Understanding value formation

A study of marketing communications practices at the food retailer ICA

MART OTS
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Jönköping, 19 April 2010

Mart Ots
ICA AB is Sweden’s largest retail and wholesale firm, a cooperation of retail proprietors. Here it is studied as the nation’s largest media firm. It is the largest advertiser, the largest publisher of consumer magazines, and plausibly the most advanced user of household shopping data for marketing purposes. ICA’s marketing media system is operated by a constellation of different professional groups, and the study at hand asks questions about how practitioners in different professional communities relate to the idea of value and value creation, how their social practices pushes them towards divergent understandings and priorities, and what such differences do to their opportunities to collaborate within ICA’s marketing processes.

We are all ‘practitioners’ in the sense that we go about our daily lives conducting various practices that create value for ourselves and for others. We act in routinized fashions surrounded by social codes that guides us in how to combine and integrate tools, skills and products in different combinations. Since they seem to capture the very purpose of marketing, ‘value’ and ‘value creation’ are concepts which long have been central to the academic debate. However, if our value-creating practices are guided by social codes, this has consequences for marketers and marketing that has been largely left aside in the mainstream marketing theory.

Over two years, 2007-2008, through qualitative interviewing and participant observation, the study follows ICA’s marketing communications process and some of its most central practitioners – marketing managers, media agency specialists, editorial staff, and TV network sales representatives. It describes their involvement in TV advertising campaigns, in the customer magazine Buffé, and in the introduction of mass-customized direct marketing in the project Mina varor.

Combining some of the most widely cited marketing theories on value creation with a sociological view on activity forwarded by Practice Theory, this thesis suggests that value is best seen as being formed along two intertwined processes – value creation which is the process of physical activity, and value construction which is a social process of understanding what is to be regarded valuable. The findings provide firstly a detailed mapping of how practitioners articulate marketing communications value, what aspects they emphasize, and how they interpret the objective of their practices. Secondly, the study links the articulations of value to 16 value-forming marketing communications practices. Marketing managers, media agency specialists, editorial staff, and TV network sales representatives are all described as acting according to a ‘practical logic’ of their respective professional communities. These logics combine practices for
marketing communications production, for mutual interaction, and for valuation of processes, products and outcomes.

The benefits of coordination and collaboration have been forwarded in marketing (relationships and networks) and marketing communications (integrated marketing communications) literature over the past decades. The concluding discussion concerns how and to which extent practical logics can be altered, changed, or aligned towards mutually rewarding goals. In other words, how can two parties work together if they have divergent understandings of value, and conversely how can two parties learn to understand value by working together? It thereby puts focus on marketing communications management, and contrary to many textbooks in the field, this study does not describe marketing communications as a de-humanized instrument in the marketer’s toolbox, but as a challenge of coordinating practitioners, practices, and understandings.
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Introduction

1.1 Professionals, Practitioners, Stay-at-Home-Parents, and the Practical logic of value

When asked what my thesis is about, I have used three standard answers. In the broadest sense, you can read this as a description of ICA, Sweden’s largest retailer, and some of its most well-known marketing communication channels – TV advertising, the customer magazine Buffé, and the one-to-one marketing project ‘Mina Varor’ (My Goods). Working to my advantage at various social gatherings, I have noticed that almost every Swedish individual, adult or child, have a quite vivid relationship with ICA. No wonder really, since besides controlling close to 50% of the grocery market, ICA has also held a high profile in the media landscape counting the highest gross expenditures on traditional advertising media, receiving numerous creative awards for their advertising campaigns, being publisher of the largest consumer magazine, and having more than 2 million cardholders connected to its loyalty program in a country of 5 million households. Over two years, 2007 and 2008, I followed and documented the work done by ICA together with its suppliers and consultants in the media and advertising industries. So if you ever have wondered what goes on behind the scenes when one of the large players plan its advertising campaigns, then this book has some sections for you.

For those more specifically interested in advertising and media planning, the book investigates an advertising market problem. It presents an illustration of how marketing managers, media planners, and other practitioners involved in a large-scale media planning process value advertising media in quite different ways. Considering the in-built ambiguity of the word ‘value’ this may not come as a surprise, but in a global multi-billion dollar industry that often discusses advertising media value as factual knowledge, ‘cost-per-thousand’, ‘reach’ and ‘target ratings points’, the proposition that value comes in different forms and shapes raises some questions. Standing in the midst of a revolution of digital and social media as advertising platforms, the question is perhaps more timely than ever – what do such differences in understanding do for how advertising campaigns are managed and which media choices are eventually made? This book may help you understand such processes in a new way.

Every once in a while, I get to talk about the full scope of my study. Typically, it involves someone who has a theoretical interest in either marketing or sociology, or both. Whereas this thesis indeed is an exploration of
advertising practitioners’ understandings of value, the real mission is to show how ‘value’ in a more general sense is a process of understanding fostered in a social context. From this viewpoint, value is not based on scientific facts, market laws, or laws of nature, but on interpretations made by people trying to do a good every-day job at their firms, get an occasional pat on the shoulder by their boss and maybe a bonus at Christmas. I find it convenient to think of value as ‘socially constructed desires, preferences, or satisfactions’ for or from something – a feeling of liking, choosing, or prioritizing some things ahead of other. However, it is important for this study that both our preferences for, and experiences of benefit and gratification, are integrated in how we understand the tasks we perform and their purpose. The thesis tries to describe and interpret such a process.

‘Practice’ is a sociological term that includes the act of doing something as well as the purpose and meaning of doing it. Our lives and professions are filled with such socially acquired schemas. In their seemingly mundane practices, an advertising practitioner, just like a student, a dentist, or a stay-at-home-parent, both invents and manifests the value(s) associated with the products they use, the experiences they gain, and the outcomes they achieve. A student might value ‘getting a good grade’ and ‘having a good time’, a dentist might value ‘happy customers’ and ‘high revenue’, and a stay-at-home-parent might value ‘time with the kids’. Each one behaves in ways that supports and re-produces their understandings of value. What advertising professionals value when it comes to advertising media is discussed at length in later chapters, but importantly these preferences are not conscious choices – they come bundled along with the practices and the roles we perform.

Albeit the advertising industry is a quite specific context, I want to believe that the same reasoning can be applied to many a variety of settings. In fact I will argue that professional communities, or ‘communities of practice’ as they are called here, are not fundamentally different from consumer subcultures, and that the act of purchasing advertising media has many similarities to for example buying a pair of jeans. Just as a teenager’s valuation of jeans often is marked by the social group of identification, professional buyers of commercial airtime on TV, customer magazines, and one-to-one marketing systems, value these advertising media according to the norms and procedures in their respective professional communities.

Within each community of practice, certain priorities and objectives make perfect sense, and appear seemingly logical. This understanding, which is constructed and enacted through daily routines, is what is here introduced as the ‘practical logic of value’. So if we really want to forward our understanding of value creation processes, then we need to explore how communities of practitioners – in this study consisting of marketing managers, media agency specialists, TV network sales representatives, magazine editors and other stakeholders involved in the communications campaigns at the food retailer ICA – act and think in practice.
1.2 Is value determined by humans or by Microsoft Excel?

The idea of this study originates in my own professional background in what is called the new media. The question how we decide on what is valuable was actualized when I some years ago talked to a friend who was managing the marketing and sales operations of a New York-based internet company specializing in online streaming video. He believed that the innovativeness in advertising techniques and formats of his firm provided increased benefits for advertisers, yet his advertising products proved difficult to sell. Each prospective advertising client was represented by a media agency, and at each media agency he visited, he met a junior planner who gave him different versions of the same argument: ‘In my job as a planner I use an Excel sheet to distribute the budget where I get the most value for the money. Unfortunately there are no pre-programmed slots for in my Excel spreadsheet that fits your offering.’ Obviously, any illusion that it was ‘advertiser benefits’ alone that determined the value of advertising media was shattered. In addition, it appeared that computer tools like Excel spreadsheets were sometimes more influential than human judgment in the process.

This short illustration is also part of a major shift where the underlying fundamentals for traditional advertising are changing. Let me exemplify: When I grew up in the 1980’s, I used to always arrive early to the cinema. Just like other Swedes, I was living a life free from commercial broadcasting, two license-fee funded public service channels being my sole providers of TV-programming. For me, the commercials before the movie were as important for the unique cinema experience as sometimes the movie itself. So I watched, absorbed, enjoyed, and even today I recall the ads for brands some of which are not even sold today; Toy chewing gum, Timotej shampoo and Snickers chocolate bars.

Today, in 2009, the Swedish media landscape is in most respects similar to that of many other countries. For a person with endless thirst for variety, and a high enough media budget for cable subscription, access to channels is today close to infinite. Therefore, the supply of content for every taste and habit, through every channel and for every occasion, has exploded over the past decade, and most of it is in one way or another financed through our attentiveness to advertising messages. Yet, the number of hours in a day is still twenty-four, and the time we spend consuming media has not changed in any significant respect.

Today I use pop-up blockers for my internet browser, I record my favorite TV-shows and let the DVR sort out the commercial breaks, I have joined my mobile phone operators’ do-not-send-list for SMS advertisements, and I have a sticker on my mailbox declining unaddressed direct mail. So if you feel that you have changed your relationship to advertising over time, from being a willing receiver to one who makes a sport out of avoidance, then we are both part of a
global trend of consumers who find today’s mass advertisements too many, too uninteresting and largely irrelevant to us. Still, we love our favorite brands, we enjoy receiving good, relevant advertising when we have the time and energy to digest it, and we are always up for a good bargain (Stuart, 2008).

For advertisers such change has huge implications. Placing an advertisement in TV does not have the same effect that it used to because consciously or unconsciously people neither pay attention nor react to messages the same way as they used to (Clancy & Krieg, 2006; Lee, 2006). The advertising industry has a century-long history where media, advertisers and agencies have established working procedures and conventions about how advertising media is valued. A central aspect of valuation of traditional advertising media is the so called ‘vehicle exposure model’, an assumption that media only creates value in the communication process by exposing the advertisement to consumers. Newspapers, TV broadcasters and magazines are therefore all measured, priced, and sold based upon how many people the medium reaches in different audience categories of age, gender, and geography.

Advertisers now claim that this assumed link between how large audience a medium can count, and how many of those that see, recall, or react to the inserted advertisements is seriously weakened. New measurements of media value such as ‘audience engagement’ are currently being sought (e.g. ARF 2007), and the industry claims to move in the direction of learning about consumers rather than optimizing current metrics (Rubinson 2009). Yet, in most firms business proceeds as usual and more advertising space is sold for every year in traditional channels and by traditional valuation procedures. It seems like the people who are professionally specialized in media valuation are least likely to embrace new interpretations of media value. The question that more people ask is how long valuation praxis can continue to live a life separate from advertisers’ experiences of value (Ha 1995).

