part of Corporate Identity, along with other elements such as Corporate Design (e.g. company appearance and logo) and Corporate Behavior (internal and external through the employees). Corporate Image refers to how the corporation is perceived, it is the image created through the instruments of Corporate Identity such as Corporate communication (Schneck, 2005)

Corporate Social Responsibility (CSR). In recent years, the relationship between business and society has been changing, with companies assuming broader responsibilities to society than ever before. The changed “social contract” (see Definitions, Chapter one) is reflected in corporations’ activities in the concept of Corporate Social Responsibility – be it in the economic, legal, ethical or philanthropic field (Carroll & Buchholz, 2006). “The idea is to give and take. The society creates the conditions for companies to be operating successfully; in return it gets something back.” (Gazdar, Habisch, Kirchhoff & Vaseghi, 2006, p.17).

Kotler & Lee (2005, p.3) define the term Corporate Social Responsibility as “a commitment to improve community well-being through discretionary business practices and contributions of corporate resources”, where community well-being includes human conditions as well as environmental issues and discretionary refers to a voluntary commitment the company makes. Münstermann (2007) mentions commitment in regional, social and cultural projects as well as sustainability and actions in the field of environmental protection as the most common responsibilities assumed by corporations. Within these fields, companies can support corporate social initiatives through cash contributions and grants, but also through publicity or promotional sponsorships and the organization of proper events (Kotler & Lee, 2005). Table 2.5 provides an overview of the different fields of responsibility and of the most common instruments of CSR, both internally and externally.

Table 2.5: Fields of responsibilities and instruments of CSR

Field of responsibility
Development aid
Health
Politics and society
Family, children the youth
Sports
Research and development
Schools and education
Environment and sustainability
Arts and culture

Instruments/ measures of CSR	
Cash contribution, donations in kind, sponsoring and the organization of events in the field of development aid, sports, arts, science, social, environment	External
Practiced environmental protection	External
Value orientation in the selection of supplier	External
Value orientation in raw material and products	External
Realization of projects in collaboration with external partners	External
Sport, health offers; training and development for employees	Internal
Programs for compatibility of family and job	Internal

Source: Münstermann, 2007; Gazdar, Habisch, Kirchhoff & Vaseghi (2006)

2.4. Events as part of IMC

2.4.1. Context

Since due to increasing commercial message clutters and product homogeneity it is getting more difficult to communicate distinctive product features to customers, emotions play a major role in customers' purchase decisions. It has been observed in the past that the potential for emotionalizing prospects or customers is much higher in events than in other Marketing Communication functions. The marketing event concentrates the target audience to communicate brand messages, making use of the target group's selective attention. Marketing events have proved to be increasingly popular among participants, mainly for two reasons. First to mention is fun-loving or hedonistic society with more leisure time than ever. Values related to experiences and actions, such as the enjoyment of life or self-fulfillment, are of growing importance (Drengner, 2006). Secondly, the desire for direct communication and for tangible and direct experiences has been rising in a world where social contact is gradually being replaced by the use of technology. Mechanization thus evokes its own counter-reaction: the trend towards the event (Schäfer-Mehdi, 2006).

2.4.2. The marketing event

A marketing event is a planned and special occasion which is organized in order to reach a previously defined marketing goal. So the accomplishment of a certain purpose is a vital characteristic of every marketing event (Schäfer-Medhi, 2006; Drengner, 2006).

2.4.3. Event marketing

When companies systematically plan, organize, implement and evaluate events with a specific goal, taking into account marketing principles and the company's strategic marketing concept, this is denominated event marketing (Schneck, 2005; Schäfer-Mehdi, 2006). Event marketing is an instrument of communication aimed at creating situations or promotional happenings that have a central focus and thus permit companies to capture the attention of the targeted audience (Duncan, 2002). The purpose is to create a unique experience that involves participants and addresses various or all of their senses (Schäfer-Medhi, 2006; Drengner, 2006).

The importance researchers attach to the event as Marketing Communication function varies greatly: While O'Guinn, Allen & Semenik (2003) consider the event to be part of the support media used to reinforce or extend a message being delivered via some other media vehicle, Schäfer-Mehdi (2006) insists that events need to be seen as communication instruments of equal value as the traditional above-the-line media.

