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**ORGANIZATION OF THE MARKETING COMMUNICATION ACTIVITIES AFTER  
FUSION - THE INTEGRATION AND THE DECISION MAKING PROCESSES**

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## **ABSTRACT**

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This master's thesis was made in order to gain answers to the question of how the integration of the marketing communications and the decision making related to it in geographically dispersed service organization could be improved in situation where organization has gone through a merger. The effects of the organizational design dimensions towards the integration of the marketing communications and the decision making related to it was the main focus. A case study as a research strategy offered a perfect frames for an exploratory study and the data collection was conducted by semi-structured interviews and observing.

The main finding proved that from the chosen design dimensions, decentralization, coordination and power, could be found specific factors that in a geographically dispersed organization are affecting the integration of the marketing communications negatively. The effects can be seen mostly in the decision making processes, roles and in the sharing of the responsibility, which are affecting to the other dimensions and by this, to the integration. In a post-merger situation, the coordination dimension and especially the information asymmetry and flow seem to have a largest affect towards the integration of the marketing communications. Information asymmetry was the main result to affect the integration that was identified from the interviews. An asymmetric information distribution with the lack of business and marketing education resulted in low self-assurance and at the end in fragmented management and to the inability to set targets and make independent decisions.

As conclusions it can be stated, that with the organizational design dimensions can the effects of a merger towards the integration process of the marketing communications to be evaluated. The thesis also provided an action proposal for a case company which focused on finding the actual operations by which the integration process can be improved.

## TIIVISTELMÄ

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Tämän työn tarkoituksena oli tutkia kuinka organisaation rakenneulottuvuudet vaikuttavat markkinointiviestinnän integraatioon sekä siihen liittyvään päätöksentekoon. Online-palvelusektorin kasvu, kilpailun koveneminen ja alati muuttuvat asiakastarpeet ovat vaikuttaneet asiakasyritykseen, joka fuusion jälkeen halusi uudelleen arvioida markkinointiviestinnän toimivuutta. Liiketoimintaympäristön muutokset antoivat asiakasyritykselle tilaisuuden yhtenäistää heidän markkinointiviestintänsä, joka oli fuusion takia hajaantunut ja rakentui monista erilaisista toimintatavoista ilman yhteneväistä tapaa jakaa tietoa ja parhaita käytäntöjä. Tapaustutkimuksena tehtyyn eksploratiiviseen tutkimukseen kerättiin aineisto puolistrukturoiduin haastatteluin sekä havainnoimalla.

Tutkimuksen tavoitteena oli näyttää miten organisaation toiminnassa vaikuttavat rakenneulottuvuudet - hajauttaminen, koordinointi sekä valta - vaikuttavat markkinointiviestinnän yhtenäistämiseen sekä siihen liittyvään päätöksentekoon. Tulokset osoittivat, että rakenneulottuvuuksista löydetyillä tekijöillä on erilaisia vaikutuksia päätöksentekoprosessiin ja sitä kautta myös yhtenäistämisprosessiin. Lopputuloksena voitiin havaita, että koordinoinnilla oli suurin vaikutus markkinointiviestinnän integraatioon. Tekijät, jotka vaikuttivat integraatioon tässä tutkimuksessa negatiivisesti, olivat päätöksentekijöiden roolien hajanaisuus sekä markkinointiviestinnän johtamisen ja toteuttamisen vastuun jakautuminen. Lisäksi informaation epäsymmetria, pirstaloitunut informaation kulku pääkonttorin ja sivukonttoreiden välillä sekä markkinointikoulutuksen ja kokemuksen puute markkinointiviestinnästä vastaavilla henkilöillä vaikutti integraation etenemiseen negatiivisesti.

Lopputuloksena voidaan todeta, että fuusion vaikutuksia markkinointiviestinnän integraatioon voidaan havainnoida rakenneulottuvuuksien avulla ja näistä voidaan erotella tekijöitä, joiden vaikutus integraatioon on suurempi kuin muilla.

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Helsinki, Finland 13.8.2015

Laura Keskinen

**Contents**

- 1. INTRODUCTION ..... 1
  - 1.1. Aim and the research problems ..... 3
  - 1.2. Delimitations ..... 4
  - 1.3. Research methodology ..... 5
    - 1.3.1. Research design ..... 5
    - 1.3.2. Case study as a research strategy ..... 8
  - 1.4. Literature review ..... 9
  - 1.5. Theoretical framework ..... 14
  - 1.6. Definitions ..... 16
  - 1.7. The structure of the thesis ..... 16
  
- 2. DECISION MAKING SUPPORTING THE INTEGRATION OF THE MARKETING COMMUNICATION ACTIVITIES ..... 18
  - 2.1. Decision making in a turbulent environment ..... 19
    - 2.1.1. Situational analysis ..... 21
    - 2.1.2. Objectives ..... 22
    - 2.1.3. Strategy ..... 22
  - 2.2. Marketing communication decisions in a service industry ..... 23
  - 2.3. Integration of the marketing communications ..... 26
    - 2.3.1. Advertising ..... 28
    - 2.3.2. Public Relations ..... 30
    - 2.3.3. Sales promotion ..... 32
    - 2.3.4. Personal selling ..... 33
  - 2.4. Brand communications ..... 35
  - 2.5. IMC communications in a brand strategy ..... 35
  
- 3. ORGANIZATIONAL DESIGN DIMENSIONS AFFECTING THE DECISION MAKING ... 37
  - 3.1. Centralization and decentralization ..... 38
  - 3.2. Coordination of the marketing communication activities ..... 41
  - 3.3. Power ..... 45

4. RESEARCH METHODOLOGY .....	49
4.1. The purpose of the research.....	49
4.2. Data collection.....	49
4.3. Data analysis .....	52
4.4. Case description .....	53
4.5. Evaluation of the study.....	56
5. EMPIRICAL FINDINGS .....	58
5.1. Decentralization of the marketing activities .....	58
5.1.1. Division of the responsibility in the process of decentralization .....	59
5.1.2. Service marketing communication activities.....	62
5.2. Decision making structures and decision makers' roles.....	65
5.2.1. Information flow.....	66
5.2.2. Information channels.....	68
5.2.3. Meetings and the roles of the decision makers.....	69
5.2.4. Internal reporting.....	71
5.3. Best practices and biggest challenges in marketing communications .....	72
6. ANALYSIS AND DISCUSSION .....	76
6.1. Factors affecting the integration of marketing communication .....	77
6.1.1. The decentralized decision making (Factor 1) .....	78
6.1.2. Coordination (Factor 2).....	82
6.1.3. Power (Factor 3) .....	84
6.2. Improvement of the marketing communications .....	86
6.3. Action proposal .....	89
6.3.1. Decentralized decision making process and the division of labor.....	90
6.3.2. Information flow and meetings.....	91
6.3.3. Marketing communications experience and education.....	94
7. CONCLUSIONS.....	97
7.1. Main findings and theoretical contribution .....	97
7.2. Managerial implications .....	99
7.3. Limitations and future research .....	101

APPENDICES

- APPENDIX 1. A semi-structured framework for the interviews
- APPENDIX 2. A theme interview with an external partner from a different industry

A LIST OF FIGURES

- Figure 1. Research design. Based on Saunder’s et al. (2009) layers of research design
- Figure 2. The theoretical framework
- Figure 3. The Shannon–Weaver model of communication
- Figure 4. Organization chart of Company X.
- Figure 5. How to improve the integration of the marcom activities and the decision making related to it from the case company point of view

A LIST OF TABLES

- Table 1. A summary of the organizational dimensions in the academic literature
- Table 2. Objectives and purposes of corporate public relations.
- Table 3. A summary of the interviews.
- Table 4. The identified factors affecting the decision making and the IMC.

## 1. INTRODUCTION

For a long time, a formal centralized marketing department and transaction based marketing have been a widely accepted form for conducting marketing. However with the growth of service sector and the increasing focus on long-term relationships in the intra-organizational environment, an increasing need for a fundamental reconsideration of organization of the marketing function has emerged. (Laing & McKee 2000)

The increasing turbulence of the environment including a fierce competition, globalization and a change in customer needs have affected the industries and competition. Online services, economic situation, tightening regulations and low interest rates have caused the need for a change in the Finnish companies. This can be seen especially in the financial service industry, where the amount of M&As have been rising during the last decade. (Berger, Bonime, Goldberg & White 2004) Service organizations have adjusted their operations by laying off personnel, closing branch offices and by mergers and acquisitions.

At the same time, the future of marketing in companies is changing. Already in 1994 Grönroos stated how marketing is facing a shift from transactional to relationship focused form. When American Marketing Association (AMA) redefined the term “marketing” with more service and relational related words, the change was fundamentally happened. (Harker & Egan 2006) In other words, there has been a shift of focus towards more customer and service focused flexible organization structure. (Workman, Homburg and Jensen 2000; Doyle 1995) As Doyle (1995) states, the meaning of marketing departments is decreasing as companies try to find ways to create value for customers from new customer driven processes and cross-functional structures. To keep up with the changes in the business environment, companies have to reorganize their business and marketing operations. (Kotler 1997)

As Aylmer states early in his research paper (1970), the location of authority in the marketing decisions is a crucial concept for consideration for every company. This applies also in today’s business world. This can be seen in the everyday marketing

communication operations of the companies. Functional boundaries are declining, the importance of the cross-functional teams is growing and the relationships with external partners are more and more important. Practically, these changes occur in the dispersion of the marketing communication activities and in changes concerning the primary marketing coordinators. It is recognized that the effective management of marketing at a strategic level requires a development of structural mechanisms to ensure a coordinated approach to the management of the marketing communications. (Laing & McKee 2000)

A turbulent environment, changing customer needs and the need for innovative thinking in the re-organization of the marketing activities is offering a perfect opportunity to the case company, who has gone through a merger during years 2014 and 2015. The company X is in the situation where they can create and develop new codes of conduct for the integration of the marketing communications. In order to do so, the critical evaluation of the organization and the organizational design dimensions' relationship towards organizational decision making has to be done. The marketing communication decision making structure and marketing communication activities between headquarters and branch offices are now in the focus.

Former studies from the field of organizing the marketing communication activities have focused on the organizational structures and on the business environment in multinational, big enterprises with foreign subsidiaries. This paper studies that from the intra-firm point of view and adds strategic marketing decision making and organizational design dimensions to the picture in order to be able to evaluate the relationship between the integration of the marketing communication (marcom) activities and the organizational design dimensions. Thesis gives a contribution to the current, rising debate on what is the future of the marketing department in small- and medium sized, one dimensional company in intra-firm scope. This thesis will also give an insight for the future companies on the edge of a merger and hopefully creates new ideas on how to integrate the marketing communications in an industry where the marcom activities have traditionally had a rigid nature.

### **1.1. Aim and the research problems**

The aim of this thesis is to find out how the integration of the marketing communications and the decision making related to it in geographically dispersed service organization could be improved in a situation where an organization has gone through a merger. This can be made by diagnosing the situation of the case company and the phase where they are now in their integration process of the marketing communications. The diagnosis of the present marketing communication activities and the decision making is a vital task in order to find the new innovative practices for a merged company to do their marketing communications. The depiction of the company's situation can be made by identifying the factors affecting the strategic marketing decision making in an organization. This thesis will produce new information about the future of the intra marketing communication organization and also an action proposal for the client company.

The case company hopes to become a company which finds a form of conducting integrated marketing communications in an organization which is geographically decentralized with locally dispersed marketing activities. Because if this, the aim of this thesis is achieved when the factors affecting the integration of the marketing communications and the decision making related to it are found, and the practical solutions for the improvement of the marketing communication integration are presented. This thesis will find an answer to the question of what kind of effect the organizational dimensions have on the integration of the marketing communications and the decision making.

The main research problem is defined as:

Q1: How to improve the strategic marketing communications integration and the decision making related to it after a fusion in geographically dispersed organization?

The supporting questions are defined as:

SQ1: How do the specific organizational design dimensions affect the integration of the marketing communications?

SQ2: How do the specific organizational design dimensions affect the strategic marketing communication decision making?

## **1.2. Delimitations**

This thesis will be concentrating on Finnish intra-firm level of organizing BC2 marketing activities in a service company. Multinationals and foreign subsidiaries are left out of the study.

Marketing communication activities that have to be integrated are advertising, PR, sales promotions and personal selling. The strategic decision making in marketing communications can be approached from three different angles: planning of the certain activity point of view, planning of the marketing communications campaign point of view and the planning of the marketing communications in a company level point of view. This thesis will concentrate on the company level point of view and the certain activity point of view will be occurring in the empirical part of the thesis. This is the reason why brand management related theories are decided to be left out from this study, even though they are strongly related to the marketing communication decision making: the studied phenomena and the company level point of view describe mostly the traditional marketing communication processes, which cause brand management theories to be not so necessary when reviewing the aim of this thesis.

The marketing communication activities are handled from the external point of view: marketing communications for customers, not supply chain or for sales department. The integration of the marketing activities and organizational dimensions are on the other hand viewed from the internal point of view.

It is important to address that the organizational design dimensions are not handled from the context point of view: organization size and the operating environment are not part of this thesis. The organization theories are mostly being studied from the hierarchical and traditional point of view in this thesis because of the factors in the studied phenomena. This causes the modern organizational structure theories based on networks, company culture and social relationships to be left out. (Srivastava & Banaji 2011; Landis 2015) Structural and nonstructural design dimensions, like coordination and power, are addressed because of their relationship towards the organizational decision making and their possible effect on facilitating the integration of the marketing communication activities.

Case Company has already a functional network for external partners, so it is not expedient for this thesis to address the external organizations of activities.

### **1.3. Research methodology**

As stated earlier, the purpose of this thesis is to explore the integration of the marcoms, the decision making, the organizational dimensions and the marketing department with the aim of creating new and helpful empirical insights for the client company. According to Harris and Ogbonna (2003, 490), in order to be able to develop a pragmatic and suitable study which supplies valid and meaningful contribution to the research topic, attention has to be given to five different issues: research design, research strategy, data collection methods, reliability and validity and data analysis. Next the research design and the research strategy are presented, and the data collection method, reliability and validity of this study are presented in the chapter 5 where the empirical part of this study is conducted.

#### **1.3.1. Research design**

The chosen research method depends on the topic of the research and the needed data. In this thesis, the qualitative perspective was chosen because of the

research questions and the context in which the study was conducted. In a qualitative study, the focus is on relative small amount of cases, which are being analyzed in depth. Thus the criterion for academic and scientific study is not the amount of cases, but the quality of them. (Eskola ja Suoranta 1999, 18)

Qualitative data can be simplified to mean written text or data. Qualitative data can be interviews, diaries or for example letters as long as the original meaning of the data is to offer a story or to describe a process behind the phenomenon. (Eskola & Suoranta 1999) In a qualitative study the researcher doesn't have any pre conjectures on the results or the subject matter. Researcher's aim is to learn new angles from the research topic and by this, to try to gain a holistic understanding of the research topic and possibly to create a new theoretical framework, as in the grounded theory research method. (Eskola & Suoranta 1999)

The chosen research philosophy is presented in figure 1 with Saunders, Lewis and Thornhill's (2009) layers of research design. The prevalent research philosophy of this thesis is interpretivism. Interpretivism can be seen in the desire to gain rich insights from a limited number of objects rather than provide law-like generalizations. The situation in which this study was conducted offered a base for interpretative study because the nature of the research problems was best explained in complex, socially constructed environment.

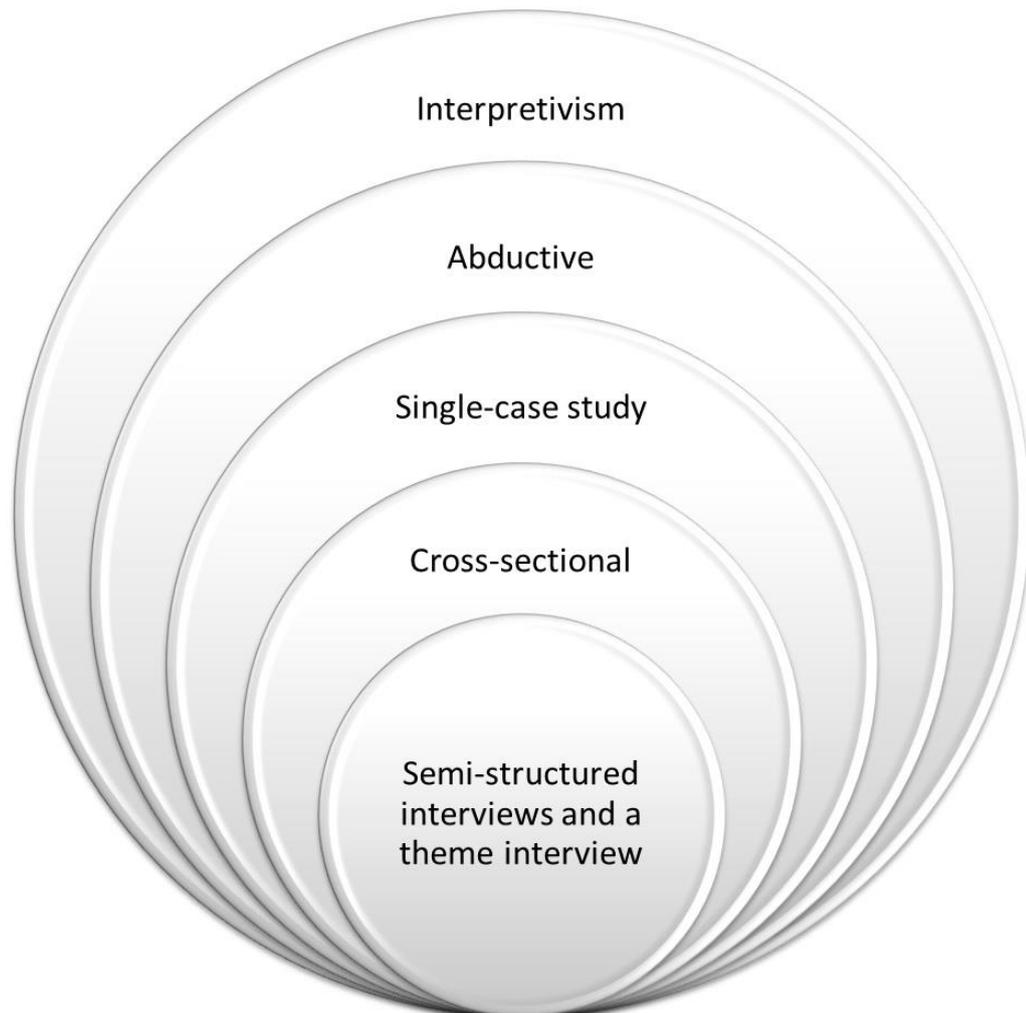


Figure 1. Research design. Based on Saunder's et al. (2009) layers of research design.

An applied research approach is formed from the deductive and inductive perspective. As Saunders et al. (2009, 127) state, the combination of these approaches can be truly advantageous and rewarding in some studies and there are no strict rules on where one should use which approach. In a deductive approach the existing theory is used to formulate the hypothesis and the research questions. Hypothesis is then tested and the results are being examined, whether it confirms the theory or indicate the need for changing the hypothesis to fit better. A deductive approach can be seen in this thesis in the research questions: by that time when the questions were formed, there were assumptions on how fusion will affect the decision making in geographically dispersed organization. (Saunders et al. 2009, 125)

The deduction approach has confronted critique because of its feature to create cause-effect links without an understanding of the way how humans interpret their life and how they reacted in social relationships. This is why an inductive approach, which is presented more extensively in this thesis, is also widely practiced. In the inductive research approach the context in which events are taking place, is particularly important. Researcher aims to gain an understanding of the meanings that humans attach to the events and of the context where the research is conducted. A qualitative data collection is more often used in the inductive approach and the main focus is not the generalization of the findings: instead, the structure of the study is more flexible to grant changes to the research process. (Saunders et al. 2009, 126) According to Yin (2014), a research approach where the deductive and inductive approaches are mixed together in order to get more accurate and practical study is called an abductive approach.

### **1.3.2. Case study as a research strategy**

A single-case study was selected to be the research strategy because of the required outcome. According to Eskola and Suoranta (1999, 65) a case study is a research strategy where the present phenomena is studied in the real life context. A case study can be based on a single case or on multiple cases depending on the research needs. The case study method is often required in an exploratory researches and the combination of different data collection techniques is a typical feature of the case studies. This refers to a triangulation of the data: it indicates the use of different data collection methods to be able to ensure the accuracy of the study. (Saunders et al. 2009)

The triangulation can be justified by stating that with just one research method it is nearly impossible to gain a holistic view and a deep understanding of the study object. There is a risk that outcomes of the study are presenting only one perspective. (Eskola and Suoranta 1999; Saunders et al. 2009) In this thesis the expert interviews and one theme interview is combined with the tacit information which was gained through listening and observing employees in their natural environment, in their workplace. The triangulation method in this study is therefore

called the data triangulation instead of a researcher triangulation or a theory triangulation.