1.3 An advertising market view on a marketing communications problem

What I want to demonstrate with the examples is that practices carry assumptions that frame the meaning of value within the specific context of activity. What practitioners perceive, assess, and label as being valuable is in other words closely tied to the work routines they engage in. Along a similar line of reasoning it has been described how media firms’ adoption of new technological tools and work procedures, also makes them measure, understand, and value audiences in new ways (Napoli, Forthcoming).

In order to move ahead, I do not want to refine existing advertising planning theory. Rather I want to contribute with a new perspective on advertising media planning and marketing communications management. The
Introduction

sociology of practices (Reckwitz, 2002; Schatzki, 2001) is the choice of lens, since applying Practice theory to a market problem has the specific advantage of allowing me to study both the minds and actions of practitioners within a single framework. This opens up for new insights about the value creation activities that practitioners pursue and how they relate to their understandings about value.

A traditional advertising study might intuitively start with some variation on the classical sender-receiver model (Shannon & Weaver, 1949). That model looks at interaction between a sender (advertiser) and receiver (consumer), where the advertisement is the stimuli that causes some kind of behavioral or cognitive effect on the consumer side. From that perspective, the goal would then be to find something more relevant than ‘exposure’ that causes consumer response. My research does however neither intend to study consumers, nor does it assume that advertisers think in terms of academic communication models when they plan advertising media. Instead, my interest resides within the business process and what people in this industry actually do when they evaluate and exchange advertising media. In this sense, the issue is treated as an advertising market. This perspective picks up on an address made by William Cook of the Advertising Research Foundation and Arthur Kover, a sociologist at Fordham University, more than a decade ago (1997, p. 13), which I believe is equally relevant today for the field of advertising media purchasing and planning:

“Any discussion of advertising research and measurement of advertising effectiveness needs to consider advertising research as a marketing problem. If marketing is defined as the art of meeting consumers’ needs, advertising effectiveness must be defined in relation to the needs of advertisers. We contend that these needs are quite diverse; we believe that these differing needs reflect important differences in definition among academic and practitioner researchers.”

What Cook and Kover suggested was that in order to bring research on advertising effectiveness forward we should stop chasing one objective definition. Rather, it needed to be recognized that behind parallel definitions of advertising effectiveness by different interest groups – like agency specialists, marketing managers, academics – lay different motives and understandings. In such a view, advertising value, just as related concepts such as ‘media audiences’ are at least in part ‘discursive constructs’ (Dahlgren, 1998, p. 307) that gain their meaning from the practitioner who observes them in time and space.
Figure 1. An advertising market constellation

On the advertising market flourishes a wide range of firms offering their products and services to advertisers. This study departs from the planning processes of the food retailer ICA (described in chapter 2 and 5), a customer and client to some of these firms (Figure 1). Within their marketing departments, advertisers such as ICA develop communication objectives based on their business plans. This could for instance be behavioral goals such as ‘making people visit our stores more frequently’ or cognitive goals such as ‘making people develop more favorable associations to our brand’. In this process of deciding what goals are desirable and which resources are needed to reach the goals, advertisers sometimes draw upon the services of two external suppliers – advertising agencies and the media agencies. Advertising agencies traditionally specialize in transforming business-like communication goals into creative ideas and coordinating the practical execution of the advertisement. ICA’s ad agency additionally holds a central position in the strategic process of developing the underlying communication goals and objectives. The media agency has a more technical approach, translating communication objectives to a media plan saying which budget is needed and where, when, and how many times the advertisements should be distributed in order to reach the goals. Media agencies also take care of the practical administration and handling of the ads, but most of them promote their media buying function and negotiation skills as their core competence. Advertising media is a resource that is often supplied to advertisers by media firms, in this study represented by TV networks and publishing houses.

The bidirectional arrows in Figure 1 indicates that this study in line with a broad stream in contemporary marketing literature regards the advertiser, not as a passive receiver of market offerings from suppliers, but as an active value producer who draws upon resources from a constellation of actors (Normann, 2001). Accordingly, the practitioners at ICA does not consider themselves passively served by suppliers, but rather being the natural captain of the constellation. Their marketing managers are actively attempting to organize practitioners and practices, integrating the resources they provide within ICA’s marketing communications processes. Such a scenario complicates the picture about who produces marketing communications value, who manages the process and who is being managed, and it is within this advertising market
Introduction

context I study how practitioners come to form their understanding of what is valuable and what is not.

The retail firm ICA, like many other advertisers, is experiencing decreasing returns on advertising investments, more market choice and market complexity, yet increasingly wishes to integrate and coordinate its communication efforts. Media firms and agencies are on their side seeing profit margins squeezed, commoditization of products, and standardization of processes. In response to some of the observed problems, suppliers on the advertising market have been advised to make ‘customer value’ more central to their marketing strategies (Aris & Bughin 2005), and specifically a relationship marketing approach has been suggested to assist them in this process (Abratt & Cowan 1999). From this perspective, advertisers, agencies, and media firms all have a shared interest in turning the practice of planning, purchasing and use of media into a more value-oriented exercise, ultimately increasing the advertisers’ experiences of having created effective campaigns. However, the main body of literature on advertising media planning and purchasing still approaches advertising as an optimization problem that does not problematize differences in understandings and procedures among the participants in the process (for an exception see Nyilasy, Kreshel, & Reid, Forthcoming).

A market perspective on advertising media planning addresses some of the problems facing media firms and agencies, as well as advertisers. It challenges the traditional view of how advertising media planning and purchasing should be regarded if advertising media is not to be viewed a product which is supplied, but rather as a bundle of intertwined practices that serves to create advertiser value. Taking a marketing practice perspective on advertising value creation requires us to see advertising as a mutual challenge between buyers and sellers to coordinate procedures and communicate understandings and it is in the interest of this study to uncover how this process works.

A market perspective is generally interesting since it regards the interaction between sellers and buyers as a value creation problem. According to the relational marketing paradigm spearheaded by the so-called Service Dominant Logic (SDL), the customer is claimed to decide what value is, and that value is ultimately created within customers’ processes of usage through collaborative activities with other stakeholders (Vargo & Lusch, 2004). The Service Dominant Logic has over a short period grown immensely popular in its managerial perspective on value creation activity and its marriage between relationship marketing and the resource based-view. The original article by Vargo and Lusch can today pronounce itself the -00 decade’s most cited article in Journal of Marketing according to Google Scholar. Yet, most of the work done so far in this stream is of conceptual rather than empirical character and there are several contributions to make.

Whereas SDL primarily focuses on how value is created, there are parallel streams in marketing that pay more interest in how value is understood. Research in the cognitive stream (e.g. Woodruff, 1997) has attempted to outline
the structure and dimension of customer-perceived value. In the domain of interpretive marketing studies, consumption has been depicted as a practice that is culturally contingent (Arnould & Thompson, 2005). From this perspective value creation can be understood only if we also regard the contextual understandings and conventions that guard the usage processes.

Though SDL proposes that value is mainly created by customers, there are few empirical descriptions of what customers actually do, and it has been claimed that SDL alone lacks the tools to really systematize such knowledge (Schau, Muñiz, & Arnould, 2009). Little is known about how these processes work across organizational boundaries (Payne, Storbacka, & Frow, 2008), and perhaps most importantly it is not extensively studied how practitioners come to understand value within marketing relationships (Grönroos, 2007, p. 177). The effort to study value creation as a social process seems a fruitful path for me to approach this problem.

1.4 Research objective

This study picks up on the remarks made by Dahlgren (1998) and Cook and Kover (1997), that much of what is described as ‘value’ are highly contextual understandings that often co-exist in parallel to each other. Leaving aside that an advertising planner, a politician, and a media studies scholar, who will never ever meet, might see value in entirely different dimensions of the behaviors of a national TV audience, I was curious how firms and practitioners who are supposed to co-create value through everyday work practices in interconnected market constellations construct their ideas about value.

A marketing communications process at a large food retail firm such as ICA combines practices conducted by a number of practitioners both internal and external to the organization. Just as this process serves to produce what theories like the Service Dominant Logic calls ‘customer value’, it seems unlikely that customer value as a concept is constructed by the customer (in this case ICA) alone. Thereby marketing communications is also a process in which different practitioners with different frames of reference meet and somehow agrees on what should be regarded valuable. Theories on value co-creation are at least to a certain extent dependent on that understandings about value are shared and it is this value formation process that I aim to explore. The dynamics are demonstrated in a study where we get to follow ICA’s advertising planning process and the actions and interactions of marketing managers, consultants and suppliers of advertising media.

_The purpose is to create an empirically grounded description of the value formation process._
Introduction

‘Value formation’ is a term used by Grönroos (2007, p. 360) to describe the creation of value that is less determined in advance\(^1\). Working from the propositions of Practice Theory, it is here suggested that the concept of value formation can be broken down in two intertwined processes – *value creation* which refers to the activities that actors engage in, and *value construction* which refers to practitioners’ understandings of value. Inquiries about the latter has been largely absent from the academic discussion on value creation in marketing, why we know very little about the dynamics of value and how mind and action are combined.

![Value formation, creation and construction](image)

By looking at value formation as a social process means that, as opposed to much of the existing advertising literature which is free from people and where value often is portrayed to exist independent of human action, this study contrarily claims that in research on value the people – here practitioners - are central. Understandings of value and procedures to create value are parts of the everyday job people perform on social arenas. Taking this perspective on value creation may help to understand why media firms encounter difficulties in improving the creation of customer value, and why advertisers find it difficult to coordinate value creation across departments and professional communities in the market constellation. Most centrally it provides a perspective on value formation where managing the meanings of value may be as important as the physical acts of value creation.

Two research questions are developed to help design the research strategy and guide methodological considerations. The first question focuses on how practitioners articulate value and in what ways these views differ across communities of practice (addressed in chapter 9). The second question looks deeper into how the social construction of value is contingent on practices (addressed in chapter 10).

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\(^1\) Grönroos distinguishes planned (*value generation*) from less determined (*value formation*) value creation processes
RQ1: How do different practitioners in the media planning and purchasing process understand value?

RQ2: How do these understandings form within professional practices?

1.5 Outline of the thesis

Chapter 1, Introduction, provides the background to the study, its objective and research questions. The social dynamics of customer value are placed at the core of the study, which is further positioned within the fields of marketing and advertising. A brief textual overview of the report is provided.

Chapter 2, Methodology, introduces the research strategy of the thesis and how social theory on practices has influenced the design of the study. It is argued with the support of social theories on practice that studying why people do things the way they do may provide new insights into how value is formed.

Chapter 3, Value formation in marketing literature provides a brief historical overview of value creation theory and introduces three approaches to value and value creation – the resource-based view, the cognitive view, and the interpretive view. In each view it asks how existing knowledge relates to the issue of value as social constructions. Special interest is taken in services marketing thinking which has developed a special focus on customers’ consumption processes, and value creation as an interplay between buyer and seller, blurring the demarcation between producer and consumer.