In both cases, marketing events need to be in line with the Marketing Communication strategy of the organization; however, they can be organized independently (Drengner, 2006).

2.4.4. Characteristics of events as MC function

Table 2.6 lists important features of marketing events, based on the opinions of different authors on the most distinguishing characteristics of events as MC function

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Table 2.6: Characteristics of the event as MC function

Events as MC function – Important characteristics	
1. *Use live experiences* → companies sell brand experience instead of product performance	2. *High involvement* of target audiences → (≠ passive advertising) through dialogue and interaction

3. *Individualized approach* → Face-to-face contact with key customers → Get closer to prospective customers → Creation of personal relationships	4. *Concentrate the attention* of participants →Have a single focus →Direct influence on purchase decision
5. Possible to have *impact on attitudes and behavior* of prospects and customers → AIDA model	6. *"Sensory interaction"*, e.g. through tasting → involves all senses
7. *Emotionalize*	8. Can be *tailored for local markets*

Source: Duncan, 2002; Schäfer-Mehdi, 2006; Drengner, 2006; O'Guinn, Allen & Semenik, 2003

Live experiences. In contrast to traditional communication, where the focus is on medial appearance, event marketing focuses on selling live brand experiences. It has been proved that people remember very little of what they hear, only slightly more of what they see, but nearly all of an experience in which they are involved. The experience can be passive (e.g. demonstrations of a product) or active (the customer actively participates) (Duncan, 2002; Schäfer-Mehdi, 2006).

High involvement. One of the basic features of the events is that it actually involves the target audience, moving thus from passive behavior to real interaction and from an advertising or promotion monologue to a dialogue between target audiences and organization (Schäfer-Mehdi, 2006; Drengner, 2006).

Individualized approach. Moreover, unlike anonymous mass media, events permit an individualized approach toward the targeted audience. Face-to-face contact with the target audience enables companies to get closer to prospects and key customers, thus creating valuable personal relationships (O'Guinn, Allen & Semenik, 2003; Schäfer-Mehdi, 2006).

Concentrated attention. Since events generally have a single focus, they tend to receive the concentrated attention of the target audience. Companies can profit from this increased consumer receptiveness by communicating brand messages and this way directly influencing the purchase decision (O'Guinn, Allen & Semenik, 2003; Drengner, 2006)

Impact attitude and behavior. Events tend to serve higher steps in the hierarchical AIDA model. This way, events do not only create attention but they are means to impact attitudes and to change or stimulate behaviors of prospects and customers. They thus help to move the target segment towards action – the last step in the AIDA model (Duncan, 2002).

"Sensory interaction". Generally, events involve at least one, but usually various or all senses of the target audience, e.g. through tasting. This intensifies the brand-related experience of the prospect of customer (Duncan, 2002).

Emotionalize. Traditional mass media is focused on information. The event focuses on emotion. In events, companies can touch their customers through potent emotional experiences which address their feelings. (O'Guinn, Allen & Semenik, 2003; Schäfer-Mehdi, 2006)

Local markets. O'Guinn, Allen & Semenik (2003) consider events to be of particular value for organizations that want to reach consumers in a particular venue, neighborhood or metropolitan area since they can be tailored for local markets.

2.4.5. (Communication) objectives of event marketing

The four classical communication functions of an event are to inform about innovations or changes *(information)*, to make the target group sensitive for a certain situation *(emotion)*, to motivate for new challenges and tasks *(motivation)* and to provoke an action *(activation)*. Depending on the type of event and its focus, communication objectives can vary greatly (Schäfer-Mehdi, 2006). Among the most common objectives pursued by companies organizing events are increasing brand awareness, building or improving the brand image, reaching special and hard-to-reach target audiences, presenting innovations or changes concerning a product or the company, providing a platform for brand publicity, and last but not least, influencing purchase decision through the creation of personal relationships (Schäfer-Mehdi, 2006; Duncan, 2002; Schneck, 2005)

2.4.6. Types of events and trends

Events can be classified in numerous ways: according to their size and scale, according to their purpose, or according to the particular sector to which they belong, e.g. public, festivals, tourism and business/ corporate events (Bowdin, Allen, O'Toole, Harris, McDonnell, 2001). As the focus of this study is not on special events in general but rather on business/ corporate events, only the classifications of business/ corporate events that have been provided by different authors will be discussed in the following.