A single case study was chosen because of the need to study present phenomenon thoroughly. The single case study is viewed from the holistic perspective because the data collection happened in one organization and the interviewees were at the same time the leaders of their own offices but still subordinate to the actual client, the head office. When taking into account the subject of this thesis, it is easy to agree with Bonoma (1985) when he states that the intra-firm organization of the marketing is so complex that case study approach maybe the best alternative for a research strategy.

#### **1.4. Literature review**

For over four decades, the importance of the decision making in organizations has been studied. Already in 1947 Simon made a pioneering analysis of an administration as a system for structured decision making, and since that the organizational dimensions affecting the decision making in reorganizing the marketing activities has been researched. (Cray, Mallory, Butler, Hickson, and Wilson 1988) The organizational decision making has been studied from the management leadership point of view (Miller, Kets de Vries & Toulouse 1982) and strategy point of view (Minzberg 1973) just to mention couple of study fields. Jacoby and Kyner (1973) studied the decision making from the brand point of view and found brands to be facilitating the decision making from a customer point of view.

The organizational phenomena and the marketing organization structures have also been a popular topic for researches over the recent decades. The topic can be said to be a complex phenomenon because of the wide range of perspectives and dimensions it includes. (Workman et al. 1998; Harris & Ogbonna 2003) In addition, Workman et al. (1998) state that the phenomenon of the marketing organization is complex because of the numerous dimensions of it, including structure, power, environment, interactions with other groups and bureaucratic

dimensions like formality, centralization and standardization. Laing and McKee (2000) have studied the management of marketing organization from the service organizations point of view and state, that although the marketing department as an organizational solution for managing marketing activities is not anymore only universally approved approach, the alternative approach for managing activities, dispersion, raises the questions about a decision making hierarchy. In their study they found out that senior managers of the service organization have been confronted by the need for sensitive, locally responsive management of marketing processes which avoids direct centralized managerially-led control of marketing activities. This has to be done in order to avoid alienating the individual branch office management.

The literature body of organizing the marketing activities in order to get them integrated or to create synergy benefits can be traced back to the organization and firm theories (e.g. Anderson 1982; Weber 1947), and the strategy and strategic decision making theories (e.g. Minzberg 1973). Since the 1970's and 1980's the focus has been on the marketing's role in a strategy making and in the structures of the firm and marketing organization. (Ruekert, Walker & Roering 1985; Achrol 1991) As Ruekert et al. (1985) state, the traditional focus on organizational issues in marketing has been around the macro-organizational structures and forms, like management, planning, implement and monitor marketing tasks. For example Anderson's (1982) ground breaking study on organization theory and the role of marketing focused to criticize the fact that former theories weren't qualified enough to study what is the role of marketing in the goal formulating.

The integration of the marketing communications has been researched a lot during the last years. Originally the marketing mix approach – term created by Neil Borden in 1953 - included price, product, place and promotion. Promotion can said to be the marketing communications part of the mix. The need for integration developed as the media landscape went through a transformation: lower reach and highly targeted options multiplied and the mass communication opportunities decreased. This increased the need to find an effective way to communicate with the customers in a consistent and a coherent way. This required better ways to

plan and evaluate the communication methods and also the reorganization of the practices in response to the thinner customer segmentation. (Jenkinson 2006)

Schultz (1992) studied the integration of the marcoms in large marketing organizations and stated in his paper that the lack of integrated marketing communication programs is the most evident in large companies, because SMEs with smaller budgets have been practicing this approach a long time as it is a fundamental part of their business logic. Pickton and Broderick (2001) have studied the integration of the marketing communications from the holistic point of view and combining the strategic and operational level of the integration to the study.

Achrol (1991) first conceptualized the two innovative marketing organizational forms which are suited to the turbulent environment. These forms highlight the essence of the marketing functions to be in the middle of the company's main operations. Also Workman, Homburg and Jensen (1998) studied the relationship between the role of marketing organization and the environment in their research paper.

Organizing marketing activities in intra-firm level has been studied in many different industries and from multiple point of views, mostly from the multinational companies' perspective, multi-departmental organization perspective, or from the foreign subsidiaries point of view. (Harris & Ogbonna 2003; Jarillo and Martiane 1990; Mallory et al. 1983) The main body of the literature agrees that the topic of organizing the marketing activities can be also addressed from the studies concerning organizational design dimensions point of view. The summary of these studies can be found from the table 1.

According to Chase and Tansik (1983), the literature of the organizational design and the organization structures has largely been descriptive and focused on finding the contingent factors which determine the most effective organizational design. These common main contingent factors are organization's environment, its technology and the size. (Chase & Tansik 1983) Harris and Ogbonna (2003) divide the marketing organization literature into three different parts: the structural

location of the marketing function, the influence of the marketing and the activity-based research into marketing organization.

### Dimensions of the organizational structuring

<b>Author and year</b>	<b>Main concepts</b>	<b>Main contribution</b>
Homburg, Workman & Jensen (2000)	Structure, coordination, culture and power	Dimensions of organizational design, different inner organizational structures
Workman, Homburg & Gruner (1998)	Structure, power, interactions with others and bureaucratic dimensions	6 types of structural location of marketing
Ruekert et al. (1985)	Centralization, formalization, specialization	Bureaucratic dimensions depends on the environmental characteristics
Harris & Ogbonna (2003)	Formalized/centralized activity, dispersion of marketing activities, community oriented marketing, differentiation.	Findings distinguish the characteristics of the case company's approach to marketing.
Eagle & Kitchen 2000	Power, coordination and control issues, centralization and cultural issues, resource issues and flexibility issues.	Organizational dimensions as barriers in the integration of the marketing communications.

Table 1. Summary of the organizational dimensions in the academic literature.

Workman et al. (1998) studied the organization of the marketing activities within intra-firm level and stated that in most of the conceptual studies, the focus has shifted from marketing's role in a company to its role in managing relationships with partners. This is similar to Harris and Ogbonna's (2003) relation approach of the marketing. But as Workman et al. (1998) state, lots of the conceptual studies lack systematical theory development because of the emphasis on descriptions of the managerial practice that a large part of the studies includes.

The concepts of centralization and formalization or as Weber (1947) originally stated, "bureaucratic dimensions", have also been a popular topic for studies of the marketing organization. (Workman, Homburg & Gruner 1998) Orville and Ruekert (1987) have studied this subject from the organization strategy point of view. They formed a strategy typology hybrid from Porter's (1980) and Miles's and Snow's (1978) typologies and studied how different corporate business unit relationships, inter functional structures, coordination processes and marketing policies affect the performance of SBUs with different strategies. Related to the topic of this thesis, they found out differences in marketing structure and policies (including the decision making, the coordination structures and the marketing policies and programs).

According to Harris and Ogbonna (2003), when dealing with a small or medium sized company with multiple branches, it is normally encouraged by the top management to decentralize the power to the branches in order to be able to integrate the operations. The devolution of the power leads to successful operations. Ruekert et al. (1985) agree with this by stating that the centralization leads to the greater effectiveness due to the ability of the decision maker in the firm to plan and coordinate. In addition, this will happen only if the conducted tasks are routine and repetitive and the performance outcomes can be easily and accurately assessed. (Ruekert et al. 1985) Workman et al. (1998) on the other hand have criticized that there has been an overreliance of the studies on bureaucratic dimensions affecting the organization of the marketing. This view of critique has to be taken into account, although the uniqueness of the study object and the number of already conducted researches should not be the absolute value

of the appreciated and successful study. The theories used in the research are well chosen if they support the findings and the success of the new study.

### **1.5. Theoretical framework**

Topic of the thesis is tightly related to the relationship marketing and the service marketing, because they describe the marketing that a case company is conducting in their operations. The theoretical framework which describes the study can be found from the figure 2.

The strategic decision making in marketing focuses on creating a marketing strategy, mission, vision, competitive strategies and tactics. Strategic marketing decisions are long-term decisions like brand development, target markets, market position and value position. (Lahtinen, Isoviita & Heikkilä 1998; Kotler, Keller, Brady, Goodman & Hansen 2012)

Operative marketing management is a daily basis management and in this framework, the management that branch managers are doing locally. The operative management focuses on successfully conducting the marketing communication strategies and tactics. (Lahtinen et al. 1998)

The organizational design dimensions describe how the actions and operations in organizations can be organized. To be suitable for the case company's situation, the three design dimensions – centralization, coordination and power- has been chosen to describe how these organizational dimensions influence the marketing communication decision making and the integration of it.

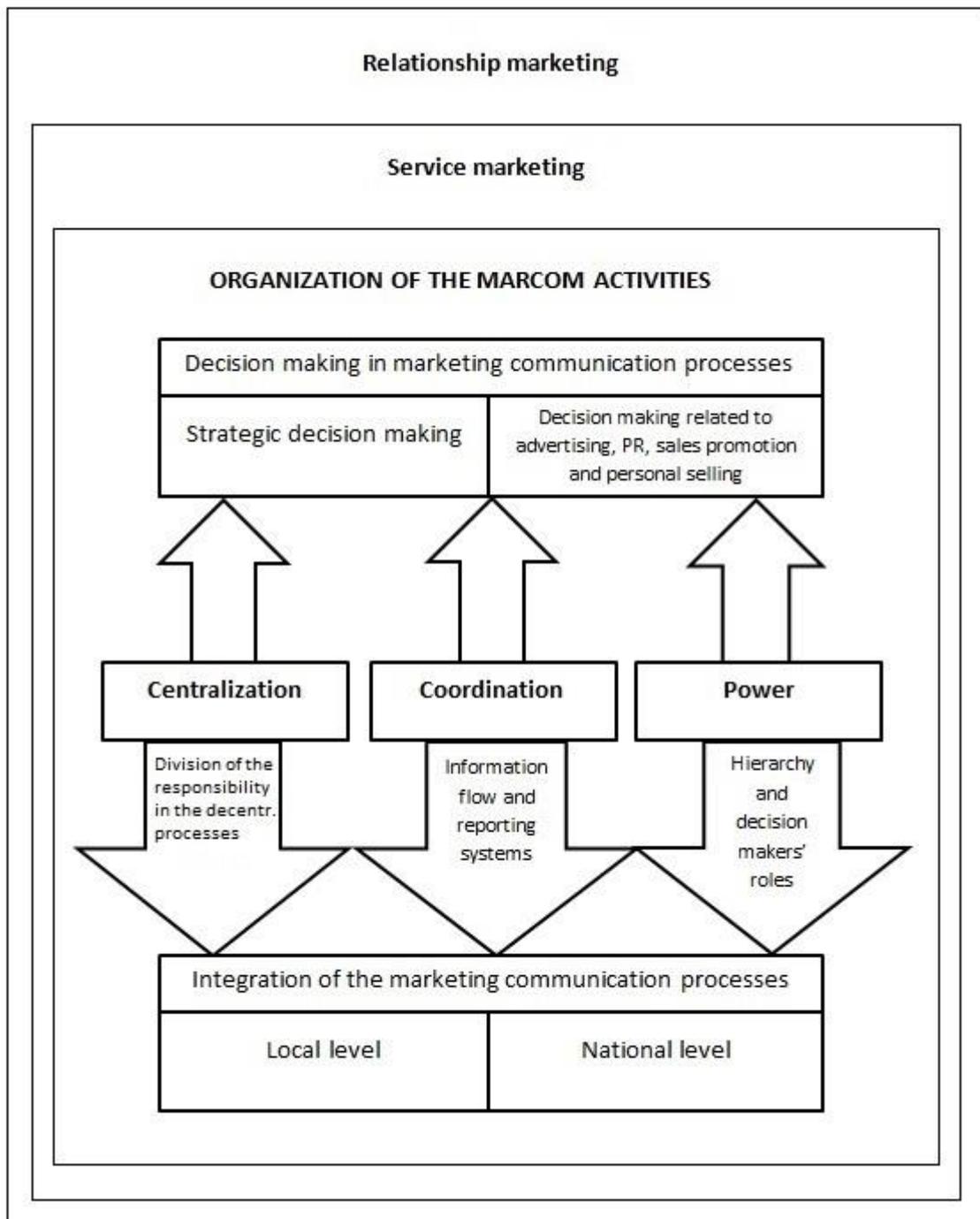


Figure 2. The theoretical framework.

## 1.6. Definitions

**Organizing the marketing activities** refers to the structure of the organization and the dividing power in the firm, interactions with other groups and bureaucratic dimensions like formality, centralization and standardization. (Workman et al. 1998)

**Marketing communication** (also marcom) tasks are defined as personal selling, advertising and media, sales promotions and public relations. Brand related issues are also a part of marketing communications tasks. (Pickton & Broderick 2001) Integrated marketing communications (IMC) aim to create a cohesive picture and deliver a cohesive message to the customer. (Jenkinson 2006; Pickton & Broderick 2001, 23)

**Organizational design dimensions** include structural dimensions, also known as bureaucratic dimensions (centralization, formalization, specialization, configuration and flexibility) and nonstructural dimensions like cross-functional dispersion of marketing activities, power of marketing subunits and cross-functional interactions. (Workman, Homburg & Gruner 1998; Pugh, Hickson, Hinings & Turner 1968)

**Relationship marketing** is the opposite of the transaction marketing. In the relationship marketing the main goal is to get and keep customers as in transaction marketing the goal is just to get customers. The most important task in the relationship marketing is to build relationships with customers and other stakeholders and nurture those relationships so that they prosper in long-time period. (Grönroos 1995; Kotler et al. 2012)

## 1.7. The structure of the thesis

Thesis consists two parts: theoretical and empirical part. The theoretical part includes the chapters 2 and 3 and after that begins the empirical part. Empirical part ends with the findings, analysis, action proposal and conclusions.

In the chapter 2, the basic structure of a strategic decision making in marketing is studied. After the overall structure, the chapter focuses on the decision making in marketing communications: what, who and how the marketing communications are conducted in a company. It is important to understand the role of decision making in marketing, because the re-organization of the marketing activities is based on information collected from a marketing strategy. After defining the decision making structures, the nature of service marketing is addressed from the decision making point of view. After the integration of the marketing activities is addressed from the chosen point of view, the key marketing activities for a service industry are defined. This theoretical entirety apply the frames for the empirical part of the thesis, where these themes are addressed with in-depth interviews and surveys.

Chapter 3 focuses on the organizational dimensions – centralization and decentralization, coordination and power. First the basic definition of each dimension is presented. Then the chapter aims to explain how these dimensions affect the integration of the marcoms and the decision making in organizations.

Chapter 4 will present the research methodology of this study: the purpose of the research, the data collection and the method of analysis. Case Company is also introduced and the evaluation criterion for this study is presented.

Chapter 5 and 6 includes the actual empirical part with findings, analysis and discussion. After the interviews are processed, the analysis based on the findings is presented. An action proposal is built on the analysis, and the conclusion chapter will end this thesis with a theoretical contribution and managerial implications.

## **2. DECISION MAKING SUPPORTING THE INTEGRATION OF THE MARKETING COMMUNICATION ACTIVITIES**

The decision making process can be described as a problem solving with information available for the decision maker. According to Green, Tull and Baum (1988) in the field of marketing communications, the available information is usually consisted of a data made by marketing researches and analysts. The common research literacy can be divided into three different types: basic research, fundamental research and applied or decisional research. Marketing decision making focuses on the decisional research: it endeavors to use the existing knowledge as an aid to the solution of a given problem. The terms marketing management and marketing decision making are so close to each other that they can be used as synonymous. (Green et al. 1988)

To be able to manage marketing and marketing communications properly, the decision making and its relationship towards company's functions and dimensions have to be taken into account. Management decisions can be divided into six types: Deciding what the problems are, selecting the immediate problem for the solution, solving the selected problem, implementing the solution, modifying the original solution based on observation of results and establishing a new policy. (Green et al. 1988, 8) Marketing decision making process attempts to find the problems concerning marketing and the marketing communications and selecting and solving those problems. The marketing communications strategy is usually the base, body and the end product for this.

The strategic decision making helps a company to find a competitive advantage and create synergy benefits via integration. The strategic decision making in marketing communications often includes the marketing planning where the marketing strategy and needed tactics are formed in order to create an integrated marcoms. Marketing communications decision making on the other hand can be described as certain tools by which a company can communicate with their stakeholders with integrated, unified ways. (Pickton & Broderick 2001) An essential focus of the strategic marketing decision making is the co-ordination of the marketing activities undertaken at an operational level across a diverse range

of management within the company. (Laing & McKee 2000) This integration can be done by marketing strategies, division of labor and with careful decision making planning.

Holm (2006) has described the problem of marketing communications decision making by stating that usually those who have strategic and tactical responsibility for the marketing communications decision making don't have a clear picture of the factors under marketing communications: buyer behavior, copywriting and the communication theory. They live in their own separate educational and intellectual spheres and they lack insights of certain marketing methods. On the other hand, those who are skilled in communications theory, copywriting and marketing methods, lack skills in strategic management. In the light of this problem it is legitimate to say that it is crucially important for organizations to be able to organize their marketing communication decision maker's roles in order to get an efficient marketing communications plan. In the end, organizations wish to have more effective, proactive decision making processes with clear decision making hierarchy. (Phelps & Harris 1996)

## **2.1. Decision making in a turbulent environment**

The decision making process in an organization is classically viewed as a function of uncertainty in the environment. On the other words, the more there is uncertainty in the environment, the more organization has to trust to nonprogrammed decisions. (Chase & Tansik 1983) As Kanter, Stein and Jick (1992) state, the organization's overdependence on individual decision making is a weak response to a turbulent environment where the organization is operating. The decision making processes can thus be divided into different categories. Zábajník (2002) has defined three different processes: centralized decision making, decentralized decision making and joint decision making. Holm (2006) on the other hand has described decision making to happen in two different approaches: the individual point of view (organization's functions' heads making decisions individually) or the consensus point of view: regardless of the type of

decision, small or medium sized groups seem to make better use of resources and thus are more efficient in making decisions.

The decision making in a turbulent environment differs from the decision making in a normal operative environment by being more hierarchical and nonprogrammed and less rational. (Axelsson & Rosenberg 1979; Chase & Tansik 1983; Papadakis, Lioukas & Chambers 1998) After a merger or acquisition, environment normally stabilizes and the new structures and ways of organizing operations are presented. The volatility of the environment can have effects in company's operations within the stakeholders and other external partners, but can also cause inner turbulence. Mergers and acquisitions are usually the end-result of internal or external turbulence in the operating environment and the motive behind these actions is normally a desire to improve the overall performance. (Appelbaum, Gandell, Yortis, Proper & Jobin 2000)

The entire industry do not have to have a turbulence, only temporary structural changes, like changes in revenue models and development of the online services, may require adaption from the companies. Financial industry is said to be a rather stable industry but at this moment the industry is quite turbulent due to the world's economic situation. The situation in Ukrainian is causing currency fluctuations and uncertainty in economic world. The decision making in financial industry is also different because of the legal aspect. The existence of the particular regulations, like the Federation of Finnish Financial Services definition of the ethical guidelines for good banking methods, has to be taken into account.

To be able to think innovatively to gain new, integrated and improved marketing communications organization, the company has to evaluate the internal strengths and weaknesses and external opportunities and threats. Without truly knowing the resources and goals, the re-organization and the integration of the marcom activities can't exist. A vision isn't enough: there has to be an overall view of the company's activities and abilities and how they can be refined into new ideas. With a careful planning, the re-organized marketing organization can achieve goals and synergy benefits with the integration. The strategic marketing planning process usually starts with situational analysis and object setting and ends with operational

tactics formulation. Marketing strategy must be based on the overall business strategy.

### **2.1.1. Situational analysis**

Every company has to analyze its own operations and actions at regular basis. The task for top management or consultant is to assess the organizational competence in marketing, finance and production. (Kotler 1997) The strategic marketing communications decision making is based on two ideas: To be able to know where we want to be, we need to know where we are now

The overall view of the company can be divided into company analysis, competitor analysis, consumer analysis, market analysis and product analysis. The starting point is an analysis of where the company is right now. The overall view of the company and the markets helps the company to set objectives and create a strategy and tactics that are needed when planning the integration of the marcom activities. The company analysis can include company's sales and profits, vision, mission and financial, technological and managerial resources. (Pickton & Broderick 2001) Managerial resources along the other resources are important to define before creating objectives, because it is useless to define mission, vision and goals if a company doesn't have enough manpower and managers to achieve the goals.