Chapter 4, Value in advertising theory delves into more industry-specific literature. Since the empirical setting of this study is the advertising industry, it was of interest to see how value is described and analyzed in advertising literature and trade press. This was a way to understand the role of academic theory in the practices that the practitioners were performing, but also a way to be more familiar with the current debate and questions in the field. TV advertising planning, Custom publishing, and Customer Relationship Management are all professional and academic areas in their own rights and much of the established concepts, tools, and models that occur in industry jargon are presented and structured here. The chapter is structured in sections covering how literature describes value relating to each of these three professionalized fields. Each section is, to the extent possible, classifying research that has studied value from as either objective or subjective constructs. In the later sections, the concept of value is broadened to also include general aspects work processes and relationships.

The case descriptions in chapters 5 through 8 introduce the case company ICA, and their communications planning processes. It then moves on to the rich details of each of the three in-cases – TV advertising, Custom publishing, and Customer relationship management providing an overview of the work that was conducted and the decisions that were taken. These stories provide a
Chapter 9, *How practitioners articulate the value of using advertising media*, should be regarded as another perspective on the empirical data. Through coding of in-depth interviews in search of how each practitioner articulated value, a value palette for each studied community of practice emerged. It is not meant as an absolute measurement of what value *is*, but it provides an opportunity to identify differences in how value is understood across cases and fields of practice.

Chapter 10, *The practical logic of value*, brings together the contextual descriptions of process activities in chapters 5 to 8, and the value articulations identified in chapter 9, and returns to the coded in-depth interviews in search of mechanisms of underlying practitioners’ articulations. For each of the three cases – TV advertising, Custom publishing, and Customer relationship management, the contextual logics of value are described. The result is an identification and description of 16 value forming practices.

Chapter 11, *Conclusions*, discusses the dynamics involved in the construction of value. By adding dimensions to the current understanding of value creation, it reflects on the contributions to marketing theory in general, but also to the understanding of marketing communication and advertising.
2 Methodology

2.1 Research Strategy

When designing this study, I scanned through what felt like never-ending piles of articles and books on audience measurement and media selection. What struck me was that anything that had to do with valuation or value creation seemingly looked the same. One quantitative survey after another was scoring the relative importance of fixed lists of media characteristics in different target groups: large advertisers, small advertisers, and media agency professionals with low or high education. Yet none of the studies appeared to reflect over the alarming detail that while respondents assigned a factor with importance, the same category of people voiced in other forums that the most ‘important’ factors also said very little about the value of the product. Then why is it so – is value not important, or are items of importance not valuable? It seemed as if media selection was not quite the rational decimal science it pretended to be.

2.1.1 (Re-)Interpreting media valuation practices

So in addition to my earlier experiences, this research came about also as a reaction to the uniformity of prior studies. I wanted it to go beyond the surface of media planning and purchasing practice and show the complexity of how things happen the way they do. The result should among other things serve to illustrate why high importance and low value may be attributed to the same media selection methods.

The only way that seemed feasible to approach this was through an interpretive approach, and to ‘see the situation as it is seen by the actor, observing what the actor takes into account, observing how he interprets what is taken into account’ (Blumer, 1969, p. 56). Understanding therefore becomes central, as opposed to research that have the objectives to make predictions based on theory. In this study, the desire to expand understanding rather than test theory fits well with this approach. As Braa and Vidgen (1999), suggests, the interpretive case study may be provide one of the most distinct ways to implement such research objectives. Following real life marketing communications practices appeared as choice that fitted well into this framework.

2.1.2 The case study approach

A case study is not a method in itself, but rather a ‘research strategy’ or a way to approach what goes on in particular settings (Eisenhardt, 1989, p. 534). I found
the case approach suitable for mainly two reasons. On the technical side, it allowed me to study different media channels, where the case context – a specific process, at a specific firm, at a specific duration in time – formed the anchor that made comparison across media campaigns easier. This need to acknowledge the context of study, and the contextuality of findings, has been voiced in some academic circles (e.g. Pettigrew, 1987), yet has passed relatively unnoticed in research on advertising and media. Further, the format allowed me to leverage the strengths of qualitative data by presenting the work along a story line with details, scenes and conversations that made the setting come alive (Caulley, 2008). The case approach simply assists telling a story, and a good story is central to the case approach (Dyer & Wilkins, 1991; Eisenhardt, 1991).

In a case study, the investigated phenomenon and the context in which it occurs are often ‘intertwined’ (Pettigrew, 1987; Yin, 1994, p. 13). Because of this contextuality, the case study becomes a description of something very ‘particular’ (Stake, 2000, p. 436). Defining the case too clearly in advance does not, however, come without criticism. From an interpretive standpoint, pre-defining the object of study may be counterproductive to the whole research purpose. The method itself embraces ambiguity in the research setting and in order ‘to be determinate we must be indeterminate’ (Van Maanen, 1995, p. 139). As Charles Ragin (1992, p. 6) recapitulates from a discussion with Howard Becker; ‘Strong preconceptions (about what the case is) are likely to hamper conceptual development. Researchers probably will not know what their cases are until the research, including the task of wiring up the results, is virtually completed. What it is a case of will coalesce gradually, sometimes catalytically, and the final realization of the case’s nature may be the most important part of the interaction between ideas and evidence’. The less sure researchers are of the nature of their case, they argue, the better their research may be.

Bearing this in mind, the detailed definition of the case becomes a central part of the research process. From my perspective I have for practical reasons limited the definition of the case to simply setting the case boundaries of the study, leaving for my interpretation to fill this empty shell with content. Here, I have departed from the conventionalized definition in social science, that ‘boundaries around places and time periods define cases’ (Ragin, 1992, p. 5). Defining the case as a marketing communications planning cycle at a specific firm at a specific period in time makes the study manageable in time and space. The interpretive challenge has been to uncover the contents of the studied case and to understand and describe their meaning.

While the marketing communications process on the one hand is used to define the investigated case, my interpretive work also involves using my collected empirical data to question and elaborate this concept. Theoretical conceptions about what communications planning and media purchasing is presumed to be are here laid aside and instead the phenomenon is built inductively through interviews and observations throughout the study. Place,
Methodology

time, and space are here predefined, but what there occurs – how, why, and by whom – is left open to elaboration in the study. The case construct is therefore not treated as a generalized and objective phenomenon that is in no need of further definition. Rather as Harper (1992) suggests, essentially the case itself is ‘found’ in the empirical data by uncovering its sociologically meaningful boundaries and by displaying the complex underlying social processes.

2.1.3 Generating answers from cases

When I seek to find how value is formed in marketing communications practices, I study what people do and say and interpret what these actions and articulations mean. However, this interpretation is inevitably coloured by my prior knowledge and experiences of the empirical and theoretical topic, expressed through my research questions and my ideas about possible outcomes of the project. Pettigrew (1997, p. 343) argues that research on phenomena that occur over time, ‘is best characterized as cycles of deduction and induction’. The researcher moves back and forth between theory-building and interpretation based on existing theory. In this study the empirical problem of assessing value formation within marketing communications processes was identified through pre-studies and articles in trade press. This was then mirrored against strengths and weaknesses of existing theory on media selection and value creation in order to crystallize research themes and questions. However, this deductive way to structure research is ‘only a prelude to a more open-ended process of inductive reasoning and pattern recognition’ (Pettigrew, 1997, p. 344). From this point of view, the initial core question only formed the starting point from where additional themes and questions were added as patterns emerged through the empirical material. As more specific examples were added to the research design, allowing comparisons across examples, themes and questions could yet again be re-interpreted and reformulated. The challenge in this iterative process is to be enough creative to spot new patterns, new explanations, and new ways to formulate what occurs in the setting of the case.

The aim is to build new theory where most studies seem to be stuck in old wheel-tracks. My position here subscribes to Glaser & Strauss’ (1967) ideas of ‘fit’. If a new theory is aimed to readily fit the studied data, then systematic discovery of theory from data appears to be the most suitable way to make sure that this actually happens (Glaser & Strauss, 1967). While discovery sounds simple enough, as Glaser (1998, p. 81) states, ‘it is the nature of man to force data’. One of the great challenges of interpretive research is to resist the urge to force data to fit preconceptions about theory or practice, but rather let this particular interpretation of media planning and buying emerge as freely as possible from the material.

What is described by the researcher should be real and comprehensible enough to make sense to the persons being studied as well as other
practitioners working in the area. The new theory generated through the researcher’s interpretation should however be conceptual and broad enough to allow sufficient variation by other researchers (Glaser & Strauss, 1967, p. 3; Strauss & Corbin, 1990, p. 23). The outcomes of such an exercise may resemble existing theory or it may construct something entirely new. Like this study embraces new perspectives, similar calls for generation of new theory rather than extended testing of existing ideas has been made by several researchers (Brunsson, 1982; Glaser & Strauss, 1967; Normann, 1976). Especially in the advertising industry context where it is frequently voiced that prevalent norms, standards and assumptions hinders development of better use of media, an approach that try to lay aside existing theories and conventions may prove a more fruitful path of research.

2.1.4  Studying people in their practices

When empirically uncovering a phenomenon (value formation) within a longitudinal case setting (a marketing communications and media planning cycle) the researcher is left with several different options on how to collect and analyse data on its content. The case construct ‘media purchasing and planning’ can be studied with regard to both the time dimension and the action dimension. Whereas traditional process research (e.g. Halinen, 1997; Pettigrew, 1997) tends to take a special interest in the ‘changes’ that occur in the course of the study, this is not the primary interest here. Rather, like Corbin & Strauss (2008, p. 96) describes process like ‘a piece of music’ or like the staff of a fast-food restaurant conduct their routines to serve lunch to their patrons, it is the continuous flow of action forming the everyday (and sometimes even mundane) routine that sets the stage of the study. Work processes have a reason for their continuity and alteration that origins in responses to their context (Corbin & Strauss, 2008). From this perspective ‘value’ as a construct is dependent on its context and its process of creation. Decisions and actions regarding what is seen as valuable and how it is best acheived are embedded and bounded by work processes. Practical valuation as rules of thumb, technical tools and software, guide evaluation and allow comparisons over time. Hence, the work process – what people do, how, and why – both embeds and forms the value perceived.