Brand-created vs. participating. Drengner (2006) and Duncan (2002) basically distinguish between events created by the company, thus brand-created, and participating events. When companies create events by themselves, they assume responsibility for the organization of the event and its logistics, for the staffing, and for the marketing to participants, sponsors and attendees. Certainly, very often they work in close co-operation with event planning and advertising agencies (Duncan, 2002). The other case, participating events, can be trade shows, exhibitions, fairs, and also sponsorships. A sponsorship is the purposeful cooperation between sponsor and sponsored organization, person, or activity: The sponsor mostly provides financial support but also tangible means, services or know-how, and the sponsored organization grants a service rendered in return. For example, the marketer acquires the rights to display a brand name, logo, or advertising on-site at the event. When companies sponsor events, they do this in order to reach certain marketing or corporate communication goals. And this is the difference to traditional patronage, where the support of the sponsor is selfless. The most common forms of sponsorship are sports, cultural, and social sponsorships (Schneck, 2005; O'Guinn, Allen & Semenik 2003; Drengner, 2006).

By target group.

(1) Schäfer-Mehdi (2006), based on information provided by the Forum Marketing-Eventagenturen (2007)*,* differentiates three types of events in event marketing: *Public events* addressing end-users and the public, *corporate events* in the Business-to-Business field, and *exhibition events* (trade fairs etc.) which can target different segments.

(2) On closer examination, the Forum Marketing-Eventagenturen (2007) provides a much more detailed classification of events, distinguishing six different types of events as listed in Table 2.7.

Table 2.7: Types of events by category and target group

Event category	**Target group**	**Example**
Corporate events	Business-to-Business (B2B)	Product launches
Events for employees	Internal (employees)	Trainings (e.g. sales)
Public events	Business-to-Public (B2P)	Press conferences
Consumer events	Business-to-Consumer (B2C)	Road shows, promotions
Exhibition events	Business-to-Business (B2B) Business-to-Consumer (B2C) Business-to-Public (B2P)	Trade fairs
Charity, social, cultural events	Business-to-Public (B2P)	Various

Source: Forum Marketing-Eventagenturen, 2007

The *corporate event* in the field of Business-to-Business (B2B) primarily addresses dealers through product launches with the objective of informing the target group about changes or innovations. Unlike Schäfer-Mehdi (2006), the Forum Marketing-Eventagenturen (2007) considers *public events* to be used exclusively in order to address the public (B2P) through press conferences for example. Events targeted to the end-consumer such as road shows are subsumed under the category of *consumer events* (B2C). *Exhibition events* such as trade fairs etc. can address different target groups (B2B, B2C, and B2P). Finally, *charity / social/ cultural events* generally address the public, but since they are not aimed at promoting sales, they are presented as separate category.

According to the German Forum Marketing-Eventagenturen (2007), investment in events is constantly increasing, which is why live communication cannot longer be seen as add-on for traditional communication tools. Especially the number of events targeting the public and the end-consumer is growing rapidly: In 2007, 80% of the large businesses in Germany were integrating public events into their Marketing Communication mix. At the same time, organizations tend to address an increasing number of events to the end-consumer.

2.5. Events management

2.5.1. Key steps in events management

Although there are some deviations among different authors concerning important details of event planning and organization, most of them agree that event marketing basically includes four crucial steps: (1) *analysis and planning,* (2) *organization,* (3) *execution* and (4) *evaluation*. In Table 2.8, relevant activities according to the respective steps are listed. Certainly, this table cannot provide a complete overview of all the relevant activities; however, it summarizes the most frequently mentioned activities in relevant literature.