The overall analysis of the company can also be done with a situational analysis, which can be divided into internal and external analysis. Internal analysis focuses on the strengths and weaknesses and the relationships between these and company's functions like marketing, finance and production. A company culture and managerial roles are included in the internal analysis. The external analysis on the other hand focuses on describing the environment company is operating: markets, competitors, customers. Macro-environmental aspects like technological, political and social aspects can also be described in the external analysis. These aspects are particularly important to include to the analysis if the industry where

company is operating is regulated and legislated by government or other important actor. (Kotler 1997; Vuokko 2002)

### **2.1.2. Objectives**

Every level of the company requires objectives when planning its operations. Objectives are hierarchically developed and normally every function in organization, e.g. marketing and finance have their own objectives. (Pickton & Broderick 2001, 331)

The planning of the objectives has to be based on the overall strategy. Reaching the targets requires resources and efforts from all company functions, so the objectives have to be possible to reach and rational. The objectives have to be realistic and challenging, which links the overall analysis of the company and markets to the goal setting. Without knowing the competitors and customers, a company can't define what it needs to achieve during the next period of time. Pickton & Broderick (2001, 332) have defined 7 factors that every object should be: specific, measurable, achievable, realistic, relevant, targeted and timed. The objectives can be qualitative or quantitative, depending on the function to which the object is placed.

### **2.1.3. Strategy**

Minzberg (1987) defined strategy to be concerned with 5 Ps: planning, ploys, patterns, position and perspectives. In marketing communications, a strategy provides a direction and general guidelines for all those involved in company's organization. A marketing communications strategy is concerned with the placed targets: strategy explains how these targets can be achieved over the certain time period, usually with long-term direction. (Gilligan & Wilson 2009; Holm 2006) The successful creation and the implementation of the strategy depends on the ways in

which organizational resources like decision making structures, division of labor, personnel and factors related to centralization and coordination are managed.

An efficient marketing communications strategy is based on certain dimensions: being close to a market, developing valid forecasts about market behavior, exploiting the competencies of the organization and developing a sustainable structure for gaining the competitive advantage. (Gilligan & Wilson 2009) The marketing strategy includes analysis and guidelines concerning, inter alia, product lines, brands, packaging, pricing, logistics and marketing channels. (Kotler 1997) Marketing strategy is based on the overall business strategy and it has to include tactics and tools for every company level from top management to operational level.

From the strategic marketing decision making perspective, a marketing strategy with an effective brand positioning is a key tool when creating a sustainable, competitive advantage (Eagle & Kitchen 2000). A marketing strategy includes analysis based on the market research, internal and external analysis regarding company itself and its competitors, customers and markets and the objectives. Important decisions about visions, product range and withdrawal from or entering new markets with new marketing tools are included in marketing strategy (Holm 2006).

## **2.2. Marketing communication decisions in a service industry**

Originally the marketing mix approach – term created by Neil Borden in 1953 - included price, product, place and promotion. Later three more P's was added to the list because of the emerging services marketing approach: Physical evidence, process and people (Magrath 1986). Marketing communications, an important part of the field of marketing, can be said to be in the part of "Promotion" P in the mix. Marketing communications include advertising, personal selling, sales promotions and public relations.

### *Management of the marcom decisions*

Pickton and Broderick (2001) have created “the Wheel of integrated marketing communications” in order to make a clear visual presentation of the field of marketing communications and the strategic tasks facing the decision making of the marketing communications tasks: customer contact management and image and brand management. A customer contact management is a function of a direct marketing and especially the personal selling function with features of sales, promotions and public relations. An image and brand management is on the other hand the communication with target audiences “from a distance”. The division of these two strategic perspectives can be thought to have same origin as the traditional marketing management division has: Strategic management and operative management.

Marketing communications management can be divided into two categories when looking it from the organizational perspective: strategic level management and operative level management. The strategic level responsibilities in marketing are focused to a senior management, especially to the strategic planning function, as the operational level responsibilities include the finance or quality control issues (Laing & McKee 2000). Typical features in strategic marketing management are long-term thinking and long-term effectiveness, broad scope of operations and target-orientedness. Strategic marketing focuses on creating a marketing strategy, mission, vision and competitive strategies and tactics. Strategic marketing decisions are long-term decisions like brand development, target markets, market position and value position. (Lahtinen et al. 1998; Kotler et al. 2012)

An operative marketing management is a daily basis management. The operative management focuses on successfully conducting marketing strategies and tactics. Operative management forms budgets and ensure the achievement of the financial targets. Operative management also conducts the marketing communications. (Lahtinen et al. 1998) Operative marketing is in the hands of operative, mid-level management and the results can be seen in local operations.

The main areas for a service marketing communications where the decision making is focused, are “above-the-line” mass media advertising, public relations,

“below-the-line” sales promotions and personal selling, in other words, promotional mix. (Peattie & Peattie 1995; Pickton & Broderick 2001, 460) Usually the role of the decision maker is embedded to the manager who is responsible for creating a marketing communication strategy. Phelps & Harris (1996) studied the responsibilities and roles of decision maker, in this case the creator of marketing strategy, and found out that nearly 30 % of companies stated that they use consensus approach in marketing communications decision making and roughly about 70 percent made decisions concerning marketing communications strategy individually. They also found out that the use of consensus approach, where the heads of different communications functions work together to create communications strategy, is expanding.

Amount of the responsibilities among managers can be viewed from the internal or external point of view. The external point of view measures the amount of responsibilities that external partner, like advertising agency or PR firm, has. The internal point of view on the other hand describes the internal division of labor in the company: How the responsibilities are dispersed inside of the firm between the managers setting the objectives and creating the strategy, like brand manager and marketing communications manager. (Duncan & Everett 1993)

### *Service marketing*

The service marketing started to develop as a discipline when a traditional marketing mix management approach fitted poorly for service firms' customer relations. This was also when the opposite of transaction marketing, the relationship marketing approach started to develop. (Grönroos 1995) The goal of the relationship marketing is to gain customers and also to keep them, as in transaction marketing approach, the goal is just to get the customers. The focus is on creating stable and long-term relationships between the company and the customers (and other stakeholders as well). Relationship marketing strategy is well applicable in service companies, whereas a transaction marketing strategy is often applied in consumer goods companies. (Grönroos 1994)

A service has as many definitions as there are writers. Grönroos (1995) defined service as a process or performance, where the customer is involved in a value creation process. This process can be long-term or short-term, or regular or one-time encounter. Services can also be said to be intangible economic activities offered by one party to another. (Lovelock & Wirtz 2011) Sampson and Froehle (2006) have studied the problematic nature of the term “service”. The lack of common definition of service has caused problems for service management researchers during the years. As Sampson and Froehle (2006) state, there is no unified structure that defines what service is and what it is not. Multiple different definitions on the services can be found, but there lies a fundamental issue in these definitions: They describe lots of different industries with multiple characteristics and even though there can be found commonly recognized “service industries”, there are exceptions that don’t fit to these definitions. As technological innovations keep developing, the more there is going to be modern companies that produce tangible services – as for example the software companies.

Sampson and Froehle (2006) have created the Unified Services Theory (UST) to demonstrate how service processes differ from non-service processes. The model defines service as a service process, where a customer provides significant inputs into the production process. Services that can be prepared to product but cannot be executed without physical presence of the customers are named as customer-self inputs. This can be applied into case company’s industry also: Service organization’s products cannot be sold without the customer actually being present, because of the identity protection laws regulations and the nature of financial products.

### **2.3. Integration of the marketing communications**

The marketing communications have always been a part of the marketing picture. Integration of the marketing communications is a term for the situation where specialized marketing functions, previously operated individually, are now integrated in order to create a cohesive message from company to customer. In other words, the planning of marketing communications activities is more

coordinated. The marketing communications present the voice of a brand and the means by how a company can create a dialogue between consumers and a company. (Keller 2001) The integration of the marcoms is a significant task due to the fact that consistent and coherent messages have positive effects in customers minds, while mixed and confused messages are diluting the message what company tries to deliver and can also create negative ideas about the brand. (Jenkinson 2006)

The marketing communications include all aspects of the communication which seek to create interaction between company and its stakeholders in order to gain positive impacts towards company's marketing profitability. In other words, marketing communications have always a strict goal and a meaning. The primary goal for marketing communications is to influence the customer's perception of the value and behavior through directed communication. (Vuokko 2002; Holm 2006, 31) The main marketing communication areas are advertising, public relations, sponsorships, sales promotion, personal selling and packaging. (Pickton & Broderick 2001) Decisions related to these areas are addressed in the next chapter.

An integrated communication approach is based on an idea that recipients do not specify the sources of the messages. Receiver will base his or her actions on the overall picture, not on single message. With using integrated marketing communications, a unified picture of company and company's products will be formed in receiver's mind. (Vuokko 2002, 324)

The integrated marketing communications aim to create a cohesive picture and deliver cohesive message to the customer. Company's image is tightly tied to this: Brand is the totality of what consumer knows about a company and what his or her attitude towards the company is. (Pickton & Broderick 2001, 23) With integrated marketing and brand communications, a company can have an influence towards customer's purchase decision making. Brand is a promise from a marketer to constantly offer products and benefits to the customer. (Vuokko 2002, 120)

The integration of the marketing communications can be measured through the division of responsibility: who has the responsibility for each activity and how it is

divided? Even though the responsibility for multiple functions may (and often do) reflect the integration of marketing communications, the lack of multiple marketing communication assignments don't necessarily mean that there is no integration. (Duncan & Everett 1993) Especially in service industry, the measurement of the marketing communication effectiveness is crucial, because more and more services are seen to have arrived to the maturity stage of their life cycles. When considering this, it is simple to see that service companies have to create something to be differentiated from the rivals. Integrated marketing communications allow brands to attract attention and help customers appreciate their unique features. (Keller 2001, 823)

The key factors causing pressures for the integration of marketing communications are the mergers and acquisitions of communication agencies, increasing sophistication of customers and retailers and the increasing cost of traditional advertising media. (Duncan & Everett 1993) Barriers that hinder integration of the marketing communications can be the mind-set of the company and the top management, language barriers, structure of organizations, magnitude of tasks and agency remuneration systems. (Pickton & Broderick 2001, 80)

### **2.3.1. Advertising**

Advertising delivers marketing communications to the target audience by paid mass media. It is impersonal, targeted to the mass audience by identified sponsor and there is no interaction between sender and receiver: communication is conducted through different channels. Characteristic for advertising is the use of external services and partners, marketing or communication agencies. (Pickton & Broderick 2001, 457; Vuokko 2002, 193) When a purchased item is a service instead of a product, the role of advertising differs. Consumers usually perceive service purchases to have a higher risk than product purchases, because tangible products are easier to evaluate. (George & Berry 1981)

The traditional advertising media has faced a drastic change during the last years. Traditional media tools have become more fragmented and the emergence of

new, non-traditional media, promotion and other communication alternatives has shaped the marketing integration field. (Keller 2001) During the 2000's these new non-traditional medias in the television industry were cable, satellite and independent stations; nowadays the internet TV streaming service providers like Netflix and Viaplay have rose and took viewers from traditional television.

The objective of marketing is to increase the product awareness, change or strengthen the company image and create purchasing decisions. The significance of advertising is a complex entity. In most cases, advertising is the tool for promoting product or service but it is not expected to be the only factor affecting customer's buying behavior. (Vuokko 2002) This can be seen in service marketing where the main objective, in addition to increase the awareness, can be the increase of the buyer's confidence towards service's quality. (George & Berry 1981)

The decision making in advertising includes channel choices, forms of advertising, partner selection, objectives, target audiences and budgeting. Usually these kinds of decisions concerning objectives, budget and target audience is already made by centralized top management in marketing strategy, but channel choices, forms of advertising and the implementation of advertising campaign can be decided with operative level management. For successful implementation of the service advertisement activities, certain aspects have to be managed. Strategic decision making checklist for service advertising includes the advertising to employees (internal marketing), word-of-mouth, continuity of advertising and holding the promises. (George & Berry 1981) When planning an advertising campaign, the chosen media channels vary accordingly to objectives, target audience and budget. General advertisement medias are press (magazines, newspapers), television, outdoor billboards, posters, radio and cinema. Social media is also often included to the list. (Pickton & Broderick 2001; Kaplan & Haenlein 2010) It depends on a decision maker which channels have to be included to the campaign, because every medium has its advantages and disadvantages. Newspapers and outdoor billboards can target locally, but the time of exposure is relatively short. Magazines and radio are selective medias but they can be costly and the exposure time can vary widely. Television, radio and internet are affected

by background noise but on the other hand can be flexible and target wide areas. (Vuokko 2002, 234)

When advertising services, the involvement of the personnel is a crucial element. With involvement, the personnel's attitudes towards advertising and a service quality improve and they have to become more concerned with pleasing the customer. Variability among the service providers contributes to the customer experiences greatly. The importance of the word-of-mouth can't be ignored. Word-of-mouth has to be capitalized by a service company with the right type of advertising. Making endeavors in advertising to be able to influence word-of-mouth might include partnership with opinion leaders or regular customers. Continuity of advertising is challenging for service companies, because normally all advertisement methods include visual media (except radio), but services are nonvisual by nature. Therefore the continuity and cohesiveness of the advertisement is crucial for service organization. (George & Berry 1981)

Holding the promises is a fundamentally important task for a service advertiser because fulfilled promise is only thing a customer is carrying away from the transaction situation. In order to be able to hold promises, service organization has to foster realistic expectations instead of unrealistic expectations. (George & Berry 1981)

### **2.3.2. Public Relations**

Public relations, publicity and sponsorship are tools for creating goodwill. These aim to gain important stakeholders' support by generating publicity for a company or company's sponsorship objects. In practice, PR can be seen as a collection of the marketing communications tools that need to be integrated. Forms of conducting public relations are media releases, publicity events, promotional materials, sponsorships and donations, company web site and organization events. (Vuokko 2002; Pickton & Broderick 2001, 483, 497) Public relations have a questionable reputation, because it can be understood as a way an organization can acquire what it desires without changing its own behavior or without making

compromises. More problematic part of the PR conversation is the fact that public relations practitioners often lack authority or decision making responsibility and therefore are unable to really have an influence. (Grunig & White 1992)

Public relations can be divided into corporate public relations and marketing public relations. Corporate PR is conducting the company level public relations that aim to enhance company's image and brand. Corporate level public relations can be divided into internal and external depending on which is the target audience, corporate personnel or customers, suppliers, media interest groups and other stakeholders. Corporate level public relations aim to create positive picture in stakeholders' minds, as can see in the table 2. (Vuokko 2002)

<b>Stakeholder</b>	<b>Purpose</b>
Customers	To experience company as a reliable provider of quality services and products
Owners, investors	To create image as profitable, effective company with stable operations
Authorities	To create image of a socially responsible company with the interest of the society
Media	To modify company image to be important and interesting and thus worth positive news articles
Employee representatives	To create a picture of a company as a good employer
Customer representatives	To be a company who really care about customers' benefits
Universities, educational institutes	To increase the interest of potential future employees

Table 2. Objectives and purposes of corporate public relations. (Vuokko 2002, 286)

The decisions in public relations are related to the shared information. Grunig (1992) argues also that the decision making abilities in public relations are strictly related to the amount of knowledge of the communication theory. What is the imago we want to emphasize among stakeholders? What kind of information a company is ready to share to stakeholders and media in order to gain desired public image? Who are our main stakeholders we want to influence? How to conduct effective communication between a company and stakeholders? Balance between shared information and gained publicity is exclusively important to define in geographically dispersed organization during a merger or acquisition.

A geographically dispersed organization has to agree which kind of public image is worth to pursuit and then define common rules for situations that need managing the public relations. Decisions are generally defined through specific public relations strategy. Strategy formulating depends on a situation where public relations are especially needed. A strategy for public relations in the crisis situation differs greatly from the public relations strategies for universities and employee representatives. A good example of defining common rules for public relations (and advertising overall) can be seen in K-Rauta's controversial advertising campaign in spring 2015. The language which was used in adverts was disagreeable and received lots of negative attention in Finland. The parent company was not aware of the upcoming advertisement and after it was published, the parent company had to give a warning to the local store. (Juvonen 2015)

### **2.3.3. Sales promotion**

If the advertisement offers a reason to buy a product or a service, sales promotion's task is to provide incentive for purchasing. When advertisement aims to generate long-term outcomes, sales promotion focuses on the short-term benefits. Sales promotion's definition includes multiple different items and tools but the absolute object of all these tools is to make purchasing decision easy for customer. These "below-the-line" tools includes all the ways which affect the customer in a way that she or he will purchase more products and services

compared to the first time, buys product in advance and more frequently and buys the particular product and not the competitor's product. Promotion tool can be a short-term discount or a free sample and it can be directed to the supply chain or customers. Customer focused sales promotion tools are discounts, samples, coupons, competitions, show cases, exhibitions, trades, lotteries and advertisement gifts (Vuokko 2002). It is critical to notice that a discount or a sample don't have the desired influence if they don't offer any extra added value to the customer. (Peattie & Peattie 1995; Vuokko 2002, 247, 252) The growth of the sales promotions as tools can be derived from multiple sources. Customer demands and higher knowledge of products and services, emphasis on short-term results, increased price sensitivity and fragmentation of the markets are all affecting the sales promotion's growth. (Pickton & Broderick 2001, 533)

The main challenge for a marketer who seeks to gain competitive advantage through sales promotions is the choice of a right tool. When deciding which sales promotion tool a company should adopt, the organization has to evaluate the objectives of the campaign, target audience and competitors. As Vuokko (2002) argues, if the primary object of the campaign is to obtain more experimentalists for a new product, a free sample should decrease the buyer's risk immensely. If the nature of the product is hard to explain or sell, trade shows and tastings can help customers to make a buying decision.

#### **2.3.4. Personal selling**

Personal selling often means the interaction between a customer and the company's representative. This interaction's aim is to deliver a customized message from a company to a customer either face to face or via phone conversation. The major benefit of a personal selling is that it creates a direct way to influence the customer and to react customer's questions and problems. (Vuokko 2002) Salespeople play an important role in personal selling and especially in service companies, where the long-term customer relationships are one source of the competitive advantage. (Weitz & Bradford 1999)

In the service organizations the personal selling plays a significant role in the selling process. Every touch point where customer interacts with organization's personnel affect to the purchasing behavior and possible purchasing decision. All employees have a role in marketing communications in their discourse with public, even if they wouldn't be part of formal selling personnel (Pickton & Broderick 2001). In service organizations, where the sold product is intangible and can't be shown, personal selling is even more compelling part of the marketing communications.

Important decisions concerning personal selling are related to the rules for conducting the selling process. As Vuokko (2002) explains, target audience for personal selling is often smaller compared to the mass media advertisement. Yet personal selling can be said to be inefficient if a company cannot customize their reactions and services according to the customer needs. Personal selling is especially important part of the marketing communications when the sold product or service is significant for a customer or needs customization. To be able to customize the selling propositions for customers cohesively through the whole organization, there has to be codes of conduct for that. Without an effective ethic codes for personal selling, personnel of the organization can't conduct personal selling uniformly and by this, the benefits from personal selling can't be achieved in the integration process.

The role of personal selling and its importance in business is changing. On the other hand, the shift towards relationship marketing from transaction marketing emphasizes the importance of the relationships between a company and customers. Companies are longing for long-term relationships and with this, better customer satisfaction and customer need forecasts. Personal selling is a perfect tool for managing these relationships and finding ways to serve customers better. On the other hand, the globalization of the business environment has caused many service companies to have fewer situations that need personal selling. In the situations where the chance for personal selling still exists, the meaning of personal selling is even more important than before. In Case Company's industry, online services have influenced customer behavior by reducing the number of

visitors per day. (Keating 2005) Still, there are situations where the physical visit is still needed and this is where the personal selling still has relevance.