Practice theory has its roots in the work of 1980’s social theory thinkers such as Pierre Bourdieu, Michel Foucault and Anthony Giddens. Overall, a central issue in their works have been a concern of how to bridge ‘individualism’ and ‘societism’ (Schatzki, 2005), meaning how to find a way to encompass both the skills and mind of the individual as well as the role of language, norms and culture in a theory on how humans understand the world around them. Seen as the carriers of understandings, human activities has become a popular elements of study, creating links also to anthropology and ethnomethodology (Garfinkel, 1967). Some thinkers have focused solely on the
role of practice (Reckwitz, 2002; Schatzki, 2001) labelling the field practice theory, whereas others have been more concerned with the system for activity (Vygotskij & Cole, 1978). The approach has been applied in a number of fields such as consumer behaviour and consumer culture (Holt, 1995; Shove & Pantzar, 2005) value creation and services marketing (Korkman, 2006; Peñaloza & Venkatesh, 2006), customer relationship management (Beckett & Nayak, 2008) and learning within organizations (Engestrom, 2001; Lave & Wenger, 1991; Wenger, 1998). Within the field of strategy the theoretical direction has developed into a subfield of its own focusing mainly on strategy-making as an activity (Jarzabkowski & Spee, 2009; Johnson, Langley, Melin, & Whittington, 2007; Whittington, 2006). Many of the empirical studies take an interest in the micro, the small bits and pieces of human activity, but practice theory as such can be used on different levels of analysis (Jarzabkowski & Spee, 2009).

Several researchers have acknowledged this resemblance between the study of processes and the study of activities and practices (e.g. Jarzabkowski & Wilson, 2002; Paroutis & Pettigrew, 2007). However, as noted by Whittington (2007), there are also differences, where a practice perspective takes more interest in the social dimensions of practice (see also Schatzki, 2005). When making ‘people’ visible in the collected material, rituals, actions, norms, and rules may provide rather different answers to how and why processes arrive at certain results. Thus – it is not the longitudinal aspect of value formation that is interesting. In order to capture practices, the data collection needs to be in-depth and as much as possible following the events as they unfold. It may be the sequence of events that is interesting, but not the change over time.

Each market exchange and valuation process has its own contextual reason for being conducted the way it is. This study is designed to further explore the content of exchange processes in general and in particular how practices are combined. This approach to analysing value is then not occupied with measuring the amount of value produced, but on the social dynamics through which value and value perceptions are built. How this occurs over time in interaction with others is something which is here referred to as value formation.

Practices

According to practice theorists (see for instance Reckwitz, 2002; Schatzki, Knorr-Cetina, & Savigny, 2001), practices form the contexts where actions, norms and ideals are embedded. Commonly, practices are defined as ‘routinized behavior’ (e.g. Reckwitz, 2002; Whittington, 2007). These behaviors consist of a set of interlinked elements including bodily activities and tasks, mental images and knowledge, and practical tools, aids and objects. Practices can thereby be seen as ‘background coping skills’ of the people performing them (Chia, 2004, p. 32). Within organizations, professions are examples of fields of practice, a social domain which consists of a number of different practices. The force that holds all elements together and organizes the practices is a shared ‘understanding’ between the practitioners that inhabits the domain (Schatzki, 2001).
Accordingly, the role of the subjects (practitioners) has gained interest (Shove & Pantzar, 2005; Whittington, 2007).

**Practitioners**

From this point of view, we are all practitioners, carriers of practices that guides us often more than our free will and critical assessment in each situation we encounter. The observation that practitioners within social domains develop shared fields of practice, sharing understandings, problem-solving abilities, and repertoires of activities has led researchers to talk about ‘communities of practice’ (Lave & Wenger, 1991; Wenger, 1998). In organizational settings it has been studied that people who consider themselves engaged in the same type of work develop distinct values, norms, and features of solidarity (Van Maanen & Barley, 1984). This notion has implications for the choice here to study marketing managers, editors, TV sales representatives and agency specialists and how they carry different understandings of the value of advertising media within the marketing communications process of a large food retailer.

The position of practice theory is the rejection of the idea that it is the minds of individuals that guide human life; how they form meaning, plan action and construct their realities. Schatzki (2001, p. 20) contends

‘According to practice theory mind is at least to a significant extent “constituted” within practices. … Practices, in sum, displace mind as the central phenomenon in human life. This prioritization of practices over mind brings with it a transformed conception of knowledge. As indicated, knowledge (and truth) are no longer automatically self-transparent possessions of minds. Rather, knowledge and truth, including the scientific versions, are mediated both by interactions between people and by arrangements in the world.’

Practice theory thereby puts personal judgment as mainly subordinate to the practice, a practice which is socially constructed. How our practices are shaped, why that is, and how that influences our choices, are questions that we do not normally reflect upon, though perhaps we should (Schön, 1983).
Methodology

(1984) illustrates the moves between different degrees of consciousness as the
difference between strategy and tactics. The former is suggested to leave more
space for the individual’s own mental world in the choice of actions. In its hope
for practitioners to learn from experience, reflect on their actions, and
potentially also create change in practices, this study aligns to the idea of society
as an open social system which both shape and is shaped by the actors in it
(Giddens, 1984). However, as a focus of study, practices is regarded the most
important force balancing people’s interpretations and choices.

Interaction as practice

In this study, interaction, just like actions, are regarded as integral parts of the
practice. Interaction occurs between colleagues within a community practice,
but most importantly, interaction also occurs between representatives from
different firms and different communities of practice, such as a consultant
talking with its business client. How it shapes the meaning of things can only be
interpreted by looking at the larger context. This way of viewing ‘understanding’ as being created within the system of the practice is what
separates practice theory from symbolic interactionism (e.g. Goffman 1959;
Blumer 1969) which holds that the creation of meanings resides in the
interactions between individuals (Reckwitz, 2002).

There are calls to acknowledge the role of social interaction as an element
within the practice (Christensen & Røpke, 2005; Jarzabkowski, Balogun, & Seidl,
2007), and as shown by Jarzabkowski and Seidl (2008), meetings have the
power to create both stability and change within organizational practices. This
study however, primarily takes interest in interactions across practices, meaning
meetings between different understandings of value. Since marketing is a field
which builds its fundament on the meetings between buyers and sellers on
markets, this is an important area for exploration. According to practice theory,
customer value can only be understood within the realms of customer practice –
but the role of interaction explores the potential to for sellers to participate in
the process of customer value formation. By knowing how marketing
relationships affect practices and the understandings of practitioners, we will
also begin to see how marketing practice can be actively used to intervene in
customer practices and shape customer’s understandings of value, as well as
how marketing practice is formed to support the production of customer value.

Increased interaction has been proposed from various streams within marketing
such as customer orientation, customer relationship management and value co-
creation which potentially brings together different practices that are to work
towards certain goals (such as for instance the creation of customer value).
However, what happens when practitioners from two (conflicting) fields of
practice meet is to a lesser extent elaborated. Different practices mean different
frames for understanding fundamental concepts (such as value). An example
from the media world would be a newspaper editor and an advertising sales
manager getting together to decide how the newspaper product they both help
create should look. The editor is likely to draw upon his framework of journalistic quality and reader satisfaction, while the advertising manager may think about his role as making sales and keeping advertisers happy. Will they be able to come to a decision, to what extent do they understand each other's frames of reference, and will their interaction cause them to reflect upon and perhaps even change their understanding of their own practices?

Practices are by no means static, but continuously evolve along with the lives of the practitioners. Lave & Wenger (1991) identify changes in practices, meaning learning, as coming from the introduction of new participants in a community. Change can this way be caused also by an actor who does not intend to be a part of the field of practice (such as a customer). Wenger (1998) suggests that a learning practice community is engaged in its core activity but in constant search for new experiences in the periphery. It is by having the ability within the practice to adopt new perspectives and to visit 'otherness' (1998, p. 217) that makes it creative and reflexive in its search for improvement (see also Schön, 1983). Interaction is from this perspective a potential engine for new understandings and perceptions of the world, but only with a big emphasis on 'potential'.

The problem of bringing different practices together around shared meanings pose theoretical difficulties as the meanings held by the actors within the community in themselves define the practice. Changing the shared understanding of value within a certain practice to align to a customer's definition would mean changing the balancing force that keeps the practice's part of bodily, mental, and physical elements in place. Wenger (1998, p. 114) suggests that interaction between two separate but mutually engaged practices will start forming a 'boundary practice'. A new forum, such as that of a committee, or a training class, has the potential to forge links between communities of practitioners with different logics and understandings. This, however, requires a real and long term commitment since as soon as the boundary practice cease to exist, or if it fail to create any connections between the communities of practitioners, the meanings created within the boundary practice do not point anywhere. In other words, interactions with the intention align two conflicting practices, must really seek to change the way understanding is created.

**Practice and customer value**

In a world of practices, the creation of customers’ understandings of value is not a question for the customer alone, but rather an intricate social game which provides the rules, tools and logics for action. When a private person purchases her lunch, or when a firm decides over advertising media, it is a practice which contains a sequence of contextual and somewhat routinized actions serving a purpose. Practices, for instance acts of consumption or product usage, are in other words carriers of contextual meanings (Holt, 1995). Consequently, since the very meaning of value is constituted within the surrounding practice,
practices shape the individual’s perception of value. A ‘practice’ from a practice theoretical perspective is more than a way of doing things since it also encapsulates the question why. On the surface, it is a routinized behavior, but the answer to why it is conducted in a particular fashion is found in the activated physical and mental activities, objects and tools, prior experience and emotional states. Only by seeing the interconnection of the parts can the whole practice be understood (Reckwitz, 2002, p. 249). Practices in social settings build on the idea that there is a shared understanding between parties around which practices tend to evolve (Schatzki, 2001, p. 2). Therefore the practices defines if a benefit is to be recognized as valuable. Potential value may be ignored if it is not, according to the shared understanding, a part of the practices being conducted.

In marketing communications processes it is the practices, not the individuals who execute them, that are the primary bearers of the norms and conventions of the context in which they are enacted. The social context is internalized in the practices rather than being a set of external forces influencing subjective thinking (Whittington, 2006). Material artifacts and technical tools are being employed in the execution of practices (Korkman, 2006; Reckwitz, 2002; Schatzki, 2001; Whittington, Molloy, Mayer, & Smith, 2006). These tools become important parts of the individual’s understanding of reality. Consequently, also the design, type, and limitations of for instance computer programs used for media planning plays important roles in how value is perceived within media purchasing and planning. Looking back at the example of the New York media manager in section 1.2, a seemingly effective product could not be sold since it did not have a slot in the agency planners’ Excel spreadsheets. This way, the excel sheet is an important part of the junior planner’s practices, whereas the seller of new media advertising cannot understand how the limitations of a computer program can be allowed to define the buyer’s perception of value. Thereby corporate goals and objectives are crafted in the context of these processes, and the value perceptions of individuals become the products of this chain of influence. If the social domain is exchanged for a different one, individuals will perceive value, and learn to value things differently.

Elements of analysis

The cases: Planning and executing TV-advertising, Custom Publishing, CRM within ICA’s 2008 national media plan.

Context: The micro and macro environment in which the studied phenomenon resides.

Content: The contents of practice; what people do and why in order to form value.