Table 2.8: Steps in event organization

Step in event organization	**Activities**
1. Analysis and planning (Why, who, when, where, what?)	Define general objective and related specific objectives
	Define target group
	Analyze company philosophy and communication strategy
	Develop creative concept bearing in mind limitations such as resources, technology, space, time (-> program, place, etc.)
	Determine general policies
	Identify required financial, technical and human resources
	Identify tasks and responsibilities
	Identify required services and start supplier selection
	Define time limits and deadlines
	Conceive event marketing plan (publicity, promotion, advertising)
	Identify contingency plans
2. Organization	General coordination (program, budget and financing, time line/ chart)
	Technical coordination (equipment and material, technical regulations)
	Administrative coordination (permits, choice of city, hotel, food)
	Coordination of commercialization (marketing strategies, media)
	Coordination of operation (transport systems, medical service, security)
	Coordination of information and public relations (invitation of participants, special guests, the press…)
	Coordination of finances (budget, earnings and expenses, accounting)

3. Execution	Event delivery (transport, assembly etc.)
	Supervision of all details and monitoring of progress
	Constant communication with everyone involved in the organization
4. Evaluation	Obtain feedback Objective accomplished? Strategies and programs worked? Desired vs. actual results? Indicators can be: number of participants vs. desired participants, satisfied participants vs. unsatisfied participants, obtained profits etc.)
	Evaluate organizer and company
	Debriefing session
	Send out event reports to sponsors and key organizations

Source: Compeán, 2002; Sánchez, 2001; Fleitman, 1997; Allen, O'Toole, McDonnell & Harris, 2002; Bowdin, Allen, O'Toole, Harris, McDonnell, 2001

2.5.2. Critical factors and challenges in events management

Errors and mistakes in any of the four crucial steps of event management might have serious consequences for both the organizing agency as well as for the company itself. Although tangible risks such as overspending the budget, personal accidents, damaged material, or loss of equipment can cause trouble, intangible risks are considered to be even higher: The damage of the company's image or the organizer's reputation, or the de-motivation of employees can harm the company and the organizer not only on the short but also on the long term (Compeán, 2002). For this reason, companies and agencies need to master a number of challenges during the event management process, which have been designated as critical by various researchers.

Follow clear marketing concept. In order to avoid an unprofessional appearance during the event, companies need to rely on a sound marketing concept, which can be developed in cooperation with an event marketing agency (Schneck, 2005). Other authors agree on the necessity of determining clear objectives and of following them during the whole event organization. So O'Guinn, Allen & Semenik (2003) express the need of matching the event to brand personality, while Sánchez (2001) states that objectives should not be forgotten during the process of conceiving the creative concept. This is especially important in order to make sure that the brand is getting exposure to the right target audience (O'Guinn, Allen & Semenik, 2003).

Integration with other MC vehicles. Researchers also agree that the integration of event marketing or sponsorships with other Marketing Communication vehicles such as advertising or sales promotion is crucial (O'Guinn, Allen & Semenik 2003). This is due to the fact that events tend to involve only a small percentage of people, therefore return on investment is determined to a great extent by how well other Marketing Communication functions leverage the sponsorship or the event (Duncan, 2002).

Communication. Compeán (2002) considers communication with all personnel involved in the event organization process as essential. Therefore, not only pre-meetings with the stuff are necessary, but also constant feedback during the whole process.

Human factor. It is not only technical equipments that can fail; the human factor is a source of errors, mistakes and unforeseen events. Therefore, communication becomes ever more important in the whole process (Compeán, 2002).

Problem-solving. When facing problems, event managers need to be cool, not emotional, and need to be able to separate important from indispensable and urgent from necessary things (Sánchez, 2001). Compeán (2002, p.15) recommends: *"no dar nada por hecho"*, do not take anything for granted, stay calm and be able to improvise if necessary.

And, most importantly, organizers should always try to solve problems *"tras bambalinas"*, is to say before the participant gets involved.

Risk management & control. The anticipation of risks, the analysis of possible consequences and the preparation of contingency plans can be summarized under the term of risk management. Risk management is a vital part of event management and various authors dedicate special consideration to this topic (Bowdin, Allen, O'Toole, Harris, McDonnell, 2001; Schäfer-Mehdi, 2006; Compeán, 2002). This goes hand in hand with the need for measuring the impact of the organized event and the control of it (Duncan, 2002).

Cultural factors. Compeán (2002) finally also mentions cultural aspects as being a major challenge in event management, exemplifying his point with that in Mexico, people always tend to say yes to everything without thinking about if it is possible or not, or just forgetting about it.