#### **2.4. Brand communications**

According Gardner and Levy (1955), a brand is a bundle of intrinsic and extrinsic offerings blending in both functional and psychological benefits. In Pickton and Broderick's definition (2001), brand is the totality of what the consumer takes into consideration before making buying decision. The brand management is a branch of science which studies the brand equity, how to manage brands through their life cycles, how to communicate brands to channel intermediaries and customers and how to understand what is inside of the company's brand. Branding on the other hand is a strategy on how to differentiate products and companies and build economic value for customer and brand owner. (Pickton & Broderick 2001)

Branding is often described to be a hard task for service companies. It is especially crucial for a service sector to understand that brands hold greater importance for service companies than tangible product companies. The importance of the brands is particularly vital for financial sector because of the homogeneity of financial markets and services' distinct characteristics. (Papasolomou & Vrontis 2006) Considering these facts, the brand communications can be said to be marketing communications that supports the branding process and the branding strategy of the company. Integration of the marketing communications is the most efficient way for creating brand communications that actually supports the brand management and creation.

#### **2.5. IMC communications in a brand strategy**

Madhavaram, Badrinarayanan and McDonald (2005, 70) have defined an integrated marketing communications (IMC) strategy as a set of processes that include the planning, development, execution and evaluation of coordinated and measurable brand communication programs with internal and external

stakeholders. The brand strategy can be said to include the same areas. Managing the brand communications can be included with areas as the planning of the product and price decisions, the planning of target markets and deciding how to implement marketing campaigns that support brand equity and brand loyalty.

The main idea behind the management of a brand can be at any rate adhered to the objectives. How a company wants to develop the brand? What are the main objectives and how to reach them? Integrated marketing communications have become an integrated part of brand strategy according to Madhavaram, Badrinarayanan and McDonald (2005). As Holm (2006) argues; only strategically oriented integrated brand communications can help organizations to create a competitive position in the markets. The general development of the integrated marketing communications literature and studies has evolved from “IMC as a tool” perspective to the “IMC supporting the overall brand management” perspective. (Madhavaram et al. 2005) Therefore it is crucial to integrate IMC communications into the brand and the marketing strategy. To be able to create a valued brand, marketing communications have to be taken into account because they are the tools for developing the brand.

Brand equity is strongly related to the marketing communications. According to Keller (1993), a brand equity research is focused on exploring the differential effect of brand knowledge which could help the marketing of the brand. Madhavaram et al. (2005, 69) define brand equity strategy as “a set of processes that include acquiring, developing, nurturing and leveraging an effectiveness-enhancing high-quality brand.” By finding different and unique factors enough, it is possible to create a brand that is at the same time interesting and products inside of it are worth to try.

### **3. ORGANIZATIONAL DESIGN DIMENSIONS AFFECTING THE DECISION MAKING**

The organization of the company's operations is a fundamentally critical task for every company when integrating company's marketing communications. With logical and rational organization of the operations, a company can gain financial advantages, synergy benefits, better reputation among customers and better relationships between stakeholders and functional supply chains. Organizing the marketing activities is also a vital task especially for a service company, because by organizing the marketing activities a company can create an integrated company message via brand enhancing and better marketing communications.

Factors that hinder the creation of the improved marketing organization and enhanced marketing communications are related to the structures of organizations and the magnitude of tasks. (Pickton & Broderick 2001) Thus, the improved marketing organization can be achieved with critical re-organizing of the design dimensions of the company and by analyzing their role towards decision making.

To successfully understand the concept of organizing the marketing activities in order to create unified marketing communications, three different dimensions have been chosen to represent a way to analyze the organization of the marketing activities in case company. These dimensions also have an effect on the decision making process. To be suitable for the case company's situation, a modified version of Homburg, Workman and Jensen's (2000) dimensions of organizational design (structure, coordination and power) has been chosen to describe the wide nature of the research problem. These dimensions represent the factors "structure of organization" and "magnitude of tasks" described by Pickton and Broderick's (2001) that hinders the integration of the marketing communications.

Workman et al. (1998) divided the dimensions of the marketing organizations into two groups: structural and nonstructural dimensions. Structural dimensions include marketing department structure, bureaucratic dimensions and structural location of marketing. Nonstructural dimensions of organizing the marketing activities include the coordination and dispersion of marketing activities, power of marketing subunit

and cross-functional interactions according to Workman et al. (1998). In their paper, the dispersion was cross-functional meaning that the findings demonstrated how a significant part of the marketing communication activities were conducted by other functions than marketing department. Homburg et al. (2000) on the other hand have studied the dispersion of the marketing activities from the coordination of the activities point of view.

### **3.1. Centralization and decentralization**

As Weber stated in his paper in 1947, the structure of an organization determines the performance of the system. To be able to understand the decision making process in marketing communications and how enhanced marketing communications and organizing the marketing activities can be achieved, there is a need to understand the structural dimensions of the organization design that have an effect on company's operations. In the modern business environment, the basic logic behind Weber's statement remains the same. As Malone (1997) states, one of the most central issues for organizations in the twenty-first century is how to balance top-down control with bottom-up empowerment or decentralization.

In the organizational design dimensions, structural dimensions include marketing department structure, bureaucratic dimensions and structural location of marketing. (Workman et al. 1998) Bureaucratic dimensions refer to the structure of the organization and the division of the power in the firm, interactions with other groups and bureaucratic dimensions like centralization, formality and standardization in the organizing of the marketing activities. (Workman et al. 1998) Studies made from the bureaucratic dimensions point of view have been popular since Weber's (1947) article. Centralization and decentralization are used to describe the achieved effectiveness of decision making, greater efficiency in company's operations and greater adaptiveness in innovation. (Ruekert et al. 1985)

The formal, centralized marketing organization has enjoyed an unchallenged hegemony as the acknowledged structural proposition to the management of

marketing activities (Laing & McKee 2000, 576). Centralized companies are characterized by hierarchy and bureaucracy. Centralization refers to the extent to which decisions and information are shared with the social system (e.g. branch office managers), but it can also refer to the organizational locus of decision making and the lack of dispersion of the authority throughout the organization. (Ruekert et al. 1985) In highly centralized organizations only few of the top management has the decision-making authority. Pugh, Hickson, Hinings and Turner (1969) have explained the centralization and decentralization in decision making with the term “concentration of authority”.

The centralized approach of the decision making is said to have specific determinants that favor the centralization in organizations. (Zannetos 1965, 57) These determinants are related to:

1. The existence of overall objectives
2. The complementarity of resources and operations for accomplishing these unified objectives
3. Interdependence of the production functions of suboperations

Malone (1997) has also defined desirable environment for centralized decision making. According to him, the centralized decision making is desirable when the using of remote information is valuable and the information can be transferred to the central decision makers with low costs.

As a summary, the centralization approach for decision making fits to the organization with unified, overall objectives. If a company is with extensive externalities, the centralization should be favored. Advantages of the centralized decision making in the geographically dispersed organization are the development of unified decisions and clearer division of labor. Headquarter or local branch managers can test e.g. promotion experiments in few offices and then share the best practices among other branches. (Malone 1997, 27)

Decentralization is the opposite of that. Decentralization authorizes low and middle level and branch managers to have more autonomy to make their own decisions and not using centralized marketing for each marketing task. (Orville & Ruekert 1987) Decentralization increases worker’s incentive to provide effort, because by

sharing the decision making authority, the expected outcome will increase. This can be seen also in the fact that decentralized decision making tends to create less rigidity and flatter hierarchies. Decentralization in the decision making can be said to be an optimal choice for a turbulent industry, when there is a need for quick responses towards turbulent environment. (Zábojník 2002; Malone 1997)

Factors favoring decentralized approach in decision making are (modified from Zannetos 1965):

1. Economies of scale through specialization of homogenous functions and entities, and the existence of a continuous technological learning process

There has to be the decentralization approach in the decision making if and because the resources have to be channeled in different directions. Decentralized approach also suits when there has to be a learning effect included.

2. The reasonable amount of the cost of the communication channels that are necessary if control and decision making is to be centralized within the unit
3. Uncertainty, instabilities and the risks of partial failure
4. Psychological reasons of motivation
5. Time sensitivity of decisions

Malone (1997, 30) defined a perfect environment for decentralized decision making existing when the local decision makers have access to important knowledge that cannot be easily communicated, or if there is a lack of trust between local decision makers and headquarters: local decision makers don't trust central decision makers for important decisions. Laing & McKee (2000) see decentralized decision making on the other hand to be successful only if the decentralization of responsibility is seen as occurring by default rather than as a result of conscious decision making.

The main question between centralization and decentralization is the exchange between two opposite effects. Decentralization leads to a better utilization of information scattered to the whole company or corporation from the top level to lower levels of hierarchy. It encourages motivation and creativity, allows many minds to work simultaneously on the same problem and accommodates flexibility.

(Malone 1997) On the other hand, it also entails a loss of control for the top management. The optimal structure for the centralization and decentralization is impossible to find. (Zábojník 2002) One has to keep in mind that the definitions of centralization and decentralization are relative and not universal, meaning that no one can make an assumption on whether a company or subunit is decentralized or centralized. On the other words, centralization and decentralization are complements. The relative nature of these terms can also be seen in the fact that even though a company would practice decentralized approach and spread the resources and learning, the centralization aspect should be taken into account when the mass education effect is under development. (Zannetos 1965)

It is dependent on an environment which kind of decision making method (centralized or decentralized) is used. According to Papadakis et al. (1998), the threatening situations result in more hierarchical decentralization. Milburn et al. (1983) suggest that even though decision making authority often centralizes to the top management during the crisis, the actual intermediate response was decentralization of the authority.

### **3.2. Coordination of the marketing communication activities**

For efficient marketing communications and organizational operations, the coordination of marcom activities has to be conducted efficiently. Coordination means the integration of different parts of the organization to accomplish a collective set of tasks. Business units have to coordinate in areas like scheduling, resolving problems and setting targets in order to share an activity (Porter 1985, 331). In the decision-making process, the coordination of the work tasks is strictly tied with the reporting and control systems, and with the costs. Efficient coordination can cause economies of scale and synergy benefits, but coordination also involves costs in terms of time, personnel and money. (Porter 1985, 331) Top management has to evaluate the whole organization's resources, threats and weaknesses to be able to coordinate effectively. Such questions concerning the costs of coordination include the problem of make or buy-situation. Sometimes it is

more efficient to coordinate some of the functions to the external partner, with the other words, outsource the function. If the company wants to keep the function in the company, the decision makers have to think critically the coordination of the function's work tasks.

The coordination of different work tasks can be done by different methods: by feedback, by programming, by through hierarchical reporting relationships, information systems and cross-functional teams. (Van de Ven, Delbecq & Koenig 1976, Homburg, Workman & Jensen 2000) Homburg et al. (2000) propose that coordination of activities can be also gained through the dispersion.

According to March and Simon (1958), organizations can be coordinated by programming or by feedback. Coordinating by programming happens through pre-established plans, schedules, forecasts, formalized rules and standardized information and communication systems. The fundamental element in this method that is behind all of these integrated mechanisms like schedules is an impersonally specified, codified blueprint of action. In other words, once the coordinating is implemented, it requires minimal verbal communication between the providers.

Coordinating by feedback on the other hand is defined as mutual adjustments based upon new information. Van de Ven et al. (1976) classify coordinating by feedback into two operational modes: a personal mode and a group mode. When coordinating the work tasks through a personal mode, decisions and mutual tasks adjustments are conducted by individual through either vertical or horizontal channels of communications. Vertical and horizontal channels of communication signify the direction of the communication (Mohr & Nevin 1990). In the group mode, these mutual task adjustments are entrusted to the group through schedule and committee meetings. Vertical communication and impersonal coordination have traditionally been viewed as the most efficient means for coordination, while horizontal communication mechanisms and group meetings are more as administrative practice. (Van de Ven et al. 1976)

Coordination of the work tasks can also be conducted with dispersion. Workman et al. (1998) found out in their study that the factors outside the firm (industry sector), firm-specific factors (size) and strategic business unit-specific factors

(globalization) influence to the extent on which the marketing activities are dispersed. Dispersion can be conducted in many different ways, cross-functionally and geographically just to mention couple of ways. Dispersion of the activities can also be conducted with a temporary or a permanent team or with existing or new organizational unit. Dispersion with a temporary and permanent team differs in the time period they are involved to the marketing activities. Dispersion is a part of the division of labor and work task roles. (Homburg et al. 2000)

The future of the marketing department is changing and the dispersion of the activities is increasing. Dispersion of the activities means that the traditional activities, which are normally associated with marketing department, can be conducted by other function in or out of the organization. Limited dispersion occurs when the main responsibility of the marketing remains in the marketing department, but seeks also involvement from cross-functional teams or even from external companies. (Homburg et al. 2000)

Companies need to make sure that all of the events and operations happening in the whole organization of the company are within the overall strategy. With the geographical dispersion of the activities, the control decreases inevitably without comprehensive control systems. The term “mutual knowledge” can be a central problem for organizations that have dispersed collaboration geographically. Mutual knowledge can be achieved for example through evenly distributed information and with the bold communication. (Cramton 2001)

### *Information and control systems*

To ensure the quality in the operations where actions are geographically dispersed, it is fundamentally critical to have suitable systems by which the development of sales and overall goals can be measured. Because surprises occur during the planning, implementation and evaluating stages, reporting and controlling systems have to exist to reduce the likelihood of unpleasant surprises. (Jaworski 1988)

Companies usually develop systems for obtaining, processing and disseminating the information needed for the decision making process. These systems are known as Marketing Information Systems (MIS). The goal of MIS is to increase the likelihood that decision information will have the desired characteristics. (Green et al. 1988, 18)

The information systems include basic marketing research reports and systems, internal record systems like an order-to-payment cycle, a sales reporting system and a marketing decision support system. Systems are usually consisted of the coordinated collection of data, systems, tools and techniques with supporting software and hardware. With the system, a company can gather relevant information and refine it into the basis for actual marketing actions. (Kotler 1997, 110)

Reporting systems are not the absolute value in themselves. Without right controlling mechanisms, company cannot truly get the most of the reporting systems. Traditionally control mechanisms for marketing communications have been output-oriented, meaning that the management specifies desired output level for each business sub unit and controls whether the targets are being reached. Sources for control have been financial, accounting or market-based performance measures. (Jaworski 1988) Examples of the output-oriented controlling systems are an annual-plan control, a profitability control, an efficiency control and a strategic control. (Kotler 1997)

In controlling the marketing communications, output-oriented methods, or formal methods, can be seen as important factors when trying to measure the total effectiveness of certain marketing action or tool. Typical formal control methods are written and management initiated like regulations and budgets, and they influence on groups' target reaching behavior in a positive way. Strategic goals and means to reach them are rather simple to distribute across the company's functions in numerical and written form. However, focusing too deeply on formal types can lead to inaccurate conclusions because the total effectiveness of a certain marketing activity extends to the environment factors and internal factors as personnel. (Jaworski 1988) Informal control mechanisms are unwritten, worker-initiated mechanisms that influence the behavior of individuals, like company

culture (Jaworski 1988, 26). The balance between informal and formal control mechanisms is one of the main ways for organization to truly measure and control the effectiveness of the marketing activities and via this, making long-term economic decisions.

### **3.3. Power**

Previously considered organizational design dimensions, centralization, decentralization, coordination and dispersion of activities already explain the basic idea of how the decision making method, style of coordinating the activities and control methods influence the integration of the marketing activities. Now the final dimension, power, is added to the list.

Power as an organizational design dimension is often addressed from the decentralization of the decision making authority point of view. (Workman et al. 1998) In decision making process, it practically means how the power is allocated and adjusted inside the firm. (Cray et al. 1988) Decision making power and the use of it shape organization's operations greatly. Decision-making process can be described as a sequence of steps or phases, or dimensions. The most important part is that a decision making process and the roles of decision makers have to be based on a company's strategy. Strategy can be corporate level or business-unit level, and it can be based on the developing of the competitive advantage like differentiation and cost-leadership strategies. (Porter 1985)

In geographically dispersed organizations, the decision making has to be organized effectively to be able to gain synergy benefits and to be able to conduct unified and rational marketing operations. The fundamental idea behind synergy is that by combining different but related businesses and functions, the creation of value is possible through synergy. Porter (1985) has criticized that synergy is rarely occurred in practice and instead of the synergy benefits, companies should concentrate on the decentralization of the decision making. Dispersion of the decision making authority is now handled from the decision making roles point of view and interactions between decision makers is also processed.

### *Decision makers' roles and the hierarchy*

Hierarchy in the decision making refers to the “pecking order”: Who has the power of deciding. Some organizations are more hierarchical than others: usually when employing the centralized decision making, the organization is more hierarchical than a company who is conducting decentralized decision making. According to Malone (1997), decentralized decision making tends to create flatter hierarchies in organizations. Usually the decision makers at the higher levels in hierarchical structure can make more optimal decisions, because at those levels people observe more and different interrelationships, and can recognize patterns that others at lower levels cannot recognize because they are preoccupied with limited details. (Zannetos 1965, 65-66)

The decision making authority and the way the authority is dispersed in the organization depend at some level on the personal characteristics of the personnel and management. Locus of the control describes an individual's perspective of how much control he or she exercises over the events of his life (Rotter 1966). In Rotter's internal-external scale he found out that internal persons, who believes that the outcomes of his behavior are the results of his own efforts, are more satisfied to their work than external persons. External persons believe that the events in his life are beyond his own efforts. (Miller, Kets De Vries and Toulouse 1982)

There is a transition evolving in the roles of marketing personnel at the same time as the position of marketing department is changing. (Harris & Ogbonna 2003; Greyser 2007; Gök & Hacıoglu 2009) Traditional marketing activities are dispersed through the organization and the roles of decision makers in marketing change constantly.

Malone (1997) has described three different decision maker roles: Cowboy, Commander and Cyber-Cowboy. Cowboys are independent, decentralized decision makers with low need for communication. Decisions are made independently without nationwide information systems or long-distance telephone conversations. Cowboys don't know what is happening elsewhere and they are not part of the organizational learning process because their decisions are

uninformed. Commanders are centralized decision makers with higher communication needs. Commanders need information from local branch offices and other company sources in order to make informed, unified decisions. For example, if a national service organization sets advertising strategies at headquarters, it should communicate with local branches in order to do it well. The third decision maker type is Cyber-Cowboy. Cyber-Cowboy is connected and decentralized decision maker with extremely high need for communication. They make self-governing decisions which are based on vast amounts of distant information available through electric networks.

Marketing communication decision makers' roles consists of different work tasks depending on the hierarchical level of the employee. At the operational level in marketing, the decision maker's role consists of identifying and categorizing customer segments, determining a customer's current and potential needs and other traditional marketing tasks. Gök & Hacıoglu (2009) found in their study six main dimensions in decision maker's role: marketing mix management and managing internal relationship network being the top priority and data and knowledge management and managing the market productivity and performance being less important tasks.

#### *Interactions and communication*

According to Cray et al. (1988), the aspect of an interaction is one of the most important aspects of the decision making process. Occurring interactions between different level decision-makers enables an even distribution of knowledge and carefully reasoned decisions. Interaction can be divided into two categories: informal interaction and formal interaction.

Common aspect of an informal interaction between decision makers is that the substance of the decision is discussed in hallway conversations, over the business lunches or when visiting colleague's office. After the strategic decision process continues, the nature of the process changes from informal to formal interaction. Formal interaction takes place in meetings, working groups and project teams. (Cray et al. 1988; Mallory et al. 1983)

Communication is a process where individuals share meaning and it can be interactive. Interactive communications mean that each member of the communication has to understand the message of other's communication. If there is no understanding, the communication lacks dialogue, which is prerequisite for the successful conversation. (Holm 2006, 29) When interactive communication process is based on together made decisions (consensus model), there will be dialogue and the high quality decisions will result (Schein 1991).

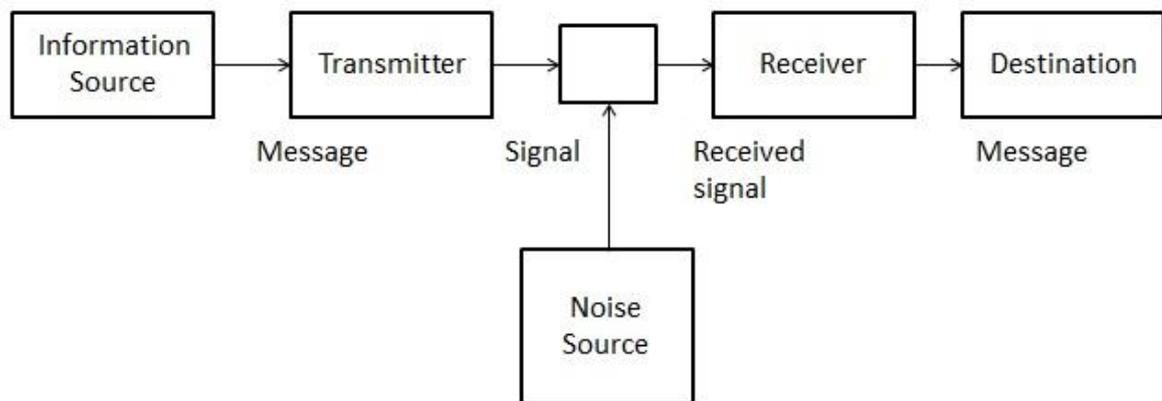


Figure 3. The Shannon–Weaver model of communication (Shannon and Weaver, 1963)

Shannon and Weaver (1963) created and popularized the basic model for communications, which can be seen in the figure 3. This linear model emphasizes the transmissions of signals, ideas and information through linear model which includes information source, transmitter, receiver and destination.