Output: Articulations and understandings of value.
2.1.5 Structuring research to understand practices

Media planning and purchasing in marketing communications work are essentially examples of 'social practices', in other words activities organized by humans in very particular ways (e.g. Schatzki, 2005, 2006). These practices contain the answer to how and why the meaning of value is constructed.

i) the context is the environment in which the studied phenomenon resides. The studied firm has historical, structural and strategic reasons behind their norms and routines for conducting media purchasing and planning. As proposed by some authors (Normann, 2001; Ramirez, 1999) value resides in the value creation process practices. These practices are to some extent conducted by the customer herself, sometimes by the supplier, and sometimes mutually in interaction (Grönroos, 2007). The customer has sometimes neither overview nor competence to control the value creating system of the practice (Korkman, 2006:49) and a person's actions, relations and emotions are often intertwined with those of others (Schatzki, 2005). Hence, context as a research dimension spans over internal dimensions, external parties, the history and the present. Schatzki (2005) refers to special types of context as 'sites'. A site should be regarded as an arena, constructed to serve the enactment of certain practices. The design is shaped by our prior experiences of a certain practice, but at the same time future events or actions are bounded by the arena itself. In other words, the context, and the contextuality of events, converges.

ii) the contents, or the 'how', and 'why' of the studied case are the human activities. In the system of media planning and purchasing practice (including valuation, selection, usage, evaluation); people, tools, actions and procedures all make up the contents. These contents serve to mutually express, form and influence customers' value perceptions. Hence, the work process – what people do, how, and why – both embeds (contains) and forms the value perceived. As illustrated by the idea of 'communities of practice' (Lave & Wenger, 1991), the social environment forms the practice. As much as practices on the surface can be portrayed to reach rational goals, their variation in content reflect that often social legitimacy, professionally or private, are stronger forces than cognition and logic thinking. What we learn to do and perceive is situational. Thus, the corporate habitat of a marketing department or media agency may foster practices that not only serve to maximize efficiency in a strict business sense.

In Pettigrew’s (1997) view, the application of this framework has some implications for analysis. The studied contents (here how practitioners do media planning and purchasing) are inseparable from the case context, meaning
the sites of action pictured in the case descriptions. People’s actions and thoughts are products of the world that surrounds them, so explanations of what occurs in the study must be firmly grounded in not only the present environment, but also the past and the future. The look and shape of contexts, and the sequence of actions can therefore only be understood by employing also a historical perspective. At the same time, people are not only influenced by context, but they are also co-producers, shaping the look and features of their environments (Giddens, 1979; Sztompka, 1991). Explanations should therefore aim to be holistic since the reasons for things to develop the way they do are intertwined between content (actions/interactions), context (environment/relationships), and the flow of events.

By anchoring the research in some process outcomes we also facilitate analysis of variation in outcomes across cases (Pettigrew, 1997). It provides something tangible to explain and deliver from the research and we can show how different processes and different contexts produce these differences. Here the studied value perceptions are the phenomena that serve this role.

iii) Output: Articulated value. Though the focus of this study is tuned on practitioners’ uses of ideas, tools and structures for valuation, value preferences are outcomes of this process. In this study practitioners’ articulations of desired benefits and preferences serves as a basis for interpreting their theories about value and how these theories are linked to their larger understanding of the practice. Value articulations are, therefore, treated as the ‘what’ of the case study. A hands-on, cross-case comparison of differences in value articulations between communities of practice will provide a good entry point for discussing the underlying reasons for those variations; why the processes differ, why the tools and practices look so different, and what they produce.

The empirical material is presented in accordance to this structure. Hence, the process descriptions in chapters 5-8 emphasises the context, chapter 10 analyses practices as process contents, whereas chapter 9 maps out the output of how value is articulated. In line with the purpose of this study, these sections form an empirical body that serves to deconstruct the complexities of the value formation process.

2.2 Research design

‘What exactly did you say you were going to do’, asked ICA’s head of research in a very short mail. Being their man with a PhD degree, he wanted to know more about not only the practical but also academic usefulness of my study. In fact, when I contacted ICA in late 2006 with my inquiry, I had a set of
requirements, but I could not foresee exactly what the choice of case context would do to my study. Later, a consultant with a long relationship with ICA smilingly told me at one of our meetings, that if I intended to study advertising decision processes I might unknowingly have found one of the most complex ones.

2.2.1 Choosing ICA as research site

Though surprises occurred in the process, the choice of arena for the study was highly deliberate, or *purposeful* as Maxwell (1997) puts it (see also Eisenhardt, 1989; Lincoln & Guba, 1985). When I, assisted by my supervisors, set out to find a setting for the case study the particular purposes we wanted it to serve were two-fold. First, it should capture the concept of customer value in the selection of different advertising media, and in particular a mix between close and more distant relationships between advertisers and the media they use. This could be found in an object of study that employed a range of internal and external communication channels. Second, we wanted to include the interaction of consultants like media agencies in the decision processes, which suggested that there was a minimum size of the operation.

ICA fulfilled these two criteria, but it also appeared particularly suitable for a number of reasons. *Advertising volume* – at the time, ICA was the single largest advertiser in Sweden with more than a 100 million Euro in annual gross media spending. It also published the largest customer magazine operations in the country (Buffé). *Innovativeness* – during the early 2000’s ICA had re-invented retail how retailers creatively executed TV advertising as a co-op arrangement with its suppliers. *General brand awareness* – ICA is one of the strongest consumer brands in Sweden. In essence, ICA had an interest in itself as a media firm and as an advertiser of considerable relevance for the national communication industry. Studying ICA would also mean to observe a firm that wanted to stay on the cutting edge of development. Last but not least it would mean that my study was based on a company and a brand that anybody in Sweden, could relate to, which would make dinner conversations a lot easier.

Combined, these factors made me and my supervisors put ICA on top of our search list. Had ICA declined, there would have been alternative firms with investments in both corporate and external media. Though strong brands, neither of the alternatives can claim to have created a marketing communication that has evoked the same national interest and appeal as ICA. Therefore, we were all delighted to receive their acceptance of the study in January 2007.

2.2.2 The single case – scope and delimitations

A case should have a beginning and an end, and if it has not, ‘if there is no end, actually or theoretically to the number of people who could be interviewed or
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to observations that could be conducted, then the phenomenon is not bounded enough to qualify as a case’ (Merriam, 1998, p. 28). From this perspective, a case well chosen sets its own natural limitations; it is a bounded system. So proper case selection also makes the study manageable (Miles & Huberman, 1994) since it provides a way to ‘fence in what I am going to study’ (Merriam, 1998, p. 27).

In this study, the case arena is the process of crafting and executing ICA’s 2008 national media plan. It is bounded in space to the decisions at the national level of ICA Sverige AB, a specific firm in the retailing sector, and its web of external relationships. It is also bounded in time with a clear starting point of planning in early 2007 and its execution and evaluation at the end of 2008.

It was also of concern that the study should not go in the trap of attempting to make comparisons across several advertisers with different philosophies, strategies and advertising objectives. By building the roof and walls of the case context from a single advertiser, a single time period, and a single communication plan executed at a single level in the organization, comparative analysis looked more promising. Therefore, within this case, a range of professionals, firms and media gives multiple perspectives on the same phenomenon. However, recalling the concerns of Ragin (1992) and Van Maanen (1995) the boundedness of the case must still allow for an open mind to the studied phenomenon. While the units of analysis for illustrative purposes here are stated as ‘practices and embedded understandings of value’, these concepts are initially loosely specified and open for empirical elaboration.

2.2.3 Selecting in-cases

Within the main case – ICA’s process of crafting and implementing 2008 years’ national media plan – interaction processes for three different media are studied. These are carefully selected to represent a variety of relationships and degrees of control between the advertiser and medium within the case of media planning, purchasing and implementation. The three studied examples are; TV advertising with several parties involved in a purchasing decision, Custom publishing, where solutions are developed external to ICA but with high degrees of buyer control, and finally Customer relationship management (CRM) where most aspects of intelligence, planning and execution are delivered internally. This goes in the line of purposeful selection and the intention to create polarity and contrast within the case material (e.g. Eisenhardt, 1989; Eisenhardt & Graebner, 2007; Patton, 2002; Pettigrew, 1990). Just as adding more cases to a case study multiplies the analytical power of that exercise (Eisenhardt & Graebner, 2007), adding in-cases can be used to strengthen the analytical power and variation within the single case.
Figure 3 Scope and delimitation of case

Figure 3 describes the advertiser ICA as located in an organizational constellation of the three media channels (TV advertising, Custom publishing and CRM) together with external firms (agencies and media producers). Drawing upon Van Maanen and Barley’s (1984) notion of occupational communities, these firms host various communities of practice – advertiser-side marketing managers, media agency specialists, and TV network sales representatives and editorial staff on the media-side. Ranging from TV advertising, to Custom publishing and CRM, the cases offer different opportunities for practitioners to interact. These meetings between fields of practice offer opportunities to study additional dimensions of value formation and how differences in understandings are managed. Synergetic communication effects and efficiencies through integrated marketing communications (IMC) has become an important objective for ICA along with many other firms. Whereas this coordination could be done also by agencies and media firms it is here represented by the horizontal dotted line linking the advertiser’s operations in each case.

Though the selection criteria of the in-cases were defined prior to contacting ICA, the actual media channels were partly given by the situation. Initially, both newspaper advertising and internet advertising were considered, but after discussions with ICA’s marketing department, it was evident that TV, Custom Publishing, and CRM were close to the only choices within the control of the ICA’s national marketing department that would give desired polarity in opportunities to interaction. An important reason for this was the communication decision-making structure within ICA, which closely specified the use and control of each media type to each of three levels of marketing within the organization. This will be more closely described in the empirical section. So while three is the magic number, having three in-cases was a product of both practical considerations and the desire to create balance between empirical variance (Eisenhardt, 1989) and space for in-depth description and a good story (Dyer & Wilkins, 1991).
2.2.4 Fieldwork – getting access

There were a few general requirements on the process of obtaining information. Getting sufficient access to ICA was of course a necessary condition for this study to take place. Further, the time dimension had to be reflected in the data in order to pick up the variety of practices and value logics as they happen. Therefore it was desirable to conduct interviews and observations at several points throughout the process, as opposed to solely rely on interviews that asked respondents to reflect on their past thoughts and actions. Both these conditions were met by the marketing organization at ICA, who proved persistently to be both collaborative and curious about the study.

The process was initiated when a brief project proposal was sent to ICA’s marketing director, in November 2006. During the following month, a short mail-dialogue between me and ICA’s head of research elaborated the study and its purpose, before a formal approval was given in early January 2007.

It was expected that getting ICA to accept the study was the difficult part, but once backed by ICA, their consultants and suppliers would be reluctant to decline the requests that they were presented with. This also proved true. Without any deeper knowledge of their perceived pressure to participate, being verified by ICA’s marketing department, and introduced at meetings at ICA, I was always greeted with open arms when interviewing media representatives, analysts and agency personnel.