2.5.3. Supplier relationships in events management

Most of the literature on the benefits of supplier relationship management is based on studies undertaken in the manufacturing industry, not so much in the service industry (Odgen & McCorriston, 2007). For this reason, research shows that the issue of supplier relationships in event management in particular has neither been subject of many theoretical papers nor of empirical studies. Indeed, only one empirical study from 2007 in the United Kingdom about the contribution of supplier relationships to the success in event management could be found (Odgen & McCorriston, 2007). This study stresses the main factors in supplier selection as well as the major benefits that can be obtained from the careful management of supplier relations, based on general theory from strategic logistics management.

Supplier development. Supplier development has been defined by Stock & Lambert (2001, p.493) as "a systematic organizational effort to create and maintain a network of competent suppliers and to improve various suppliers' capabilities that are necessary for the buying organization to meet its increasing competitive challenges". The basis for supplier management is the development of partnerships, which contribute to the improvement of business performance. Partnerships can be of different intensity and duration; the most integrated partnerships have a long-term horizon, shared objectives, involve several areas, and do not have an end-date (Stock & Lambert, 2001)

Factors in supplier selection. Among the most important factors in supplier choice are (1) *technical expertise* comprising the quality of the delivered service, supplier responsiveness and professionalism, (2) *cost*, (3) *reputation*, (4) the *prior relationship* with the supplier, especially as to compatible company cultures and shared values and (5) the *financial stability* of the supplier (Odgen & McCorriston, 2007).

Benefits. Non-cost or *intangible benefits*, such as a positive working relationship, consistency and reliability as well as increased responsiveness and flexibility, count among the most important benefits that supplier partnerships offer. This indicates that human resource elements play a key role in events management: The human factor impacts greatly on the quality of the service that will be delivered, which is why it turns out to be an important source of competitive advantage. On the other hand, supplier partnerships can also bring about cost efficiencies (Odgen & McCorriston, 2007).

As the previous paragraphs demonstrated, managing event organizations efficiently can be challenging because of a great number of details that need to be considered in planning, implementation and evaluation. Event managers operating in an emerging market might face additional hurdles related to institutional voids. In the following, the theoretical concept of institutional voids will be presented and related to events management operations.

2.6. Institutional voids affecting events management

Running a business in an emerging country is far more difficult than doing so in an industrialized nation: Not only because of different hard infrastructure conditions (roads, railways, ports and airports, telecommunication or buildings etc.), but also because soft infrastructure is often very weak or absent. According to Mair, Martí, & Ganly (2007), institutional voids can be described as the weakness or complete absence of institutions that support markets. What does this imply though? Generally, institutions establish frameworks of rules for doing business and for social interaction. Institutions supporting the functioning of the market can generally be taken for granted in industrialized economies. However, in emerging countries we can often observe that such institutions are very weak or do not even exist, therefore complicating business transactions by increasing their cost and thus ultimately hindering social and economic development (Mair, Martí, & Ganly, (2007).

Khanna, Palepu, & Sinha, (2005) distinguish five different contexts of a country in which institutional voids can be identified: (1) *Political and social system*, (2) *openness of a country*, (3) *capital markets*, (4) *product markets*, and (5) *labor market*. A profound analysis of each one of these contexts can be useful for managers who would like to identify the major institutional voids in the respective market they are operating in.

Within the five contexts, researchers have pointed out several institutional voids that are most common in emerging markets. Those are presented in Table 2.9.

Table 2.9: Common institutional voids in emerging markets

Common institutional voids in emerging markets
(1) A lack of market intermediaries that facilitate transactions
(2) Weak governance structures concerning: Corruption, bodies that govern regulation and adjudication, contract enforcement and government mechanisms for corporate control
(3) Lacking property rights and disclosure rules
(4) Information asymmetries
(5) Lack of sophisticated market research firms
(6) Missing integrated and reliable end-to-end supply chain partners
(7) Restricted access to capital and talent
(8) Few trade and business associations

Source: Khanna, Palepu, & Sinha, 2005; Mair, Martí, & Ganly, 2007; Khanna, & Palepu, 2005; World Bank, 2008

Practical evidence can be found that institutional voids are an issue of paramount importance: A McKinsey study from 2004, in which almost 10,000 senior managers were polled on their priorities and concerns regarding business in emerging markets, demonstrated that besides market size and political and economical stability, the structural conditions are crucial for decision-making. For almost 15% structural conditions even mattered most in decision-making (Khanna, Palepu, & Sinha, 2005).