## **4. RESEARCH METHODOLOGY**

In the introduction chapter, the research design and the case study as a research strategy were presented. Now the purpose of this research and the description of the data collection and analysis are being analyzed. The evaluating criterion for this thesis is introduced in the last subchapter.

### **4.1. The purpose of the research**

The subject of the empirical studies is normally a process or a phenomenon from the real world and the aim is to gain new insights and knowledge of the phenomenon by systematic data collection and analysis. (Uusitalo 1995, 54) According to Uusitalo (1995, 60 - 69), empirical studies can be divided into seven categories on the basis of the nature and meaning of the topic: explorative, descriptive, explanatory, experimental, predictive, evaluative and constructive studies. Saunders et al. (2009) entitle these categories to be the purposes of the research and includes only exploratory, descriptive and explanatory to the list.

From these categories exploratory and descriptive purposes of the study suit the topic of this thesis best: the purpose of the exploratory research is to seek new insights and it is often conducted with the literature reviews and expert interviews. Descriptive study describes the nature, prevalence or historical development of the certain phenomenon or process and this can also be a part of the exploratory process. (Saunders et al. 2009, 139-140)

### **4.2. Data collection**

The primary data in this thesis was carried out by using different methods suitable for each situation and interview. Data collection by interviews and by observing is a rather common approach when conducting a qualitative case study (Eskola & Suoranta 1999). A summary of the interviews can be found from table 3. There

were wide range of interviewees, but the factors why they were chosen were the same: interviewees are the managers responsible for marketing communications in their own branch. It has to be noted that none of these managers' titles were marketing communications manager or even related to marketing: titles varied from a manager to a customer service manager. Common feature was the responsibility of the marketing communication operations.

Five out of 8 interviews were conducted with managers, two interviews were made with the persons from the back office (the organizational structure responsible for the overall marketing communication activities of the whole Company X) and one interview was made with an external expert of the marketing communications. It was vital for the client of this thesis to get an external opinion from the different industry, because it raised the possibility to gain new insights and innovations for service marketing. This interview had features of a theme interview, although the common nature of it resembled the structure of the other, semi-structured interviews. As Eagle and Kitchen (2000, 673) state, the purpose of the interviews is to learn from active practitioners rather than study the people per se, so therefore there has to be a strict choice between the interviewees. In this thesis, the external partner seemed to fit to the data, even though it doesn't carry any new academic generalizations or academic knowledge to the field: the angle for bringing this interview into the data was strictly to gain insight for the client company.

Empirical data is primarily consisted of the interviews made in spring 2015, but the writer of this thesis has also gained a deep understanding of the situation where the company stands now by working there full-time and part time during the summer and autumn 2014. Employment was situated in two different branch offices with another one to be the head office and the client of this thesis. Already during the summer 2014 writer of this thesis had conversations concerning the marketing communications and decision making with the Customer Service Manager (CSM) but there are no formal records from the conversations. The data collection happened mainly through observing the basic processes in the branch office and analyzing the silent knowledge that was dispersed through the employees and the company.

For the first phase of the study, a semi-structured questionnaire was sent to the interviewees by email few days before the interview. Email addresses were collected from the Company X database and company itself chose the interviewees based on their willingness to participate to the study, and as well as based on their position in the branch offices. Interviewees were chosen to be able to represent the overall organization of Company X, from different geographical areas, as can be seen from the figure 4 in the next subchapter.

Interviews were made with semi-structured form and because there was wide geographic dispersion of organizations, telephone was the tool by which the interviews were made. Interviews took on average approximately 50 minutes. Interviews were recorded with a permission of the interviewees and the anonymity was guaranteed. Respondents were asked to speak freely and to answer with open mind to be able to get as real and genuine opinions as possible. Interviews started with brief introduction and interviewees were informed about the subject of the thesis and the motives behind the study.

All of the interviews followed a similar structure but with emphasis on different areas depending on the interviewees work history with Company X and their education (whether the interviewee have studied marketing or not). Emphasis varied also because of the vast variety of positions: one interviewee had been a manager for a long time and therefore had wider apprehension of Company X and marketing communications. In comparison, other interviewee had been a customer service manager only for 6 months. This variety delivered interesting opinions and insights to the interviewer and therefore was reckoned as an asset for the study.

The supplemental data in addition to primary data was gained from Company X's marketing and communication strategy and from other paper material obtained from the Company X's contact person.

Informant	Manager	Customer Service Manager	Branch Manager	Customer Service Manager	Customer Service Manager	Planning Manager	Communication Specialist	Marketing Assistant
<b>Interviews (primary)</b>	Yes	Yes	Yes	Yes	Yes	Yes	No	No
<b>Meetings</b>	No	No	No	No	No	No	Yes	Yes
<b>Time</b>	28.4.	29.4.	30.4.	8.5.	8.5.	8.5.	24.2.	24.2.
<b>Medium</b>	Telephone	Telephone	Telephone	Telephone	Telephone	Telephone	Face to Face	Face to Face
<b>Data code</b>	D1	D2	D3	D4	D5	D6	-	-
<b>Interviews (secondary)</b>	No	No	No	No	Yes	No	Yes	Yes
<b>Meetings</b>	-	-	-	-	Yes	-	Yes	Yes
<b>Medium</b>					Observing		Observing	Observing
<b>Time period</b>	-	-	-	-	-	-	1.8.-30.10.2014	1.8.-30.10.2014
<b>Data Code</b>	-	-	-	-	S1	-	S2	S3
<b>Branch office area group</b>	2	5	2	1	3		3	3

Table 3. A summary of the interviews.

### 4.3. Data analysis

After the primary and the secondary data collection were recaptured from the interviews, the data was analyzed. The purpose of the data analysis is to bring clarity into the text and new information of study subject: the overall goal is to compress data without losing the information inside of it. Two common ways of analyzing qualitative data are analyzing it with grounded theory-method – build interpretations from the data point of view – or using data as a starting point of researcher’s own perceptions. (Eskola & Suoranta 1999) In this thesis, data was

analyzed with previous method – as a starting point for researcher's own interpretations.

Data coding was based on two different coding methods: primarily on a theory-driven method, where analysis is made from a certain theoretical point of view, but also on a data-driven method, where there is no strict theory where to lean on. The data-driven method enables researcher to use new themes in analysis which can be born during the interviews in addition to old themes. This brings more flexibility to the study. The use of two different coding methods also supports the choice of abductive research approach. In this work, the semi-structured interview-form was used as a coding tool. Data gained from the interviews was re-arranged with the themes that came up within the process and when the analysis started, the theme-related answers were located to the logical order. According to Eskola and Suoranta (1999, 154) this coding method is called theme cards or theme coding.

The data gained from the interviews was reflected to the theory part which resulted in the diagnosis of the situation. At the beginning of the thesis, the main objective was to create new innovative procedures for the marketing communications in a service organization. However, as the thesis proceeded it was inevitable that the order of precedence has to change: The most important task is to ascertain the current status of the company and the process of the integration of the marketing activities after the fusion before any new strategic structures could be implied. In this case, structure follows the strategy and new strategic guidelines can't be made without thorough analysis of the most important asset of the company, the employees.

#### **4.4. Case description**

The case company (referred as Company X, case company, client or head office), is a significant operator in its own branch of industry with over 200 employees, dozens of the branch offices and over 100 000 customers. Company X went through a fusion in 2014 and at the same time, part of the present Company X left their umbrella organization. This meant the loss of centralized marketing

department and also the loss of support functions. The organization is divided into two main geographical areas. Case company's simplified organization chart is presented in the figure 4.

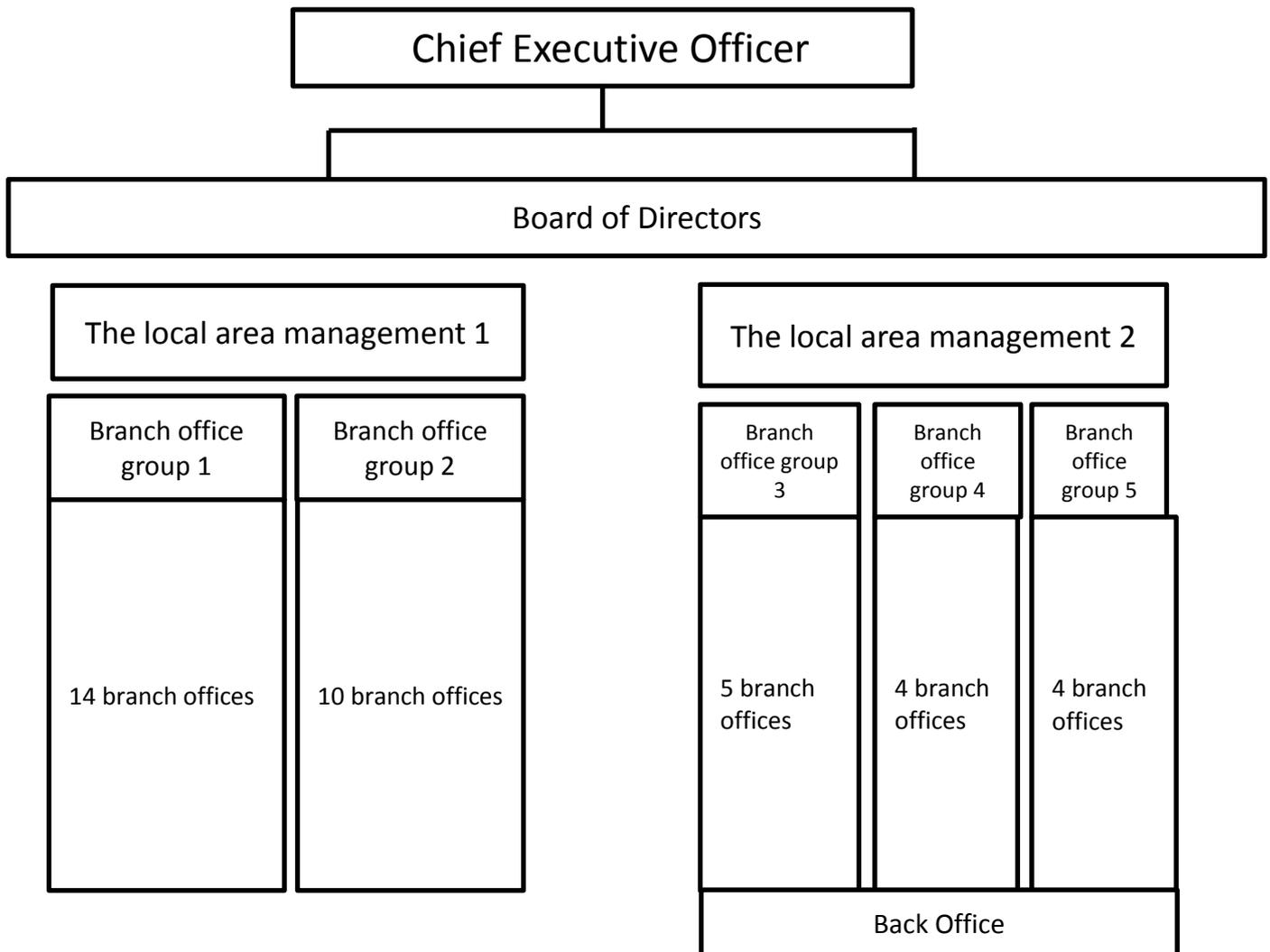


Figure 4. An organization chart of the Company X.

Five branch office groups form Company X. Each group has their own area manager. The headquarters belongs to the local area management 1 and the back office, who is now slowly transforming into decentralized marketing communications department, is a part of it.

A rapid expansion of the company has been a common feature in the last years' business operations. This can be seen as one of the company's assets: the company X has raised its profits greatly during the last years.

The organization of the marketing communications of Company X faced a change in November 2014, when the largest branch office so far merged into the group. After the merger, the back office which is part of the merged company, has been administering the marketing communications of the whole Company X. Problems occur because at this moment the company doesn't possess any already functional practices for new, merged group and at the same time, in every branch office exists their own proved practices. Division of the labor and the unconsciousness of marketing communications activities that other branches are doing bring perplexity to the situation where the company is now. Along with other branch office managers, the CEO of the company and the whole organization feel that something has to change. There is a need for new ideas and the need to figure out how to organize the decision making to be able to integrate the marketing communications better. (S2, S3)

*“Our situation is now like a blank paper. We just need to find a way to fill it up with best practices and functional structures, and in the way that every branch office can find a best way to modify it to meet up with their unique clientele, geographic location and employees.” (D1)*

The case company was identified as worthy of study as a highly successful company with a unique situation where they don't have old marketing structures to constrain their actions, but at the same time with urgent needs for a change and new ideas. In this case lays a possibility to achieve something highly beneficial to the organization, because often an external expert is needed to map the ongoing situation of the client organization. Too close relationship with the client company on the other hand could harm the anonymity and objectivity of the study.

#### 4.5. Evaluation of the study

In a qualitative research, the analysis phase and the evaluation of the reliability cannot be separated as clearly as in quantitative research. This has brought critique and a lack of understanding to the qualitative research dialogue. (Eskola & Suoranta 1999) In evaluating the reliability of the study in qualitative research, one has to observe every phase of the research process in order to create an unbiased research.

Yin (2014) has created a four indicator model how to assess the quality of the study. These indicators are construct validity, internal validity, external validity and reliability. Construct validity refers to the correctness of the meters that are created for measuring the studied concept. When looking this study from this angle, the validity is quite high: data is gathered from different sources including the semi-structured interview, theme interview and other secondary materials concerning Company X's operations and strategies. Chain of evidence, which shows a line from research questions and gained data to the conclusions of the study, is established through meticulous interview records and transcripts, case description, interview notes and the fact that the client company of the study is given an opportunity to read and review the final paper. Client Company read the study in the middle of the process and only after their acceptance, the process continued. The informants were encouraged to speak freely about the issues and at the same time, the atmosphere of the interview situation was relaxing and interview method non-forcing.

Internal validity measures the causal relationship between results and conditions (Yin 2014). This can be analyzed by forming an understanding of the situation that is being studied in the research. Steinfatt (1991) argues that usually in qualitative communications research the internal (and external) validity problems might occur if a researcher doesn't consider and think questions concerning what events were happening in the workplace before and after the data collection and what have been going through the worker's minds as they were answering the questions. These facts might have an effect to the internal validity of the study.

External validity can be measured by identifying the level of generalizations that can be produced from the research. (Yin 2014) In this thesis the overall aim was not the amount of generalizations that can be made. It is normal in studies that focus on describing the certain phenomena, that producing generalizable findings can be rather complicated. This thesis focused on describing the unique situation of the client company's fusion in Finland. Considering the fundamental change in the marketing organizations culture that is happening right now and the economic situation, the generalizations are hard to be made. As said, the degree of external validity of this study can be estimated to be relatively modest.

Reliability refers to the ability to attain the same results if the study would be done again by rerunning the operations made in the study process. (Yin 2014) In this thesis, the degree of reliability can be measured to be rather high because of the quality of the interview settings and the detailed documentation of the interviews.

## **5. EMPIRICAL FINDINGS**

During the next chapter, the findings from the conducted study are being discussed with in-depth analysis of previously presented theoretical frameworks in mind. The empirical findings are presented and discussed through and at the same time, the research questions are aimed to be responded as accurately and analytically as possible.

To begin with, this study was made in order to get more clear vision of what is happening inside of the company, which has gone through a merger, and how the merger has affected the company. Findings are being divided into themes that came up during the interviews: division of the responsibility in the decentralization of the marketing communications processes and the practical questions related to it, decision making structures and the offered support towards decision making and the coordination of the marketing communication activities. Overall the findings were congruent and supported each other almost seamlessly. Common mindset of the branch offices was cautiously positive and the general opinion is that even though the amount and resources for conducting marketing communication activities rose after a merger, there is still lot to do and many areas to develop. However, the aim of this thesis was to find an answer to the problems of how the strategic marketing communications integration could be improved, so the interviews and analysis are focusing on finding the problems and innovating concrete improvements to the problems. After the interviews were done, the analysis proved that specific factors from the organizational design dimensions are affecting negatively the decision making and thus are hindering the integration of the marketing communications. This topic is discussed more profoundly in the chapter 6.

### **5.1. Decentralization of the marketing activities**

First questions during the interviews focused on the decentralization of the marketing communication activities in a client company. When the interviewees were asked how they see the decentralization in company's decision making

processes and what areas they relate in it, the certain words came up: meetings, powwows, information flow and objects were strongly featured. Main marketing communication activities are conducted independently by branch offices and this is the wish of both branch offices and headquarters.

### **5.1.1. Division of the responsibility in the process of decentralization**

Company X desires to delegate the basic marketing communications structures and decision making to the branch offices. After the large merger, the back office of the headquarters has been decentralizing the responsibility because of new and variable practices of new actors. It is clear that there were wide differences between branches' opinions on who is responsible for the marketing communications and how the division of labor is defined.

Taking responsibility of the marketing communications was one of the main themes that rose from the interviews. The decentralized marketing communication activities in a client organization mean that branch offices are developing and brainstorming ideas for marketing communications inside their own offices and after creating a possible functional idea, they start to process it further independently. This structure has been used in some of the branch offices before, and after a merger it was spread through the whole organization. (D1, D3) However, the core issue in this theme can be traced into the relationship between branch office marketing manager and the headquarters' back office, which is acting as a supportive body for marketing communications. There were numerous differences on how branch offices see the back office's role in marketing: only two out of five interviewed marketing managers used head quarter's back office as a supportive organ, and two interviewed managers didn't know or have just found out the possibility to ask advices from the back office. Three out of five managers used external supplier for producing marketing materials (D1, D2, D3, D4, D5).

The differences in practices can also be seen in the attitudes towards marketing communications. When interviewees were asked on how they experience the responsibility what comes with the managing of the marketing communications,

three out of five respondents found it to be too difficult and complicated. This difference can be explained with the fusion: respondents that experienced the managing of the marketing communications to be too complicated were rather new members of the new Client Company and had joined the group in the last merger. Milburn et al. (1983) suggest that in decentralized organization, the tolerance for uncertainty can be weakened for a short period of time because of the changed ways of doing the work can cause stress. This can happen especially if a person in managing position receives a feeling that he or she is not informed properly or in the situation where personnel lacks education and training for new practices.

Respondents are struggling because they don't know what headquarters are expecting from them and they feel that they don't get enough support.

*“Before the fusion, conducting marketing communications was easy: we just told to the headquarters what we want and when, and they did and delivered it to us. After the fusion no one has told us what we should do now and we don't know to whom we might ask these things. It would be nice to try new marketing ideas, but we are waiting someone to teach and tell us the new marketing goals, objectives and how to measure the effectiveness of the marketing.” (D4)*

The factors that are causing particularly problems and uncertainty in the marketing communications are budget, measurement of the marketing effectiveness and the overall marketing plan. (D1, D2, D3, D4, D5) Two branch offices haven't done any new marketing communication activities since the fusion, because they are waiting back office to give orders to them. (D2, D5)

*“No one from our branch office have marketing communications experience so this is completely new field for us. It would be nice to be innovative and think new campaigns, but because we are lacking*

*experience, it is taking too many resources off from the basic daily business routines.” (D2)*

Two out of five branch offices (which have been part of the new Company X for a long time) were enjoying the received responsibility of the marketing communications and had already built new structures and cooperation patterns with local suppliers. (D1, D3)

The back office has stated after the fusion that each of the branch offices should define targets and goals individually to be able to create targets that fit the geographical area and clientele. This is the basic structure for the decentralized marketing communications. (S1, S2) However, this doesn't appear in branch office interviews. Three out of five offices told that targets for marketing communications activities don't exist.