The study was from day one fully financed through the Media Management and Transformation Centre at Jönköping International Business School, a circumstance that proved to be an important advantage when collecting data. Not only did ICA make it clear that any financial or other interests from the retailing or communication industries would have made their participation impossible, it also appeared that the independence from liabilities worked both ways. Suppliers and consultant unanimously agreed to participate, probably because of the approval of ICA, but they appeared more relaxed and open as they realized that the study was not an evaluation ordered or financed by ICA.

A letter of confidentiality was signed in spring 2007, which gave ICA the right to read my material before it was published or disclosed to a third party. While the design of the contract provided ICA the opportunity to check facts and restrict release of commercially sensitive information, the editorial control over the material remained in my hands. This became an important door-opener since it meant that respondents did not have to make the judgment on site whether what they said in interviews was confidential or not. Without it, people would most likely have left out more information than was actually required, just to be on the safe side. The document also had the practical implication that my access to information did not have to be defined in advance by the busy marketing director for every single case and interviewee. In fact, the letter of confidentiality meant that I could move quite freely, contact people and book interviews within the organization. Overall I felt that the financing of
the project, and the letter of confidentiality, decreased the reasons for respondents to provide politically correct answers (a concern which has been expressed by Silverman, 1993).

2.2.5 Fieldwork – collecting the data

Overall, the study spans over two years, starting January 2007 when the communication planning process was initiated, and continues over its execution during 2008. The collection of data did not follow a strict schedule, but tried to follow the developments as closely as possible during this period with interviews, observations and participation. When the study was accepted, ICA’s planning process had just begun so it was time for me to go to work. The material on which the case builds was collected in essentially four episodes. These came out quite naturally from ICA’s planning and execution cycle rather than from any practical or academic considerations.

The first episode in February 2007 when an introductory meeting with ICA’s marketing director was scheduled. The following two months focused on the background information about ICA as a firm, what they were doing in terms of communications planning and why. It was also a chance to get a picture about the process ahead – when were things going to happen, and how could I prepare for it. Apart from collecting as much secondary data as I could about ICA in general and their marketing communication in particular, I also conducted interviews with managers and analysts at ICA.

The second episode started in late fall 2007 when plans were about to be put into practice. Backed with the acquired knowledge about ICA’s communication intentions I had a dialogue with ICA’s new marketing communications manager, about which parts of their media-mix would be suitable for this study. We decided that TV and Custom Publishing would fit. After some additional meetings with ICA’s head of customer cards, and their head of campaigns, their excitement about the opportunities of database-driven marketing caught my interest, and we decided to make it the third case. Based on this information, the marketing communications manager provided a list of internal people that I probably would want to talk to.

TV advertising was natural to start with, since we knew it would be the largest case, at least in terms of interviews. ICA invited me to participate in their planning and purchasing meetings, and the observations were then complemented with personal interviews with the functions active in the purchasing and planning process; the marketing communication manager, media advisor, TV-planner, TV-buyer, media sales people, and analysts.

The third phase was the shortest one and contained the Custom Publishing case. The processes for planning, execution and evaluation were here fairly simple and involved a limited number of people why a handful of interviews managed to cover all the central practitioners.
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The fourth wave of data collection was initiated in early fall 2008 and contained both interviews on the CRM case and ICA’s more general evaluation of the communication year. CRM interviews were initially scheduled to spring 2008, but due to the postponed launch of the new database driven marketing program, interviews were pushed into early fall. Background information on this project had already been collected a year earlier, why this phase provided more depth and detail on the expectations and execution.

Figure 4 A time-line of the study

2.2.6 What data to collect

One of the most important advantages with a case study approach is that it allows for multiple sources (Yin, 1994) and multiple methods of data collection (Denzin & Lincoln, 1994). Data does not have to be uniform, on the contrary, qualitative and quantitative data from the same setting together help building interpretations (e.g. Miles & Huberman, 1994). Systematic exploration of value formation in marketing communications required a rich interview material in order to sufficiently cover the studied concepts. However, the interpretation of these concepts had to be based in an elaborate understanding of their embeddedness in the empirical context of planning and executing advertising media. This understanding of the role of practitioners, their professions and tools, norms, beliefs, interactions draw on multiple sources – qualitative and quantitative, primary and secondary data. Accordingly, the data in this study is a mix of secondary data of both popular and academic character along with personal interviews, observations and more informal discussions.

2.2.7 Secondary data

The choice of ICA has had its advantages in this process. ICA has played a central role in the development of Swedish retailing over close to 100 years, making the firm stand out, or being ‘transparently observable’ as Pettigrew (1990, p. 275) would have put it. Secondary data on the history of the firm has been readily accessible in printed books, academic essays, trade press, and news articles. Annual reports, internal power point presentations, ICA’s proprietary research and educational material have provided additional insights into the
current strategic directions and choices of the firm. Even if their whereabouts on the communication side have been considerable less covered than their role in retailing, ICA, represented by their marketing director frequently appear in the most important trade magazines in the role as the country’s largest advertiser. These secondary sources have provided good help when painting the contextual background of the case. However, when it comes to the thoughts, feelings and ideas about this specific media planning process, no secondary sources could replace the collection of primary data.

2.2.8 Primary data collection – interviews and observations

Central to this study has been to come close to the case process of ‘marketing communications media planning and execution’, understanding its content (practitioners and their practices), and its embeddedness in the internal and external arena with spatial and emotional boundaries which form the context of the study. The openness that ICA, their consultants and suppliers of media have shown, has made it possible for me to use personal interviews at several points throughout the process, along with observations and passive participation at critical mile stone meetings and briefings. Given the circumstances, I believe that this relationship between myself and ICA leaves me at a good balance: Close enough for me to get detailed understanding and distanced enough to allow for critical reflection.

Following the standard procedure of in-depth interviewing, semi-structured interview guides were created to allow respondents to elaborate as freely as possible on one of the three discussion categories that I had prepared. The fourth category – observation – did for obvious reasons not require an interview guide, but audio recordings and protocols were taken. The observations provided a dimension in the material that interviews could not have provided on their own. As a tool for understanding the social situation, the human meanings, and interactions (Waddington, 1994), observation became a good complement to the interviews. In the interviews informants were asked to reflect and assist in interpreting the meanings of their words and actions in the observed meeting. Normally, each interview was assigned to only one category, and if a respondent was asked to cover more than one area, a second interview was scheduled.

- Data category 1: Background, facts, and contextual descriptions of the media planning environment in and around ICA (Mainly asked to managers at ICA)
- Data category 2: Definitions of value and objectives. Formal collective practices and policies regarding valuation of media (Asked to project managers at ICA, ad agency, media agency, and media firms)
- Data category 3: Value definitions implemented in individual perceptions, practices and activities. Interviews with people who executed value through buying, selling,
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and relationship building in their day-to-day tasks. (Media buyers, key account managers, media sales people, editors)

- Data category 4: Real-life observations of negotiation and internal briefings at ICA.

These interview guides were derived from the research questions and were continuously refined over the data collection process based on the experiences from the conducted interviews. The strategy was to let practitioners first explain the contents of their routines that related to ICA’s marketing communications process. In order to stimulate the practitioners to articulate the benefits they saw their work generating they were continuously asked to explain why and with which purpose their routines were conducted. This opened up for a more general discussion about advertising value, preferences, and priorities in their work practices. It was an ongoing search for questions and phrasings that explored rather than interrogated, that made the respondents open up share their stories, and questions that fitted their experience and professional world (Charmaz, 2006). Theoretical underpinnings initially helped to elaborate questions in more sophisticated ways, but interview guides were always designed with the need in mind for the produced interview material to build holistic descriptions (Petrigrew, 1997). Therefore they often focused on respondents at various tasks and hierarchical levels asking them to describe and explain their practices, instructions and goals over the studied process.

Interviews and observations were recorded and transcribed with a few exceptions. Personal in-depth interviews lasted normally around 90 minutes each and were in most cases conducted in-person at respective corporate office. A complete list is presented in Appendix A. Interviews and observations.

Interviews in category 1 were necessary primarily to build contextual description beyond what was readily available in written form. In order to get the formal explanations of how and why value was regarded, interviews in category 2 were conducted. However, it was important for this study to move beyond the managerial view of why things were done the way they were. While most project managers were very cooperative and well informed, it was when interviews and observations got down to real life activities in categories 3 and 4 that the story truly came to life and went from abstract ideas or policy clichés to real life practices that made sense from the individual’s point of view.

Observations (category 4) consisted of participation at a number of meetings when ICA’s marketing communication managers were planning, evaluating, negotiating with media, or briefing other parties about their objectives. This was a good way to get detailed data on how interaction between practitioners was conducted and how value and value creating practices actually were communicated and discussed in real life. Observations also proved to be a good forum for finding important practitioners in the media planning process and introducing myself to them. The meetings were audio recorded, notes were taken and the further use of the data followed the normal
procedure for transcribing and processing interviews. At the beginning of each meeting I introduced myself and my project briefly but spent most of the time as a passive observer unless when being asked direct questions. However, in later personal interviews remarks from earlier observations could be picked up for further inquiry.

2.3 Coding, interpretation and analysis

While a case, as previously emphasised, needs a good story (Dyer & Wilkins, 1991), it cannot be a description alone. In order to turn the story into case study, Pettigrew (1997) proposes three basic analytical exercises that could be used when working with a case of process character; the search for patterns, identification of underlying mechanisms, and theoretical structuring.

The processing of the data started with the formulation of mainly chronological context descriptions of ICA and each of the three in-cases; TV advertising, Custom publishing and Database marketing (CRM). This meant a reduction of the background material to four sets of facts and information. From there, the analytical work accelerated from mere selection of what belongs to the case context and what does not, to interpretation of the on-goings. Armed with the written context descriptions, additional secondary data, the rich material of transcribed personal interviews, observations, and the computer software Nvivo, this work began.

2.3.1 The coding process

Interpretation started as a search for themes, recurring patterns in the material. These themes are built from how practitioners articulates value, how its creation poses requirements on themselves and others, and how this is interrelated with practices that (preferably) support value creation throughout the media planning and purchasing process. So in essence, it is an exploratory and descriptive part of the work, building the case story guided by the question ‘how’, and then deconstructing the cases to the level of individuals in order to analyse how the practitioners construct their ideas about value. It thereby creates a particular value creation framework for this case context from the bottom and up, based on the empirical material rather than theory.

My first job was aimed to form ‘concepts/codes’ (Corbin & Strauss, 2008, p. 190) of what value was perceived to be by the respondents (see chapter 9). Throughout the iterative process of analyzing the empirical material, interview transcriptions were read and re-read in the search for different ways that the respondents expressed what they considered valuable. The transcribed interviews were studied and a code was created in Nvivo for every statement where the respondents articulated a need for a certain benefit or sacrifice in the media planning and purchasing process. The second set of concepts was
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referring to explanations of how (through which practices) and why value was seen to be assessed and prioritized by the respondents in particular ways (see chapter 10). This produced a systematic starting point for understanding the formation process and its variations. The coding process (Corbin & Strauss, 2008) resulted in more than a thousand interview references and hundreds of raw codes, concepts and notes. At a certain point ‘conceptual saturation’ was reached, meaning that additional coding didn’t produce any novel concepts (Charmaz, 2006). The coding procedure produced a raw list of concepts with no mutual relationship.