Since there is no literature available on the most common institutional voids affecting events management, one can only make assumptions about potential hurdles event managers face due to institutional voids. Considering the factors mentioned in Table 2.9, one can suppose that weak governance structures, missing integrated end-to-end supply chain partners, restricted access to talent and few business associations are of particular importance for event managers. However, those are assumptions that will need to be confirmed through the empirical study of this project presented in Chapter four.

2.7. Strategies for event managers in emerging markets

Gaps such as weak regulatory systems or lacking business associations make it difficult for companies to succeed in emerging markets. Therefore, companies wanting to set up operations in an emerging market need to develop a solid strategy in order to be competitive. The same is valid for marketers who would like to integrate event marketing into their Marketing Communication mix and are wondering how to best adapt their strategies to emerging market conditions.

An analysis of market structures will generally reveal four basic tiers: (1) a *global customers segment* that wants global quality and global features, and that is willing to pay global prices (2) a "*glocal" segment* wanting products of global quality but with local features and at less-than global prices, (3) a *local segment* that wants local products with local features and at local price, and (4) a *bottom-of-the-pyramid segment* that can afford only the most inexpensive products (Khanna & Palepu, 2005). As Khanna & Palepu (2005) state, markets for talent and capital in developing countries are oftentimes structured along the same lines. So in the global tier, one can find highly educated managers from international business schools that demand global level salaries. The glocal tier consists of high-quality managers working for local companies even if they receive a little less than in international companies. Managers in the local tier are satisfied with less-than-world class working conditions, but receive a salary above the average. Many international corporations focus primarily on the global tier, while not considering the glocal tier as potential business opportunity (Khanna & Palepu, 2005).

Companies with event management activities need to carefully evaluate which tier, both as far as consumer segment as well as recruitment of personnel is concerned, they would like to address in order to organize event management most efficiently.

According to Khanna, Palepu & Sinha (2005), companies face a three strategy choice once profoundly analyzed each of the five contexts: or (1) they *adapt their business model* to the respective market while maintaining their core values, or (2) they *try to change one or several of the analyzed contexts*, or (3) they decide to *stay out of the market* in case that the adaptation of strategies is too costly or maybe impractical. As described earlier in this chapter, one important characteristic of event marketing is that it can be adapted to local tastes. For this reason, a local strategy seems to be adequate for event managers. However, this assumption will also have to be confirmed through the empirical study.

2.8. Conclusion

Rapid changes within marketplaces, new media, consumer empowerment and increasing message clutters force companies to look for new ways to communicate brand messages to relevant stakeholders. A frequently used approach is IMC, aimed at the creation of valuable brand relationships through a synergistic communication effort integrating all MC functions. Not only does this concept focus on product brands, but it also encourages the creation of a corporate brand through Corporate Communication efforts.

Traditional mass media, such as advertising in television or radio, have proved to be little effective when trying to reach smaller and specific target groups. Event marketing, traditionally seen as a support medium, has emerged as an ever-more-important two-way interactive communication tool enabling companies to create valuable relationships with their customers by offering them a life time experience. With events, companies address different target groups (the public, end consumers, other businesses) in order to inform, motivate, emotionalize, or activate them. A major advantage of event marketing is that it serves higher steps of hierarchy-effects models (AIDA).

Within the different steps of event planning, organization, execution, and evaluation companies have to take care of many details in order to make the event a success. For this reason, they often work in straight collaboration with specialized agencies providing services related to creative concept, key account management, media planning and market research. Among the most critical challenges in event management is the integration of the event into a clear strategic marketing concept. Researchers have also pointed out the challenges of problem-solving in unexpected situations, risk management and cultural aspects as critical factors in events management.

For companies operating in emerging nations, a particular problem hampering business operations are institutional voids, or gaps in soft infrastructure, such as a lack of end-to-end logistics providers, weak governance structures or difficult access to talented personnel. The empirical part of this study will demonstrate to which extent institutional voids also affect event managers in their operations.

Researchers identified different strategies for handling local conditions in emerging markets that enable companies to successfully work around institutional voids. One of those strategies, adaptation to local markets, seems to be most adequate for event managers. However, this issue will also be discussed in the empirical part of this study.