*“We don't have any overall goals for marketing communication activities. I have asked if the back office could help in this, but nothing comes back to me. The common state of will for marketing communications or budget for marketing campaigns doesn't exist and without those, it is impossible to start thinking new innovative ideas. Graphic rules and ready fonts don't bring clients in.” (D2)*

In the branch offices which didn't suffer from the indistinct target setting and lack of the clear support from branch offices, the targets are defined individually or the area manager is setting them. Variety in area managers' roles can also be seen in here: some offices found area manager to be rather pointless position because of their invisibility in every day operations and in long-term management.

### 5.1.2. Service marketing communication activities

One of the goals for this thesis was to create new innovative ideas for a client company to conduct their marketing communications and also to expose how the dispersed decision making can affect to the conducted marketing communications. To clear out what kind of marcom activities branch offices are engaging to the clientele and how, the interviewees were asked their opinions on different marketing practices and whether they found them to be successful and productive. With this approach it is possible to find new and functional practices, because branch offices from different geographic are uninformed of what other offices are doing. (S1, S2)

Five most common marketing communication activities that were brought up from the interviews were newspaper advertising, personal selling by contacting customers via phone and on-site visits, event marketing, taking care of public relations by sponsorships and creating new customers via sales promotions like recommendation campaigns. (D1, D2, D3, D4, D5, S1, S2)

#### *Advertising and sales promotions*

The branch offices advertise their campaigns and products mostly on newspapers, in cinemas (commercial video before actual movie) and in flat led screens in malls. Approaches vary from on-timer newspaper product ads to long-term advertisement campaigns. Sometimes sales promotion elements are embedded to the adverts: one branch office launched a six-month campaign with local newspaper and they had a new theme for each month. At the same time they informed customers in their advertisements about a recommendation campaign: if a customer recommends the firm to his or her friend and the friend becomes a new client, a company offers a lunch to the referee. Used themes were apartment saving, investments and entrepreneurship. (D3)

Themed advertisement in the newspapers has brought rather small amount of curious customers and the measurement of the advertisements' effectiveness can be difficult. This is the reason why one branch office argued newspaper ads to be

pointless. (D5) All seven of the respondents agreed to the view that newspaper advertisement is nevertheless an effective tool for raising awareness, and that is one of the main priorities for a new merged company. One still has to keep in mind that an advertisement without a concrete message is money down the drain: for example, one of the most efficient advertisements was based on a product presentation and within this a customer had a chance to participate to lottery and win this new product (in this case, a treasury). (D5) Interviewees have found that long-term marketing campaigns have been more successful when comparing to the one-timer ads in newspapers.

#### *Personal selling and sponsorships*

The angle in personal selling is to deliver a customized message from company to customer either face to face or via phone conversation. Company X's branch offices are conducting personal selling tactics by directly contacting the clients via phone, inviting companies to arrange meetings in Company X's premises and on-site visits to the potential customers, like elderly homes. Only two of five branch offices were using all of these tactics, but overall the direct contacting was in use in all of the offices.

To invite companies to arrange meetings in branch office's premises is effortless way to gain contact numbers from the companies. Visiting possible customers enables the branch office to make an instant impact to the possible client and also modify the product and service offering to fit the needs of the client. All five of the branch offices tend to arrange lotteries in order to gain contact information from clients in situations that included personal selling.

To strength the desired "local and present" image of the Company X, the sponsorships of local sports team is one of the most common ways of doing marketing communications. Four out of five branch offices stated that they are sponsoring youths' sports teams. This includes sports from american football to baseball. Sport sponsorship is incorporated to advertising tactics by giving marketing material for local sports teams' members and to their parents, and also

by offering sponsor shipment against ice rink billboards and advertorial intermission announcements in ice hockey games.

### *Event marketing*

The branch offices are using event marketing tactics in wide range of happenings: They are arranging events for clients (expert lectures, company presentation nights), participating in different fairs (mostly local building fairs or student fairs in schools and universities), participating in local summer happenings and even arranging pop-up stand to the happenings in the streets and markets (e.g. Fashion by Day-happening). Branch offices have been part of the grand openings of various shopping malls and in other big events like city's New Year's celebration. Once branch office arranged a happening in market square and it was executed with cooperation of present client, who was also a marketplace trader during summers. The idea was to get people drink coffee and eat doughnuts while listening company's representative, who was distributing leaflets next to the coffee stand. (D1)

Event marketing is taking place mostly in summer times, when employees usually have more resources to shift from everyday business transactions to marcoms.

*“The idea of participating to the events is to get a contact information from possible clients. The fundamental result from participation has to be the target client walking into the office with intent to become a new client. This is not happening without proper procedure of contacting the client and finishing the selling process.”*

It has to be taken into account that two out of five branch offices found participation to the different events to be unnecessary because of the inadequate plans for secondary steps that should be taken after the event. Other marcom

procedures that branch offices are using include flyers (also to give for business partners) and product gifts (lip balms and treasury present cards).

When interviewees were told to share their opinions about the most important marketing communication processes related to the brand management, the common opinion was clear.

*“I assume that it is in the back office’s to do list. I mean, we don’t have any plans where the brand is going right now. In my opinion the overall publicity and visibility are vital for the Company X brand right now, and I hope that I can contribute to that with my branch office.” D4*

Brand management is seen as something that top management and back office can do, and national television among radio programs were seen an important part of that.

*“I feel like our brand management is quite fragmented: I know for a fact that in the west coast there were Company X’s promotion trucks after the merger and here we got nothing except common rules for fonts. I would like to participate to the meeting where the brand management plans could be done.”*

## **5.2. Decision making structures and decision makers’ roles**

Company X’s decision making processes and decision makers’ roles vary between the branch offices. When seven of the respondents were asked how they experience the decision making to proceed in their organizations, it clearly was an unclear task for respondents. Three out of five branch office representatives said it is vertical and that the decisions are made by a manager and decisions are then slowly drained to the lower level employees. Vertical decision making process describes decision making as a top-down process where decisions are made in

top management and with hardly any collaboration with lower level employees. (Porter 1985)

One CSM was unable to say if the decision making is vertical or horizontal and one said that it is strictly horizontal, even though later in the interview respondent came across that the decision making process might be more vertical after all. When interviewing two respondents from the headquarters' back office, the opinion was clear: the desired mindset for decision making would be based on vertical structure with horizontal interactions with other branch offices managers.

### **5.2.1. Information flow**

Next theme that rose from the interview conversation was strongly related to the information flow, division of labor and the dispersion of it. The information flow is the key ingredient in division of labor. Without properly organized information structures and information flow, the division of labor and constant profitable operations can't exist. Sound conversations are the basis of the information flow and if there is no common understanding, the communication lacks dialogue. (Holm 2006, 29) In order to create a functional information flow between the branch offices, interviewees were asked to tell how they feel about the ongoing practice related to meetings and division of labor. In this theme the information means the information related to marketing communications: marketing campaigns, marketing material, best practices and changes in customer needs.

Company X is divided into five different office groups as can be seen from the figure 4. Depending on the office groups' management and their activity, the managers of the each branch office meet other managers from the same office group approximately in every one and a half month and because of this, they have some kind of knowledge on what everyone else are doing. (D1) Two office managers agreed to this view. Two out of five offices were meeting with their branch office group's leader once or twice a year. None of the branch offices were meeting managers from other groups.

*“I, as a customer service manager, meet up with other service managers from our branch office area couple times a year. Usually the discussion is about what we have done in very general level. We have been in the same group so long, that we already know what each others are doing. But what other branch offices in different area are doing, we have no idea.” (D1)*

Examples of good and unsuccessful dispersion of information can be seen in the style how companies receive and share information. Four offices out of five experienced that information flow (information about overall strategies, new products, new events, and new organizational changes) had a rough start after a merger, but now the situation has improved.

The main issues, which occurred during the interviews that require resources, are unclear division of information in different data banks and intranets, basic overall information about campaigns and ready materials and too wide variety of the communication channels. Interviewees also felt that without clear dispersion of the information, the organization of the marketing communications in this new organization can't be improved in the long haul. (D1, D2, D3, D4, D5, S2, S3)

One customer service manager summed up the idea of what kind of information structure is prevailing in the organization.

*“There are two different information structures in this organization after the merger. First information structure model is based on the back office, which plan, test and publish information via internet and intranet. In this model, managers are imposing the responsibility of reading this information to their employees. Second model is based on the idea that back office provides new information to the branch office managers (customer service managers, CSMs) and CSMs are then providing the information to the employees.” (D5)*

Another customer service manager defined the problem more in details:

*“The communication channels for marketing have not brightened up yet for us, marketing communication executives. How is it possible, that we could have the most amazing cooperation with the new branch offices and we could scoop up new ideas from each other’s, but there is no place for that.”*

### **5.2.2. Information channels**

In Company X, the information is shared in multiple channels. Yammer (“the Facebook for companies”) is being mostly used for informal information, but some offices trust Yammer to be the main information distribution channel and producing all information there. (D2, S1) Intranet is the most common tool for sharing the information, but it has lost relevance when the organization started to use Yammer. Third information channel is company’s internal network drive “P-folder”. P-folder has been used as a material bank for years but only part of the branch offices in the new merged organization is using it. Company is also using Lync as an online messenger tool, but employees are still searching the proper mode of operation with Lync.

The most preferred channel for distributing the information according to the interviews was intranet, even though all five customer service managers said that there should be a new channel for distributing materials and information – a new material bank which would be common and new to all. Yammer was seen as a channel for only informal information and just one branch office out of five said that they would prefer that as a primary channel. All eight respondents (five CSMs, two back office preventatives and one external expert) agreed that email should not be used more than it is used now: email is being seen as “a time eater” that interrupts the routines and is a major block for innovative “work flow”.

Both interviewees from the back office felt the information flow being fragmented because of too many information channels. They had strong vision about how the information flow should be arranged:

*“Yammer is the newest tool in our toolbox right now and we want to encourage branch offices to use it. It can be the most useful tool for sharing informal knowledge and also to awake the conversation, which could be hard to do by employees. In formal knowledge and information dispersing we want to encourage customer service managers to share the knowledge themselves inside their branches.”*  
(S2, S3)

### **5.2.3. Meetings and the roles of the decision makers**

In order to be successful organization with many branch offices and with geographically dispersed target market, the information has to be shared. One theme in the interviews was the information flow and the features related to it: meetings and materials that are being shared. These represent most of the information that is included in “information flow”.

When the interviews were heading to the point where the interviewees were asked if they know any advices how the information flow, which has being fragmented after the fusion, could be improved, the meetings were the first thing everyone mentioned. Four out of five CSMs saw meetings to be almost the most important priority now after the fusion in marketing communication activities. Meetings in this sense represents “sharing the best practices” (D2) and “to be able to know what others are doing” (D4) to interviewees. The need for regular meetings can be proved to be real from the fact that after the merger, CSMs haven’t had a proper idea or plan what they would do now.

When asked how often these meetings should be arranged, what the meetings should include and who would participate these meetings, attitudes varied greatly.

The decision makers (CSMs, area managers and bank managers) experience their roles so differently that answering to those questions turned out to be a challenging task. Four customer service managers from the branch offices stated that meetings should be arranged because of the information distribution. This can also be seen as an effect from the poor communication during the fusion. Participants should include every employee who is responsible for marketing communications (basically this would mean customer service managers in each branch office) in cooperation with back office's marketing personnel (D2, D3 and D4). Other option was to gather area managers from different geographic areas and after the meetings their task would include conveying the information to their own area's branch office managers or customer service managers (D1 and D5).

The frequency for the meetings should be from 2 to 4 times per year. According to CSM, this would "secure the cohesion of the marketing communication activities". This would give branch offices more information to which base new campaigns on. Meetings were seen as a compulsory action, because without actual meeting, the information flow might be hard to improve because of too multiple and too fragmented information channels.

*"We need a sandpit for adults. Emails are full, no one is actively observing Yammer and Lync is too official for brainstorming. Regular meetings would encourage us to be more creative and there would not be too strict rules how to proceed. Back office should encourage branch offices more to be creative and proactive. If there is now a meeting, no one knows when the next meeting is being held, so no one wants to "footle around" and throw ideas. I personally can go an extra mile and be more active if there are persons in the same room with me with the same agenda: to develop new ideas for marketing and discussing the problems of the merger and the Company X right now. Right now it feels that other branch offices don't want to hear us and they don't want to hear what we are doing." (D2)*

#### **5.2.4. Internal reporting**

After the discussion about the centralization of the marketing communications and the decision making structures, the next theme that rose during the interviews was reporting and planning of the actual marcom activities. The design dimension of coordination includes information and reporting systems of the knowledge, so the disclosure of this theme in the interviews was expected but it was not considered as a certain conclusion.

The planning and the reporting are part of the successful coordination of activities. Without any planning or reporting of the results, it is hard to spread best practices or to even know what the practices are that should become more frequent. In Company X's case, the reporting practices are highly differentiated because of different work habits and goals.

The most common way of reporting the results of the campaign or other information is a meeting which is hold inside of the branch office once in a week. The agenda of this meeting is to sift through activities that have or are carried out soon and also to hear what is happening inside of the office. Four out of five branch offices used the weekly meeting structure for sharing the information and one office also said to use the meeting to show new advertisement material or campaign plans. One CSM stated to use weekly meeting for gathering the most important tasks during the work week and after that, creating a summary of those and deliver it to the area manager. (D3) One branch office didn't have the weekly meeting habit. Instead of that, the personnel "talk things through" as they happen.

One useful and adjustable practice was found during the interviews. One CSM told about their "annual calendar for marketing communications", which they had introduced to the staff after the merger in November 2014. They have a rough year plan for marketing communications that includes the main campaigns they are planning to create and main events where they plan to participate. This calendar is talked through in a weekly meeting every time there has been some new addition or something that is marked to the calendar, is soon happening. According to the office's CSM, this has improved the overall atmosphere of the office because each

employee from a customer service representative to a manager is then aware of what is happening next and whether they should start to prepare for customer wave or new kind of questions popping out in the phone conversations. With this kind of approach, a company can gather and share information related to the decision making and include it into the basis for actual marketing actions. (Kotler 1997, 110)

When interviewees were asked on how they see the planning of the marketing communication processes to be proceeding, four out of five respondents described the processes to be “spontaneous” and only one said that processes are based on old routines and rules. Common feature in these opinions were that after the merger, spontaneity has increased because they don’t want to trust so greatly to the old structures. One has to notice, that offices have faced more intense employee churn rate after the merger, so leaning on to the old structures is more complex now.

The branch offices don’t report their results or goals to the board. According to the interviews, this is because they don’t know why to do that and because they don’t have enough economic objectives of which to pursue.

### **5.3. Best practices and biggest challenges in marketing communications**

It is easier to define the most severe problems of the marketing communications by finding complicated practices. By finding these problems, the occurring of them can be prevented. Marcom practices that were mentioned as successful during the interviews included advertising campaigns and customer communications. Common features of advertising campaigns, which were considered as felicitous, were the choosing of the right target audience and innovative ideas behind the adverts. Also cooperation with right partners was seen as the key for a successful campaign. (D2)

One branch office was using their own focus group to get customer insights to the advertisements. This arrangement was born when former marketing professional

joined Company X as a customer and started to develop a new kind of marketing communication process. A customer service manager co-operated with client with the aim of finding more customer perspective and possible new customer needs that could be satisfied.

*“With this collaboration, we can say what we want and at the same time also hear, why it isn’t a good idea and why it wouldn’t work with customers. We have gained new insight of why customers might choose us and explore this knowledge in our new campaigns. Through this cooperation we have found out the meaning of us being a truly local operator: apparently that is our biggest competitive advantage.” D2*

The successful operations include the positioning of the pictures of the employees’ faces in advertisements. It has brought positive feedback from the clients, and pictures have also strengthened the local image of the Company X according to the branch office CSMs. Another success factor has been the themes for advertisement, which have reflected the customers’ needs according D2 and D5.

Problems in marketing communication processes are strongly tied to the information flow, to information sharing processes, to the economical side of the marketing, measurement of the effectiveness and the budget. One of the most time-taking challenges is related to the information flow and to the lack of common materials. Four out of five branch offices told that they really would like to see materials that back office has produced to other offices and also the materials that other offices have produced with own suppliers. Without knowing the “best practices” of the marketing communications, it is impossible to start improving own materials. The motive in finding the best practices is hard to find if the process don’t aim to spread those processes. All respondents expected some kind of material bank to be published as soon as possible.

Another information related challenge occurred in the relationship between the back office and branch offices. Back office staff received large amount of gratitude from all of respondents, but the common opinion is that back office is lacking employees and because of this, the open discussion link doesn't exist.

*"It is frustrating that in theory I could rely on back office if I would need some special marketing material, but because they have scarce resources and only two employees, I don't want to burden them with my needs." D1*

Another objection that has occurred in marketing communications after the merger is the lack of brand related, nationwide operations. In general, there is a lack of coherence in brand communications. According to the branch offices' customer service managers, they can't participate to the brand management and brand imago improvement at full speed as they don't have enough resources. At the same time they feel that the reason for this can be found from the back office tenuous support for conducting big scale brand campaigns across the country. Guidelines for conducting a nationwide marketing campaign have been defined by the back office, but because most of the vast campaigns are made by back office in headquarters, the guidelines are not spread out. (D2, S3)

When interviewees were asked about the complicated side of their work tasks, budgeting and measurement of the marketing communication activities' efficiency came across more often than other problems. Only one branch office has strict budgets for marketing communications. Two out of five office managers base their marketing communication plans on rough numbers but they don't have an actual marcom budget, and two branch offices said they don't have marcom budgets at all.

*"Only way I can measure the effectiveness of our marketing processes is the amount of new customers coming through our doors*

*every day. But did we spend enough or too much resources to get these new customers to come in? I don't know and I don't have proper experience or skills to measure that."*

The main reason for this according to the interviewees is the lack of skills and knowledge: even the customer service managers don't have a clue on how much they should consume on marketing communications and how to measure the results. Deficient education and a lack of work experience in marketing communications can be looked as a reason for this challenge.

## 6. ANALYSIS AND DISCUSSION

This master's thesis was made in order to gain answers to the question of how the integration of the marketing communications and the decision making related to it in geographically dispersed service organization could be improved in situation where organization has gone through the merger. In Case Company X's situation the question was how the organizational design dimensions are affecting or hindering the decision making processes and by that, causing problems to the integration process. The interviews made with branch office managers with informal discussion with headquarters and other secondary sources provided a data which can be used in analyzing and diagnosing the situation where the case company is right now. In this chapter, the findings are reflected to the topics that were presented in literature review previously in this thesis. At the same time the findings are discussed in the light of the research questions:

Q1: How to improve the strategic marketing communications integration and the decision making related to it after a fusion in a geographically dispersed organization?

The supporting questions are defined as:

SQ1: How do the specific organizational design dimensions affect the integration of the marketing communications?

SQ2: How do the specific organizational design dimensions affect the strategic marketing communication decision making?

In the next subchapters the answers for the research questions are being presented through organizational design dimensions, named as factors. The organizational design dimensions that were analyzed during this thesis were decentralization, coordination and power defined by Homburg, Workman and

Jensen (2000). Interesting enough, these three dimensions were clearly affecting the decision making and also in integration of the marketing communications. Organizational design dimensions are truly affecting the strategic decision making, and in the next subchapter the factors related to the design dimensions are being analyzed from the angle, where the affection is seen as hindering.

The main research question asked how to improve the strategic marketing communications in geographically dispersed organization. This question was justified because the problems that were hindering the strategic marketing communications were the lack of integration and cooperation between branch offices according to the back office employees (S1, S2, S3). So, to be able to find solutions for how to improve the strategic marketing communications, first there was a need for diagnosing the problem of why there is a lack of cooperation between branch offices, which is partly causing the non-existing integration of the marketing communications.

### **6.1. Factors affecting the integration of marketing communication**

If a problem has to be solved, first there has to be a diagnosis of the problem. Case company's problem was the overly differentiated ways of conducting marketing communications between the branch offices: after the merger, unified decision making structures didn't exist, the information flow was fragmented and the overall mindset of how to do marketing communications for customers was missing. Finding new ideas and innovations for marketing communications was therefore a hard task to accomplish.