2.3.2 Analyzing the data

Articulations of value

In the analytical process that followed, I looked for overlapping and recurring concepts, logical consistency and meaning. Focusing on the question what value was, raw codes were brought down to a set of just over thirty themes representing different desired benefits and experiences in media planning and purchasing. This exercise reduced that number of unstructured concepts to a more limited set of meaningful themes (Corbin & Strauss, 2008, p. 190) that still managed to account for all the variations in responses in the interview material. These themes will be referred to as value themes. It was however clear that the themes were all examples that fitted into an even more narrow typology. From clustering of value themes, seven broad value categories emerged (see Figure 35, p.168). These categories represent more generic types of benefits and experiences that could be identified across the three in-cases.

Chapter 9 introduces all categories and themes and elaborates how the articulations of value were distributed across the researched communities of practice (marketing managers, media agency specialists, TV sales representatives and editorial staff). For illustrative purposes, the categories and themes were assigned the labels strong, medium or low, highlighting the differences in what practitioners in each community of practice articulated as being valuable. For an example of how this turned out see for instance Table 7 Value categories in TV planning.

The procedure to assign how each community related to certain category or theme followed a certain procedure that combined the frequency with which the codes appeared in the interviews, along with a more subjective judgment of the positive or negative character of the quotes. In Table 7 each community (advertiser, media agency, TV networks) has their own value category with which they are most commonly associated; for the advertiser these are measures of effect and output (40 quotes), for the agency these are measures of monetary value (35 quotes) and for the media firms it is relationship value (27 quotes). For instance, in the TV case, out of totally 184 advertiser quotes in the case, 40 referred to the ‘Effect & output’, indicating a strong interest in that category. In
the second step the content of the quotes indicated that the respondents on the advertiser side talked about the themes in the Effect & output category as being relevant and beneficial to them. The category could then be classified as having strong (and positive) importance. The same procedure followed for all the other themes and categories. It should be noted that the tables and scores describing the value preferences of respondents, are interpretations made by the researcher, and should be viewed mainly as means to illustrate certain findings.

Value-forming practices

The identified value themes were further elaborated with elements of content (people, tools, procedures) and context (micro and macro environment) of the case study. These elements were derived from a variety of sources; interviews, observations, notes, secondary data, which had formed the basis for the case descriptions. The main goal of the deepened analysis (Chapter 10) was to take the plain case descriptions and the coded value themes and categories and merge them into something meaningful that said more about the why and how articulations of value came to look the way they did. In order to facilitate this task, comparisons and search for variations in value perceptions were conducted between firms, professions, and practitioners within each case, but also across cases (Charmaz, 2006; Corbin & Strauss, 2008).

The challenge was to re-interpret the material in order to identify a number of value-forming practices. Behind each process of exchange reside the mechanisms that shape assumptions, beliefs, and norms. ‘Why’, was the recurring question that guided the analysis. It encapsulates the identification of what Pettigrew (1997, p. 339) calls the ‘mechanisms which shape any patterning in the observed processes’. Why is value articulated the way it is, with those specific words and features? Why do respondents feel that interaction, dialogue, and exchange of information is appropriate for themselves as well as their counterparts? Why do their activities appear the way they do, and finally what is the coherence of the overall picture that emerges?

In a practice-terminology practices can be seen to range from dispersed to integrated bundles with the common denominator that they are socially constructed and requires engagement of mind (Schatzki, 1996; Warde, 2005). ‘Doing marketing communications planning and execution’ is from this perspective an integrated practice that involves the unique configuration of procedures and understandings within each community of practice. Given this potential range from seemingly mundane routines to entire planning processes, it took some time in this study to find a meaningful level of analysis to categorize practices. The choice fell on a classification that is generic and broadly applicable to all the three cases in the study while still picking up the specific characteristics and differences of each case.

The thematic categorization done in Nvivo did in other words not include all types of actions that the parties undertook, but delimited itself to those
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important engagements and procedures in the professional game and that were interpreted as motivating certain understandings of value and preferences for benefits. Often, the practitioners portrayed these practices in response to the question why they highlighted certain aspects of advertising media value. Other times the working procedures came first, and the follow-up question was why these activities were seen as important in their jobs and how that related to the overall value creation process. The outcome was a wide range of codes containing examples of human activity that engaged the practitioners in the study, sometimes of trivial character, sometimes of more immediate urgency. The interpretive work aimed to search for sense and structure in all this. The result of that process includes 16 value forming practices, distributed in three broad categories, a typology that forms a ‘practical logic of value’ in the respect that it provides a framework in which certain activities and understanding of value appear perfectly logical (see Figure 36, p.211). Each field of practice in the study has its own practical logic, its own unique configuration of practices, and taken out of its social context could a certain procedure or articulation of value loose its meaning or be considered highly inappropriate.
3 Value formation in marketing literature

3.1 Introducing value creation

The field of marketing has a fundamental interest in how buyers and sellers meet and interact to conduct exchange, and extensive efforts have been devoted to the issue of how value is created in this process. Using practice theory as a framework to interpret the formation of value, I want to investigate these perspectives related to the existing body of literature.

When starting this study I was inspired by the 1980's and 90's works of Richard Normann and Christian Grönroos who had theoretically moved the locus of value creation from manufacturers to customers. This meant that beyond the propositions of the customer orientation literature (that successful firms are better than others are at understanding and satisfying customer needs), manufacturers also rely on the practices conducted by customers in order for value to be created. In the context of this study, this means that value neither reside in advertising media offerings, nor in other resources supplied by agencies, but in the practices advertisers use to create value for themselves. This view on the customer as an active agent did however not contribute any substantial knowledge to the question how customers know how to make the best use of the supplied resources or how suppliers participate in this process. Yet somehow customers and suppliers continuously seem to form agreement or acceptance for what is valuable, and what it is not. Later in the process, the work of practice theorists such as Theodore Schatzki provided me with ideas about how to approach this issue, and applications in strategy by Paula Jarzabkowski and in marketing by Oskar Korkman gave me further input about how the questions could be operationalized in my study.

In order to take this discussion further, this chapter first provides a presentation of the theories of Normann and Grönroos along with some further development in a similar resource-based tradition. Special interest has been paid to contributions that are open for issues such as the role of interaction, dialogue, and collaboration in the value formation process. This is later complemented with two fields of marketing dealing with how customers understand and perceive value. A cognitive stream of research (which builds on the customer orientation literature) assessing what customers perceive as constituting value, is accompanied by a growing body of literature (mainly originating from sociology and consumer culture) on value as a culturally contingent understandings held by practitioners. It is by gaining knowledge on how such understandings are shaped and shared and how tensions are managed...
that this study can further the discussion on value creation. The chapter starts however with an overview of the roots of value and its relation to central concepts in marketing.

### 3.2 Value-in-exchange and value-in-use

In a classical economics view, value was commonly treated as nominal, meaning what someone would be willing to pay for an object in exchange on the market. This course was set in the 18th century and limited the value concept into measurable dimensions closely related to the price paid in transaction (Vargo, Lusch, & Morgan, 2006). Consequently, by this logic used by seminal economists Adam Smith, Karl Marx and David Ricardo, value was embedded in goods, it could be measured by an economic constant, and monetized through exchange (McKnight, 1994; Woodall, 2003).

However, value had long before the birth of economic theory and parallel to its development referred to other meanings – utility value, emotional values and subjective judgment (Ramirez, 1999) – a discussion which can be traced back to Aristotle. From a perspective on value that takes its departure in usage rather than market exchange, value cannot be separated from the person (subject) who performs usage practices and the context and purpose for which they take place.

In economic sciences, a group of 19th century Austrian economists (including Carl Menger and Eugen von Bohm-Bawerk) started to question the problem of seeing production processes as the creators of value. Since there the worth of goods on the market did not seem to be related to the amount of resources put into production, they argued that there ought to be a theory on value that also included the demand-side why the concept of *marginal utility* was introduced (McKnight, 1994; Woodall, 2003).

This implies two completely different views on what value creation is. In the first case (*value-in-exchange*), people and firms add value to products in manufacturing processes. The products contain value until they are exchanged on markets and consumed. In the second case (*value-in-use*), value is created in consumption. It is not primarily the monetary aspects that are interesting but the whole array of benefits that the involved parties experience. From the viewpoint of the customer, it is the whole activity and experience of consumption that is interesting and in this view on value creation, the physical product may play only a minor role.

Whereas exchange value provided opportunities for mathematical calculations based on assumptions of ‘ideal utility’, the inability to combine value-in-exchange (trade) and value-in-use (consumption) limited the general applicability of classical economic theory of Adam Smith and his descendents (Vargo et al., 2006). What we are now seeing are increasing attempts to bridge
the two, meaning how consumption processes and manufacturing processes are intertwined in the creation of both value-in-use and value-in-exchange.

### 3.3 Historical view on value in marketing

Value and value creation has over a century been central to marketing thinking, but the way value is discussed has over the years changed from drawing on concepts based in economics towards first psychology and later sociology. In the early 1900’s, marketing as an academic field grew out of economics and adopted the economic discipline’s way of formulating marketing problems (F. E. Webster, Jr., 1992). Marketing pioneers (such as Shaw 1912 and Nystrom 1915) therefore asked questions of descriptive type, how marketing functions (such as production, pricing and distribution) and marketing institutions added exchange value to physical commodities (Vargo & Lusch, 2004; Vargo et al., 2006).

In the 1950’s marketing became more managerial in its pursuits. The idea of customer orientation was developed and firms were seen as competing on the market place by their ability to satisfy customer needs and wants. Analytical techniques were borrowed from microeconomics to provide tools to manipulate marketing variables such as price, location, promotion and product characteristics (Vargo & Lusch, 2004). Marketing was in other words still focused primarily on physical goods and value creation as seen from the seller’s perspective – value was added in production processes through the employment of resources by the producer, for the consumer.

Parallel to the dominant view on marketing as maximizing exchange value and profits grew an increasing interest in value-in-use. Wroe Alderson has been attributed the role of bringing the value-in-use concept into marketing (Dixon, 1990) and this started to ask new types of questions to marketers. From Alderson’s perspective it was not meaningful to look at marketing as a discrete value producing function in the overall production processes, but rather how the whole creation of utility can be interpreted from the perspective of marketing (Alderson, 1957).