Keller (2001) states that the marketing communications present a voice of the brand and the means by how a company can create a dialogue between consumers and a company. In Company X's marketing communications, this represents the challenge. A communications strategy that was constructed at the time of the merger defines clearly the common values and the overall mindset for the marketing communications, but the problem is the sharing of that information. Too fragmented communication processes and the lack of unified marketing

communications strategy is reflected to the customer service managers: they don't have enough resources to improve the situation, and part of the interviewed customer service managers didn't even perceive this to be a problem, because they don't experience that they should have same kind of marketing communications strategy in use in the organization. CSMs are not responding to the already made communications strategy, because they don't feel they have to follow it or they don't know its existence. Therefore, as long as this kind of a paradigm of information not proceeding through the organization is prevailing, the integration of the marketing communications is almost impossible to achieve. Integrated communication approach is based on an idea that recipients do not specify the sources of the messages and with using integrated marketing communications, an unified picture of company and company's products will be formed in receiver's mind. (Vuokko 2002, 324)

During the interviews, multiple problems related to the marketing communications and the dispersion of them rose. Main problems were the lack of knowhow, too fragmented information sharing tools, obscure decision making structures and reporting standards as scheduled meetings between branch office managers, customer service managers and top management. These problems can be identified to be part of the organizational design dimensions. Lack of knowhow and education related to the decentralization of the decision making with the problem of the fragmented information sharing tools is integrated to the coordination.

#### **6.1.1. The decentralized decision making (Factor 1)**

Company X's marketing communication processes are following Chase and Tansik's (1983) definition of decentralization with the non-programmed, not controlled decision making and the lack of reporting structures. (Porter 1985) The decision making is not integrated to the marketing communications strategy and not even to the overall business strategy. Top management's idea of perfectly decentralized marketing communications approach is lacking successful implementation tools, because not all of the respondents (customer service managers and other managers) are feeling informed enough of the new,

decentralized way of conducting marketing communications. Responsibility of the marketing communications is dispersed through the whole organization, which represents the locus of decision making in higher level of decentralization by Ruekert (1985). The lack of bureaucracy can be seen to occur from decentralized organization culture: centralized companies are typically characterized by hierarchy and decentralized organizations on the other hand operate with flatter hierarchy. According to Malone (1997), decentralized decision making tends to create flatter hierarchies in organizations and this can be seen in Company X's operations.

As Ruekert et al (1985) argue, the centralized companies are characterized by hierarchy and bureaucracy. In Case company's procedures, the lack of bureaucracy, the informal ways of conducting marketing communication processes and a flat organization hierarchy can be seen to be occurring from the decentralized organization culture. The decision making has slowly transformed to be decentralized because previously before the merger, the marketing communications were managed with centralized approach. After the merger, the decentralization of responsibility towards marketing communication decision making has occurred by default rather than as a result of conscious decision making, which advocates Laing and McKee's (2000) statement of decentralized decision making. This can be seen in customer service managers' attitudes towards the decision making: majority of the interviewees has accepted the new organizational structure to be given already to them, and they have to work through the division of work independently. Even though a part of the customer service managers are waiting more strict rules related to the decision making to be announced, they have accepted the new decentralized way of conducting marketing communications. Still the constitutional question has to be asked in some point of this change process: are the new and detailed instructions of new decision making procedures enough for the branch offices that are waiting for it, or do they need more supervised guidance from the back office? Decision making procedures include the new division of labor in marketing communication decision making and also the budgeting skills and the reporting systems which are being analyzed later.

Malone (1997, 30) defined a perfect environment for decentralized decision making existing when the local decision makers have access to important knowledge that cannot be easily communicated, or if there is a lack of trust between local decision makers and headquarters. In Company X's case, the real challenge of IMC is not about the lack of trust but the unsuccessful dispersion of knowledge that is the fundamental requirement of decision making.

As Holm (2006) states, the essential challenge of marketing communications decision making is that usually those who have strategic and tactical responsibility for the marketing communications decision making, don't have a clear picture of factors under marketing communications: buyer behavior, copywriting and marketing reporting structures. They live in their own separate educational and intellectual spheres and they lack insights of marketing methods. On the other hand, those who are skilled in communications theory, copywriting and marketing methods, lack skills in strategic management. In Company X's situation this is one of the main problems. Customer service managers, who are supposed to manage the marketing communication processes and also be strategically responsible for the marcom activities' results and reports, are lacking the marketing based education. Customer service managers' lack of education together with the need for integrating the marketing communications for the new merged organization are causing challenges in the reporting procedures. Company X is in the situation where CSMs neither have knowhow and resources nor will to start improving their marketing communication processes' integration.

The factors that didn't support the decentralization to be affecting the integration of marketing communications negatively, is the fact that a part of the branch offices said to have rather strict hierarchy and the marketing communication decisions were made by top management, which is characterized by centralized management approach. Consequently, as the practical marketing communication actions and the actual conducted decision making procedures were representing the decentralized decision making approach and thus created a conflict, it can be seen as an indication of the unawareness rather than as an objection to the theoretical base of this thesis.

The differences in practices can also be seen in the attitudes towards marketing communications. When interviewees were asked on how they experience the responsibility what comes with the managing of the marketing communications, three out of five respondents found it to be too difficult and complicated. This difference can be explained with the fusion: respondents that experienced the managing of the marketing communications to be too complicated were rather new members of the new Client Company and had joined the group in the last merger. Milburn et al. (1983) suggest that in decentralized organization, the tolerance for uncertainty can be weakened for a short period of time because of the changed ways of doing the work can cause stress. This can happen especially if a person in managing position receives a feeling that he or she is not informed properly or is in the situation where personnel lacks education and training for new practices. According to Zannetos (1965, 65-66) Case Company X can also suffer from the flat organization's problem where the decision makers in organizations with flat hierarchy can't make as optimal decisions as managers in highly hierarchical organization, because people in more highly hierarchical organization are observing more different relationships than manager in decentralized, flat organization.

Milburn et al. (1983) also state that even though the decision making authority often centralizes to the top management during the crisis or merger, the actual intermediate response in real business world can be the decentralization of the authority. In Company X's case, the headquarters have not taken this into account enough in details, because the change management of the organization to the branch managers hasn't succeeded. Branch office managers haven't been informed properly about the changes and this creates uncertainty.

### **6.1.2. Coordination (Factor 2)**

Next challenge for the integrated marketing communication processes are the coordination practices and too fragmented communication tools, which are scattering the information flow inside of the organization.

As Porter (1985) states, to be able to manage a considerable service organization, the communication between managers and the branch offices must be operated perfectly in order to make logical and profitable decisions. This means the coordination in areas like scheduling and target setting. During the interviews it became clear that overall management of the branch offices and the coordination of the activities inside the offices are not following Porter's definition, and the coordination processes differ greatly. Main factors that popped up from the interviews were the long-term coordination by target setting, information flow, reporting systems and a financial side of the marketing communications (which is also related to the decentralization factor and the lack of education in it).

When assessing the coordination processes through Van de Ven et al's (1976) definitions, in Company X the prevailing coordination of marketing communication activities is made by feedback. Decisions and mutual tasks adjustments are conducted by individual or by groups through either vertical or horizontal channels of communications. Even though this is the right approach from the back office's opinion, findings show that branch office managers would sometimes prefer the coordination to be happened by programming. Coordinating by programming can happen through pre-established plans, schedules, forecasts, formalized rules and standardized information and communication systems. According to Van de Ven et al. (1976) this is more common approach in centralized organizations, but in crisis situation where the company is facing a significant change like a merger, rules and standardized information flow can be highly appreciated by employees feeling uncertain. From Company X's coordination style one can also find traits from the coordination through hierarchical reporting systems. This fits to the theory of Ruekert et al. (1985) about the decentralization to be flattening the hierarchy.

Financial supervising and strategic reporting are both part of the successful coordination of activities. As Porter (1985, 331) argues, without planning or

reporting of the results, spreading of the best practices or even knowing what the practices that should become more frequent are, is nearly impossible. In Company X's case, the reporting practices are highly differentiated because of different work habits and goals. This can be seen as a barrier for the coordination, because efficient coordination can only cause economies of scale and synergy benefits if it's done right and with enough resources like time, personnel and money.

Two customer service managers stated to have selling objectives for service officers, but the officers don't find them to be motivational because not everyone is taking those objectives seriously. As Jaworski (1988) argues, control mechanisms for marketing have traditionally been output-oriented because they are not as complex to measure as other mechanisms. In Company X the management doesn't specify desired output level for each business sub unit, which can be viewed as a reason for the uncertainty in object setting and in reporting standards. Without steady goals, the effects from marketing communication processes and tools can't be measured and thus the finding of the best practices is problematic.

Holm's (2006, 29) statement about the information flow being the key ingredient in the integration of the marketing communication and functional information flow isn't realized in Case Company's operations. Sound conversations are the base of the information flow and if there is no common understanding, the communication process lacks dialogue. Without a dialogue, information can't be shared and therefore the coordination of activities and dispersion of the best practices are impossible to achieve. To ensure the quality of the information in an organization where actions are geographically dispersed, it is significantly important to have suitable systems by which the development of sales and overall goals can be measured and the needed knowledge can be applied. (Jaworski 1988) As previously stated, Malone (1997, 30) defined a perfect environment for decentralized decision making existing when the local decision makers have access to the important knowledge that cannot be easily communicated. This unobstructed access is a vital requirement for successful coordination of activities in geographically dispersed organization.

According to Green et al. (1988), the goal of information channel is to increase the likelihood that the information that decisions are requiring, will have the desired

characteristics in order to gain required results. Too many information channels and the ambiguity in using of them are affecting the information flow of the Company X in a negative way. Fragile overall view of what is happening in the organization when it comes to the information flow can be noticed from the interviews. Most opinions represented the point of view where there are at the same time too many and also too few information channels. In Company X, there are too many information channels to be able to know what to publish and inform and where, but too few to be able to see from one place what other branch offices are doing. One of the interviewees mentioned the challenge of “the tone of the channel”: how formal and informal information could be included in specific channels. Yammer is seen to be for informal conversations, but part of the branch offices uses Yammer for all kinds of information sharing. This causes a problem, when part of the branch offices are ignoring all Yammer information as it is “not related to work” information.

Another problem concerning the information flow is the different information structures between the branch offices. According to D5, two kinds of information sharing methods are being used with three different information distribution channels: part of the branch offices are expecting the information being shared strictly from the back office to the branch managers or customer service managers, and they will disperse the information through their own office. Other part of the offices is using the information structure where they read everything from the Yammer or from the intranet. This is causing information asymmetry which can be common in geographically dispersed companies. (Landier, Nair & Wulf 2009)

### **6.1.3. Power (Factor 3)**

As Chase and Tansik (1983) state, the more there is uncertainty in the environment, the more the organization has to trust to non-programmed decisions. This can be seen in the data gained from the interviews. After the merger, the organization’s business procedures and ways of conducting marketing communications were changing and there was lot of uncertainty in the business

operations. Customer service managers were making decisions but part of them didn't base the decisions on anything or didn't have objectives toward which to strive. Division of labor in decision making also varied: one CSM saw that he is just the one who is collecting good ideas and then ending up with one, meaning that the decision making was seen as a horizontal process. Other CSMs thought the decision making process to be strictly horizontal. This can be viewed as a question of centralization: in highly centralized organizations only few of the top management has the decision-making authority. (Pugh, Hickson, Hinings and Turner 1969) In Company X's case, the decision-making authority is dispersed through the organization to the branch office managers.

Another challenge for the integrated marketing communications in decision making is the roles of the decision makers. The decision making structures and the roles of the decision makers have to be based on a company's strategy according to Porter (1985). Two out of five customer service managers were identified as Cowboys in Malone's (1997) identification of the different decision makers. These CSMs were also those who experienced the responsibility related to the marketing communication activities to be in appropriate level.

A significant management problem in Case Company X's new post-merger organizational structure can be traced to the fact that part of the branch offices are used in making decisions independently and with their own ways and habits. These branch offices are managed by cowboys, who are independent, decentralized decision makers with low need for communication. The essential feature in cowboy's management style is that they do not necessarily even want to know what is happening elsewhere and they are not part of the organizational learning process, because their decisions are not informed to other managers. Theoretically this would be suitable for decentralized organization, but in the situation where organization is trying to find new ideas for marketing communications and also integrating the whole system, managers can't act like cowboys. They should adopt temporarily the commander perspective to their management skills: commanders are centralized decision makers with higher communication needs. Commanders need information from local branch offices and other company sources in order to make informed, unified decisions.

In Company X's situation, the roles of decision makers and the decision making process are not integral part of the strategy and therefore employees feel that the decision making is something blurry and far from their control. The role of decision maker isn't a fundamental part of all customer service managers' managing tasks by default: some CSMs thought they don't have to be the responsible for the marketing communications decisions that has been made, because respondents reckon the back office to be the one responsible for all marketing communications decision making. Therefore, the perfect combination for Company X's managers' roles could be Malone's (1997) Cyber-Cowboy. Cyber-Cowboy is connected and decentralized decision maker with extremely high need for communication. They make self-governing decisions which are based on vast amounts of distant information available through electric networks.

Because the roles of the persons responsible for marketing communications vary a lot, also the management styles and the level of how much supervised guidance is needed from the back office vary. In branch offices which didn't suffer from the indistinct target setting and lacked clear support from branch offices, the targets are defined individually or the area manager is setting them. Variety in area managers' roles can also be seen in here: some offices found area manager to be rather pointless position because of their invisibility in everyday operations and in long-term management. Malone (1997) argues that the decentralization of the decision making increases worker's incentive to provide effort, because by sharing the decision making authority, the expected outcome will increase. This realistic benefit may stay unachieved for the Company X because of the unclear roles of decision makers.

## **6.2. Improvement of the marketing communications**

In the table 4 can be seen the summary of the factors affecting the integration of the marketing communications. Figure 5 presents the way of how the organizational design dimensions, decentralization, coordination and power, are affecting the decision making, and with these effects can improve the integration of

the marketing communications. The results of this study are now being presented in the table 4 from the theoretical point of view.

The design dimension	Identified elements	Effects towards the decision making	Effects towards integration
Decentralization (Factor 1)	Division of the responsibility in the process of decentralization	Unclear division of labor, low self-confidence	The rigidness of the integration because of the unclear division of labor
Coordination (Factor 2)	Information flow	Inability to make decisions because of the lack of knowledge	Fear of doing same operations twice because of the information lack
Coordination (Factor 2)	Information channels	Best practices can't be spread because of the uncertainty in channel options	Same information is spread in multiple channels causing information asymmetry
Coordination/ Power (Factor 2)	Meetings	The lack of standardized meeting structure prevents the successful information flow	Efficient integration can't be conduct without regular meetings with the top management and the lower, operative management
Coordination/ Power (Factor 2)	Reporting	Lack of reporting processes prevents information to go to the top management and the evaluation of the decisions	If the decisions are not based to the reported information, the integration can't be evaluated
Power/ Decentralization (Factor 3)	Decision makers' roles	Variable roles of decision makers make the division of labor unclear by slowing up the decision making	Target setting and other tasks related to the division of labor are not proceeding further because employees are unaware of who is conducting which tasks

Table 4. The identified factors affecting the decision making and the IMC.

As there are presented in the last subchapters, the biggest challenges for Case Company in their marketing communications improvement are related to the lack of education, fragmented information flow, the unclear target setting and too variable roles of the decision makers. In the picture the first data box shows the design dimension and what it includes in case company's operations. The next data box with arrows outlines the influence of it towards the integration and decision making. In order to find solutions to the research question on how to

improve the marketing communications integration and the decision making related to it, the effects found from the design dimensions are more negative and problem-oriented. The last data box offers the proposed solution to the problems mentioned previously.

Based on the interviews, the answer to the research question would be to increase the amount of marketing knowledge education to the customer service managers and other positions responsible for marketing communications and better communication between the branch office and the back office. The back office should also coordinate the activities by programming instead of the feedback including the creation of the clear instructions for communication and information sharing tools and new meeting structures, and new, strict rules for division of the work. The decision makers have to unify their roles and adopt the cyber-cowboy approach to their actions.

The greatest impact to the challenges the case company is having can be coming from the new material bank, which will increase the unification and the information flow. With improved information flow, it would be simpler to decide which of the information sharing tools are used for what and the dissemination of the targets would be successful. Obscure decision making structure would evaporate making the post-fusion atmosphere better at the same time by motivating personnel. Figure 5 is presenting these improvements from the case company point of view.

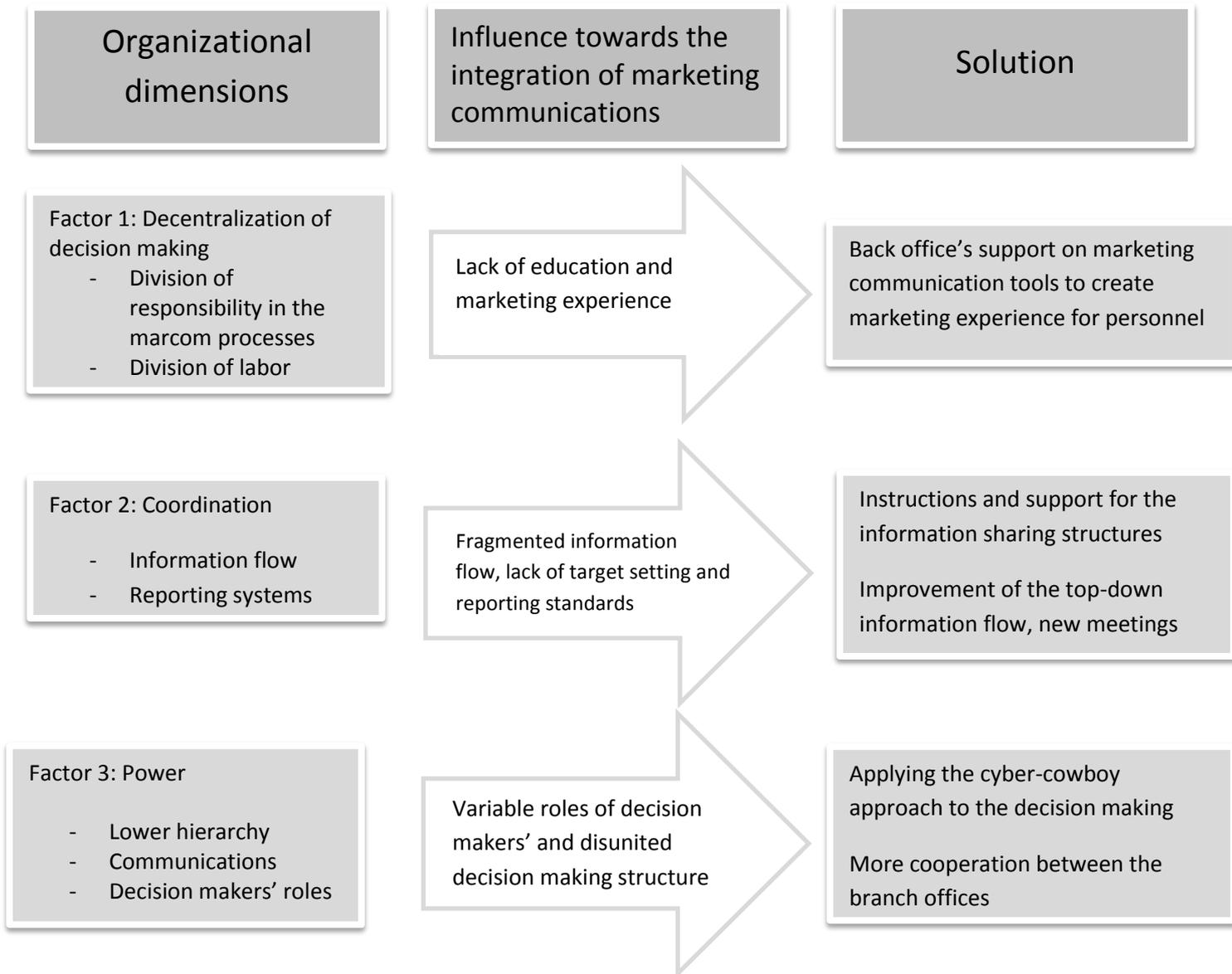


Figure 5. How to improve the integration of the marcom activities and the decision making related to it from the case company point of view.

### 6.3. Action proposal

As said earlier, the overall atmosphere of the marketing communications management after the merger is positive and carefully hopeful in Company X. Customer service managers and other interviewees experience the ongoing situation to be good and the problems that were brought up in the previous

subchapters are visible to the managers only when mentioned them: they don't receive these problems to exist when operating in daily business, but when they discuss about the challenges, they acknowledge their existence. The improvement of the integration of the marketing communications has been proceeding significantly if comparing to the beginning of the year 2015. This was a repetitive observation among the interviewees' opinions. Noted problems are causing more slowness of the business operations than actual challenges that would prevent the business. In this chapter, the proposal for the future actions for the Case Company is being presented.

### **6.3.1. Decentralized decision making process and the division of labor**

The decentralization of the decision making is causing uncertainty and discontinuity of the information flow. The interviewees described the happened merger with a word "challenge" instead of a change or a merger. This choice of word indicates the atmosphere which is related to the merger.

Majority of the interviewees stated the decision making to be vertical, but according to the data produced from the interviews, the decision making was conducted more as horizontally. This means that managers are often discussing the situation with employees and the decisions themselves are also the end result of these discussions. Conclusion drawn from this is that managers themselves see their roles to differ a bit from what they actually are. Roles are also changeable: some CSMs thought that they don't have to order the marketing materials themselves because they don't have experience of it, and they expect the back office to do it. The rules for division of labor have to be dispersed to the branch offices.

Managers also have different opinions on their decision making power. Part of the CSMs assumes that they can make decisions together with their branch employees, but part of the branches' service customer managers are waiting back office's approval or instructions for marketing communications. Basic everyday marketing communications operations are being done quite independently, but

some of the interviewees are longing instructions for long-term marketing communications processes for the new merged company.

The division of labor has to be redefined because of the new, decentralized ways of decision making. At the moment, what the roles of decision makers are including, is unclear for the customer service managers and no one knows who is responsible for a target setting and a long-term planning. Proposal for this is that the back office has to inform customer service managers more about the responsibility of the decision making and the target setting: back office with the area managers could define the overall state of will for marcoms, broad targets and overall mindset of the marketing communications for the new, merged company and area managers would deliver the message to the customer service managers. CSMs could then define strict targets and distribute them to the lower level employees.

This would also be in line with the back offices wish not to be involved in every decision the branch offices are doing, because there are not enough resources for it. More explicit division of labor would also help customer service managers to divide resources: some of the CSMs stated during the interviews that they are unaware of how many resources they should put to the marketing communications or is it mostly the job of the back office.

### **6.3.2. Information flow and meetings**

A new way of distributing the needed information for decision makers needs new structures. In other words, the discussion connection has to be opened with new meeting structures. New meeting structures, where CSMs would regularly keep in touch with area managers, would allow area managers to be on track what is happening and also the other way around. This would enhance the information flow between the branch offices, because area managers on behalf of the branch managers would be able to know if there are new ideas or marketing campaigns that every area should be informed. Area managers could also give an overall

support for the marketing target setting to the customer service managers who need supervising.

Another meeting structure that would be worth to consider is the meetings between customer service managers from different geographical areas. The fundamental challenge of information flow is the incoherence of it. CSMs also perceive that the lack of information related to the marketing campaigns that other branches are doing, to be one of the biggest challenges right now. CSMs don't know the right direction for the marketing communications now after the merger. Related to this problem, also the dispersion of the best practices can't be realized because branch offices are not being informed about what others are doing, i.e. it is impossible to find and distribute the best practices through the Company X's marcom organization.

Third meeting structure that should be implemented immediately is the unified weekly meeting for branch offices. Majority of the branches are already using weekly meeting inside of the office but not all of them. Back office should encourage branch offices to arrange the meeting and also tell what they should handle in these meetings. The use of the marketing communications year clock should be included to these meetings. The branch office that has developed this practice should be persuaded to share this to other branch offices, which could then modify the practice to fit to their own customers and marketing communication processes.

To be able to exploit these new meeting structures in the creation of a unified information flow between branch offices, area managers and back office, the shared information has to be organized. At this moment, branch offices managers and the back office are experiencing "the credibility problem" where no one knows which channel to listen and where to publish formal knowledge. As one customer service manager stated, if the information is shared in Yammer, it would be missed for a half of the branch office managers. Another problem is the inconsistency of the messages: area managers' messages are differing a lot from the CEO's messages, and branch office managers and customer service managers don't know what to believe and who to listen. This would be solved with the two-staged model for inner marketing communication: overall marketing communications and the visibility of the new Company X is the job for the back office and the

headquarters. They should also create the overall objects and targets for the marketing communications and decide the common mindset of the marketing processes and campaigns: what we want to achieve and how we do it, where we are after 5 years and what kind of image our desired marketing processes would create in real life. Local visibility, strict target setting and the modification of the targets should then be the job for branch office managers and customer service managers.

An action proposition for information channels that should be used is the intranet and the new material bank. Back office should define new rules for channels: Yammer is only for informal information sharing and intranet is for serious, actual news and information. Yammer could also be used as an informal “reminder channel”: if back office for example is producing important news to the intranet, Yammer could be used as a channel to inform that to the branch offices. P-folder is seen to be out-dated and not every branch office is using it. So, when the back office, branch office managers, area managers or customer service managers would like to inform something, intranet would be the right place. This has to be told to the CSMs because at this moment there is uncertainty in what channel should be used and when.

The most significant finding from the interviews concerning the information sharing problem was the need for new marketing material bank. A new material bank for marcoms would be for the material that other branches have produced by cooperating with their own suppliers, or what the back office has produced for branch offices. This would help to find the best practices and also to clear the role of back office to the branch offices. This material bank would help the back office to be in track on what branch offices are doing and to which direction the marketing is proceeding. Common knowledge of the office supplies suppliers and overall marketing communication materials, like the names of the suppliers and the process of ordering them and where, should be found from the material bank for example organized to the geographical areas. One CSM stated that it is taking too much time and resources to start finding where to buy basic leaflets and printing houses' contact information. This together with the knowledge that the back office can aid to produce the materials would save time and effort, because to design a

basic newspaper advert is a rather simple work task for the experienced back office, but quite time-consuming challenge for a customer service manager without marketing experience.

The back office has to create new information distribution instructions for area managers and branch offices in easily deployable form. This practice would tell the new guidelines for the information sharing: the decision making practices (branch office managers are doing it independently and without the official approval of the back office), target setting (CSMs are doing it based on the broad targets area managers and back offices have created together), division of labor, the new meeting structures, the recommended material sharing channels and the new material bank. Also the use of the material bank has to be encouraged. This itself would enhance the information flow and the proper instructions would ensure that the message is actually penetrated the whole organization.

### **6.3.3. Marketing communications experience and education**

Majority of the problems that were diagnosed from the interviews were at somehow related to the education, even though the interviewees didn't experience it that way. When CSMs were asked about the biggest challenges in the field of marketing communications they have faced after the merger, each problem was concerning the target setting, budgeting and uncertainty in decision making. Respondents stated to have too little time and resources to really think through the new marketing communications processes and campaigns, but the actual reason for majority of the respondents were the lack of marketing experience and marketing education. The customer service managers are not marketing department employees. As a matter of fact, most of them have never studied any marketing courses or have worked with marketing department. The effectiveness of the marketing communications, to which target setting, understanding of the marketing strategy and budgeting are related, is thus a rather abstract definition and is being considered to be something that doesn't need to be taken into account. Part of the respondents also stated to have challenges in creating new

marketing campaigns, because CSMs are not interested in creating new ideas and/or they don't know how to start innovating and think creatively.

This can be linked to the scattered information flow: When CSMs don't have any targets or objects what to achieve, they are not motivated in creating new ways of achieving them. If the information flow would work from area managers to branch offices, there could be marketing communication targets what to achieve, and this would motivate personnel to really focus on marketing. This could create a proactive approach to the marketing communications and the spontaneity emerged from this approach would serve the purpose of rising the visibility of Company X in the long haul.

An action proposal for this challenge is firstly that the headquarters, the back office, branch office managers or area managers depending on the division of labor, should create concrete targets for marketing communications effectiveness. Even if there would be some targets right now, they are not dispersed through the organization and to the branch office managers. Case Company can modify its imago and marketing communications completely and the right time for this is the post-merger situation. Marketing communication processes are efficient tool for modifying the desired imago, and especially important for a new company who has gone through a merger and now needs unified ways of conducting marketing communications. To be able to modify the image and enhancing the decision making ability of the managers, the marketing communications have to be included to the business strategy.

The concrete targets need ways to achieve them. For this, the writer of this thesis proposes the back office to offer support, broad instructions or marketing courses for basic marketing communication processes: the planning, implementing and the evaluation. Concrete targets are needed when evaluating the success of each campaign and those also motivates personnel to be more innovative.

Respondents are also requiring more support to the event marketing. Part of the CMSs didn't want to participate to the exhibitions or other happenings, because they don't know how to convert the encountered customers to real customers. This is obviously a factor that can be improved. Visiting different expos and happenings

are worthless if there is no competence on how to utilize the chance. Conclusion that can be drawn from here is that instructions and support for event marketing and new customer acquisition is needed.

When CSMs have more marketing experience and are able to assess a basic marketing budget and achieving the targets, it will be shown in better results and as improved self-esteem of the CSMs. This of course requires also the enhanced information flow, because employees responsible for marketing have to have an idea about the amount of the marketing budget before assessing it. Successful information flow is also a prerequisite for reporting, which also motivates personnel to achieve previously set goals.

## **7. CONCLUSIONS**

### **7.1. Main findings and theoretical contribution**

The existing academic literature related to the organization of the marketing communications has been studied from a vast number of perspectives. The case chosen to this thesis was studied from the organizational design dimensions angle, which was then combined to the decision making related to the integration of the marcom activities point of view. The angle was to describe the situation where the organizational design dimensions are affecting the decision making process and in the end, the integration process of the marcom activities.

The research question itself was a question of how to improve the strategic marketing communications integration and decision making related to it after a fusion in geographically dispersed organization. To be able to deeply analyze the situation, the research question was divided into two supporting questions: how do the organizational design dimensions affect the integration of the marcom activities and the decision making related to them. To be able to study the subject, the data was collected from the semi-structured interviews conducted with the case company's branch office employees. Most of the interviewees were customer service managers who were responsible for the marketing communications. Collected data was then arranged into themes, which emerged naturally from the interviews.

The main contribution of this study is to show how organizational design dimensions are affecting the integration of the marcom activities and the decision making related to it in a service company. The main finding proved that from the chosen design dimensions, decentralization, coordination and power, could be found specific factors that in a geographically dispersed organization are affecting the integration of the marcoms negatively in this case. This supports Homburg, Workman & Jensen's (2000) theory of organizational design dimensions to be affecting the marketing organization by creating an overall shift towards customer-focused organizational structures. The phenomena of marketing communication's

integration could be thought of as a step towards a more customer-focused organization. The study also supports the theoretical view of low hierarchy and turbulent environment to be usually combined with the decentralized approach. (Milburn et al. 1983; Ruekert et al. 1985; Chase & Tansik 1983)

The organizational design dimensions' effects can mostly be seen in the decision making processes and roles, which are affecting the other dimensions and by this, the integration. In a post-merger situation, the coordination dimension and especially the information asymmetry and flow seem to have the largest effect towards the integration of the marketing communications. Information asymmetry was the main result to affect the integration that was identified from the interviews and thus proved Landier, Nair & Wulf's (2009) view to be right about their opinion of information asymmetry. The back office with the headquarters thought to conduct a decentralized marketing approach, but part of the branch offices did experience the division of work and the responsibility of the marcom activities differently. Asymmetric information distribution with the lack of business and marketing education resulted in low self-assurance and at the end in fragmented management and to the inability to set targets and make independent decisions. This proves Porter's (1985) statement about managing service companies to be true: the communication between managers and the branch offices must be operated perfectly in order to make profitable decisions. Differences in the division of the responsibility of the marketing communication decision making and the variable roles of decision makers were making the decision making process fragmented. Because of the fragmented decision making, the information flow was scattered and practices for information distribution weren't standardized. This supports Holm's (2006) statement of information flow being the key ingredient in the integration of the marketing communication.

An unified, strategic decision making is a fundamental requirement for the integration of the marcom and without integrated marcom, the opportunity of creating a new marcom structure for a new company is ruined. Keller's (2001) argument of marketing communications to present the voice of a brand and the means by how a company can create a dialogue between consumers and a company stays elusive in this situation.

Organizational design dimensions can also be said to have an important role when assessing the successfulness of the merger and also when diagnosing the post-merger situation related to the information flow and attitudes among employees in marcom department. This study also contributes to the inter-firm relationships study, which is becoming more and more common because of the shift in marketing organization from transaction based approach to the relationship based approach.

## **7.2. Managerial implications**

Fundamentally this study offers a window to a post-merger situation in a geographically dispersed service company, where the differences in opinions related to marcom responsibilities and division of labor are prevailing. The understanding of the organization design dimensions' effect towards the marcom integration could help the companies to design the merger better and to ensure the information flow's continuity, which is a requirement for a successful integration of the marcom actions.

In chapter 6.4. the managerial implications are presented in details as an action proposal for a case company. To be able to improve the integration of the marketing communication activities, a case company has to focus on three factors: education, new rules for division of labor and information sharing instructions.

Top management of the case company has to create concrete targets for the measurement of the marketing communications effectiveness, because part of the respondents argued to have challenges in creating new, effective marketing campaigns. Customer service managers are not interested in creating new ideas and they don't know how to start innovating and to think creatively. This can be linked to the scattered information flow: when CSMs don't have any targets or objects what to achieve, they are not motivated in creating new ways of achieving them.

Concrete targets need concrete ways to achieve them. For this, the writer of this thesis proposes the back office to offer support, broad instructions or marketing

courses for basic marketing communication processes like the planning, implementing and the evaluation. Concrete targets are needed when evaluating the success of each campaign and those also motivates personnel to be more innovative.

The division of labor has to be approached in more operational level. The back office has to inform customer service managers more about the responsibility of the decision making and the target setting: back office with the area managers could define the overall state of will for marcoms, broad targets and overall mindset of the marketing communications for the new, merged company and area managers would deliver the message to the customer service managers. CSMs could then define the strict targets and distribute them to the lower level employees.

The knowledge of how to use different information channels and which channel is being used for what has to be diffused into the branch offices' daily operations. After the information distribution practices are standardized, the creation of the material bank has to be a priority due to the success of integration of the marcom activities.

To include marketing communication activities to the managerial implications, the main marcom activities that interviewees experienced to be important for the new Company X are identified to be advertising in a newspapers and personal selling in the form of meetings and company visits. Recommendation campaign has proved to be an efficient way of advertising for a new clients and this practice is perceived to raise the visibility of the company with a long-term approach, which is a vital task for a company with a new name in new locations.

The year clock thinking – when to advertise and what, was seen as an easy way to plan a yearly marketing. At the beginning of the year advertisements about deposits and savings are experienced to work. During the summer, the business is usually a bit quiet so newspaper advertisements are not used, but event marketing is blooming. During the autumn and winter the themes about apartment savings and pension savings are proven to be working and this time of the season is seen

to be a good time for inviting the companies to have meetings in company's premises.

### **7.3. Limitations and future research**

A case study as a study method often offers more managerial implications than a theoretical contribution. Challenges for further researches can be that the selected approach in this study was suitable for this particular study of this particular company, and the study was made after the merger. To be able to create a truly holistic situational analysis of the case company's situation, there should have been a study before and after the merger. Thus the progression, implementation and follow-up measures for the integration of the marcom activities could have been done more comprehensively. Another limitation of this study is the obsolete nature of the marketing communication methods that are in use in this established branch of industry, which causes them not to be included in topical and current researches. Thus the creation of new knowledge of the marcom activities remains in moderate amounts. Third limitation of this study is the relatively modest amount of the interviewees.

Furthermore, to be able to generate future researches from this same field of a study, the development of the financial sectors' marcom activities and the overall direction where the chosen industry is evolving, could be reckoned to study.

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## APPENDICES

### APPENDIX 1. A semi-structured framework for the interviews

#### Yleistä:

1. Kuvaile oman konttorisi markkinointiviestinnän toimivuutta (markkinointiviestit, tapahtumat, kanavat)
2. Mikä markkinointiviestinnässä sujuu hyvin? Miksi juuri tämä on hyvä käytäntö?
3. Mitä ongelmia markkinointiviestinnässä tällä hetkellä on?
4. Miten koet markkinointiviestinnän ja markkinoinnin tietojen kulkevan liiketoiminnan tuen ja haarakonttoreiden välillä? Yhteistyö?
5. Mitkä ovat tärkeimpiä markkinointiviestinnällisiä toimenpiteitä vuoden aikana? (Voi jaotella vuodenajoinnaksi)
6. Kun lähdetään ideoimaan ja sitten tekemään markkinointikampanjaa/osallistutaan tapahtumaan/muu markkinoinnillinen toimenpide, miten ja mistä sen toteutus käytännössä lähtee?
7. Miten koet paikallisuuden ja kansallisuuden näkyvän Oma SP:n markkinointiviestinnässä?

#### Keskittäminen/Hajauttaminen:

1. Mikä on mielikuvasi siitä, kuinka paljon päätöksiä ja informaatiota jaetaan konttorien kesken sekä konttorin sisäisesti? Onko tämä hyvä käytäntö?
2. Kuka määrittelee markkinointiviestinnän tavoitteet?
3. Mikä on mielestänne liiketoiminnan tuen asema markkinointiviestinnän toimenpiteiden toteuttamisessa?
  - ➔ Kuinka paljon haluatte tehdä itse päätöksiä ja kuinka paljon haluatte liiketoiminnan tuen tarjoavan apua?
4. Kuka valitsee, mitä markkinointikanavia käytätte asiakasviestinnässänne?

**Päätöksenteko:**

1. Onko päätöksenteko enemmän vertikaalista vai horisontaalista?
2. Kuinka usein koette, että Oma Sp:n markkinointihenkilöiden pitäisi tavata, jotta yleiset suuntaviivat ja strategia olisi kaikkien tiedossa ja ”kaikki olisivat samalla sivulla”?
3. Konttoreilla on erilaisia näkemyksiä markkinointiviestinnän eri toimenpiteiden tärkeydestä. Miten haluaisitte tiedottaa muille konttoreille ja pääkonttorille/liiketoiminnan tuelle, mihin tapahtumiin haluaisitte osallistua tai minkälaisen kampanjan haluaisitte aloittaa?
4. Jotta markkinointiviestintää voitaisiin yhtenäistää, tiedon välittäminen ja mark. viest. materiaalien laadun kontrollointi olisi tärkeää. Koetteko, että päätöksenteon pitäisi pysyä konttorin sisällä, eikä esimerkiksi liiketoiminnan pitäisi osallistua esim. markkinointiviestinnän materiaalien tuottamiseen?

**Koordinaatio:**

1. Minkälaisia raportointi- ja kontrollointisysteemejä teillä on käytössänne?
2. Miten markkinointiviestinnän työnjako määräytyy?
3. Onko markkinointiviestinnän koordinaatio enemmän sääntöjen ja suunnitelmien mukaan etenevää, vai onko konttorillanne enemmän tapana tehdä asioita spontaanisti ja yhdessä sopien?
4. Kuinka paljon haluaisitte, että liiketoiminnan tuki osallistuu teknisen/IT-avun tarjontaan esimerkiksi markkinointimateriaalien teossa?  
→ Koetteko yhteisen materiaalipankin käytön olevan kannattavaa?

## **APPENDIX 2. A theme interview with an external partner from different industry**

### **Markkinointivastaavat:**

- Onko konttoreiden markkinointivastaaville pidetty koulutuksia mm. tavoiteasetannasta, budjetoinnista ym.?

### **Käytännön markkinointiviestinnän organisointi:**

- Kuinka usein sivukonttorien ja pääkonttorin markkinointivastaavat tapaavat?
- Miten informaation välittäminen on koettu helpoimmaksi suorittaa?

### **Tavoitteiden/suuntaviivojen asettaminen:**

- Miten paikalliskonttoreiden markkinoinnilliset intressit ja mainoskampanjat on saatu sovitettua pääkonttorin laajoihin markkinoinnillisiin suuntaviivoihin? Vai onko niitä saatu sovitettua toisiinsa?
- Miten yhdistetty paikallisuus ja kansallisuus: Onko pääkonttori linjannut yleiset suuret linjat joita kaikki noudattelevat ja sivukonttorit päättävät pienistä seikoista, vai onko pääkonttori linjannut kaikki asiat, joita sivukonttorit vain noudattelevat?
- Onko paikallis- ja pääkonttoreilla eri markkinointiviestinnälliset tavoitteet?

### **Päätöksenteko:**

- Osallistuvatko paikalliskonttorit mitenkään brändiin liittyviin päätöksiin?

### **Muuta:**

- Mitä käytännön ongelmia markkinointiviestinnässä on koettu? (Organisoinnin osalta: pääkonttori vs. haarakonttorit)
- Miten hyväksi nähtyjä käytäntöjä (markkinointiviestinnän best practices) on pyritty levittämään muille konttoreille?