Since the 1980’s marketing has seen another transformation starting to take interest in concepts that did not naturally fit into the microeconomic approach to the field. These interests point towards the general question of how (usage) value is created in a social setting where interaction is a natural part. It points at a general shift in marketing towards value creation as being not bound to physical and rational production processes, but being more fluid, relational, intangible and experiential. These are ideas that have been promoted in services and relationship marketing (Grönroos, 1989, 1990; Gummesson, 1987; Sheth & Parvatiyar, 2000), in industrial marketing thinking on business networks (Håkansson & Wootz, 1979; IMPGroup, 1982), in consumer behavior
Researchers have increasingly acknowledged the problems associated with marketing's traditional stance on value creation. As Webster (1992, p. 10) pointed out, 'the relatively narrow conceptualization of marketing as a profit-maximization problem, focusing on transactions or series of transactions, seems increasingly out of touch (...) we are now considering phenomena that have traditionally been subject of study by psychologists, organizational behaviorists, political economists, and sociologists. The focus shifts from products and firms as units of analysis to people, organizations, and the social processes that bind actors together in ongoing relationships.'

In their (2004) article, Vargo and Lusch suggest that there is now a critical mass in this ‘new’ research sufficient to recognize it as a paradigm shift in marketing. In a set of rules the authors define ‘the new’ logics of marketing, away from microeconomics and ideas of value as being created in discrete transactions. In effect it has meant a popularization of the role of interaction and co-production in the creation of value, and a broadened interest in the social dimensions of marketing and consumption.

3.4 Research on customer value creation and customer value perceptions

The following sections will introduce three contemporary streams of marketing research dealing with the concept of value – the resource-based, cognitive and interpretive approaches. Each one of the approaches ask questions about value in understanding and action that this paper discusses as interrelated concepts in the larger formation of value in practice. This study uses elements from all three – it uses the structural manners of the cognitive approach to sketch out in what terms customers talk about value, it shares the managerial interests in interaction and value co-creation of the resource-based view, and the interpretive approach's interest in how our understanding of value is formed within the larger context of practitioners living their lives and doing their jobs. Clearly, philosophically, the socio-cultural approach has the most in common with the position of this paper, but in that position, it intends to contribute also to firm-level theories such as the resource-based view with more fine-grained insights about how the concept of customer-value is bound to networks that may not follow organizational boundaries.

It has been discussed that the approaches belong to different paradigms that define and treat value according to different assumptions (Korkman, 2006; Woodall, 2003), which is acknowledged here. Nevertheless there are increasing attempts to better understand the firm-level problems formulated by the resource-based view by filling them with the interpersonal and social dynamics...
provided by the socio-cultural research stream (Arnould, Price, & Malshe, 2006; Korkman, 2006; PeñaLoza & Venkatesh, 2006; Schau et al., 2009) or the attitudinal mappings of the cognitive stream (Woodall, 2003). For scholars with a background in the resource-based view, interest to include social theory on activity in their frameworks is a relatively new development (e.g. Grönroos, 2008; Payne et al., 2008) and the same goes for the cognitive stream’s recent interest in how culture shapes value perceptions (Overby, Gardial, & Woodruff, 2004; Overby, Woodruff, & Gardial, 2005). It is the intention of this study to contribute to that development, extend the discussion beyond the traditional empirical realm of these streams and describe what happens to the concept of customer value when different realities meet in a business setting.

There are a number of additional approaches that research takes to study value. For instance, still many researchers deal with more microeconomic approaches to assess the economic value of transactions. Others talk about financial value, shareholder value, or the life-time value of customers for the firm. The interest of this study is, however, directed to customer value as it is recognized and perceived by the parties engaged in a set of interrelated practices. This choice has its roots in the wide adoption of the customer orientation philosophy, where firms claim to craft their strategies and shape their processes with the creation of customer value in mind.

3.5 Value creation as configuration of resources

In the ‘resource-based view’, the firm is looked upon as a collection of valuable resources (Penrose, 1959). At the most basic level it regards a firm’s ability to create value as the key to competitive advantage (Barney, 1991), and that the firm in this process employs valuable and inimitable resources and capabilities (Amit & Schoemaker, 1993). The resource-based stream in marketing combines these elements with the suggestion of customer orientation (Jaworski & Kohli, 1993; Jaworski, Kohli, & Sahay, 2000; Kohli & Jaworski, 1990) that the creation of customer value leads to competitive advantage.

In marketing, a special interest has developed in how customers, producers, and others interact and combine resources to create value – how they collaborate in complex and non-linear ways in this process rather than the traditional view of production as taking place in value chains (Normann & Ramirez, 1993; Normann & Ramirez, 1994; Vargo & Lusch, 2004). It is hence not only the selling firm that employ their competences in value creation – but also the customer and other actors (Prahalad & Ramaswamy, 2000). Value is co-created as parties engage in coordinated activities, sometimes jointly, sometimes separated from each other. Over time it is therefore more relevant to talk about value as created in relationships, networks and constellations.
rather than added in production chains and delivered in transactions (Normann & Ramirez, 1993; Ramirez, 1999).

### 3.5.1 How value is created

Overall, looking at value as being jointly produced, means blurred boundaries between who is producer and who is consumer. On both the selling and purchasing side are activities conducted and resources being employed that contribute to the value that customers derive from usage. This interest in the customer as a producer and contributor to the value created that has parallels in several streams of research which has given rise to the notion of a ‘prosumer’ (for overview and examples see Ritzer & Jurgenson, 2010). Normann and Ramirez (1993) use the example of IKEA customers assembling furniture in their homes to illustrate that value creating activities is not restricted to the selling side. In the explosion of internet based social media like Facebook or Youtube, this view of firms as merely providing the means for consumers to create value for themselves and others seems only to gain in relevance. However, any value creating practices that practitioners engage in, private persons as well as this study's marketing managers, media agency specialists and editorial staff, are concerned with the integration of skills, materials and tools in order to provide services that are understood as being valuable.

Hence, there is a blurred boundary between the role of producer and consumer, and between the acts of production and consumption. Any intermediary role like an agent makes the picture even more complex. In the example of social media, media users’ production and consumption of content are inseparable activities within their overall processes of usage. This further emphasizes the idea that also customers’ own act of consumption is an important activity the value creation process (Grönroos, 2006a), and since consumption is performed by the customer, he or she must be an important practitioner in the value creation process. Grönroos (2006a, p. 324) even claim that customers may often be ‘sole-creators of value’ and sellers are only suppliers of the means for customers to realize this value (see also Grönroos, 2000; Ravald & Grönroos, 1996).

Defining the concepts, Vargo and Lusch (2004, p. 7) hold that value is always ‘perceived and determined by the customer on the basis of value-in-use’ and that value creation is a collaborative process with the active customer in the centre. Value (in-use) is seen to reside in the subjective experience and value creation is the activities directly associated with bringing out that experience. Value-in-use is thereby given a quite open definition that extends to whatever the customer may subjectively perceive as useful. Specifically, Vargo and Lusch point at a shift in use-value from functional benefits to fulfilment of higher-order needs (or valued states of being) such as self-fulfilment, esteem, and happiness. Value creation, is however a mutual process which involves both firms and customers, direct activities and indirect ones where skills and
knowledge are exchanged in order to support, facilitate and enhance use value perceived by the customer. Vargo and Lusch do not however provide any suggestions about the social, intersubjective processes of value formation or value construction between buyers and sellers.

In the resource-based view on value creation in marketing, goods as objects have no value in themselves, they are merely means (or resources) for customers to create and experience benefits (Pine & Gilmore, 1999; Prahalad & Ramaswamy, 2000). Objects need to be used in order to create use-value. Like a drinking glass helps you to drink, objects provide practical assistance, but the design of goods may also contain new knowledge and teach customers how to perform activities that improves their value creating practice (Normann & Ramirez, 1993). This way, Normann and Ramirez (1993) view value creation from the seller’s perspective as a process of enabling customers to create value for themselves through improved processes and practices. Marketing strategy should be viewed as the continuous innovation, and re-design of social systems (p. 66) – a more holistic view on customers and their actions than what is normally thought of.

On industrial markets, collaboration and sharing of activities between customers and suppliers is perhaps even more intuitive. Customers have higher order goals that defines their idea of value, and the activities and resources that creates this value can be found in supplier processes, in intermediary processes such as sourcing and service encounters, and in customer processes (Eggert, Ulaga, & Schultz, 2006; Payne et al., 2008). All of these processes require interaction between buyer and seller and while a sourcing process often means interaction, collaboration may for instance appear by customers participating in suppliers’ development of offerings, or suppliers actively participating in customers’ internal processes. This concept popularly known as value co-creation has been forwarded in a number of articles (e.g. Normann & Ramirez, 1993; Prahalad & Ramaswamy, 2000; Ramirez, 1999).

The resources employed in this process of co-creation are often intangible, meaning that within a buyer-seller relationship, not only physical products and materials are shared but also skills and information. From this perspective, history, experience, and interactions with others do not only play roles in realizing long-term relational dimensions of value, but for customers learning what in fact constitutes value for them. In other words, customers’ formation of value perceptions is a process in itself that forms the foundation for the actual activities of value creation. Suppliers and other parties may facilitate this process or try to influence it in different ways but more importantly the buyer-seller relationship has been framed as an opportunity for both parties to learn together since neither side is likely to hold the answer to what value is (Ballantyne, 2004b; Ballantyne & Varey, 2006; Beckett & Nayak, 2008).

Tzokas and Saren (1999) accordingly argue that the responsibility in the value creation process lies on the buyer and not the seller, since it is through the initiation of a dialogue that value can be created. This interest in the
dialogue and information exchange driven by the buyer rather than the seller has attracted interest in a number of articles (Ballantyne, 2004a; Duncan & Moriarty, 1998; Lindberg-Repo & Grönroos, 2004). Wikström (1996) similarly argues that the role of the seller is not to create the value, but to shape systems in which customers can create their own value. Provision of information technology, web pages, and CRM databases has often been used as an example through which seller’s provide customer’s the information tools to better articulate their needs and evaluate solutions. Value is hence not shaped by sellers and delivered to customers, but rather enabled by sellers and created by the customers themselves.

3.5.2 How value is understood in a resource-based view

Scholars studying the co-creation of value, draw upon the ideas of utility and value-in-use as central to the definition of value. Interestingly while coming from a different background they end up in ontological discussions on the nature of value that have similarities to the social theories. From the social standpoint, value is something that is understood within the social realities of the actors. From a practice perspective, people in the same profession should share the understandings of value that are consistent with how they understand their jobs. Value is hence neither objective (residing in things), nor subjective (products of the individual mind), but rather collective or intersubjective.

Several scholars in the resource-based stream hold value to be subjective to the customer, leaving the for the firms only to make value propositions that may or may not please the fixed preferences of the customer (Vargo & Lusch, 2004). This is a quite atomistic view on the consumer that poses some difficult questions about to what extent marketers can change consumption behaviour. Ramirez (1999, p. 51) makes however a different conclusion and sees value as intersubjective and contextual; ‘Values are thus contingent, more than subjective. They do not reside ‘in’ an individual, independent of his actual actions, nor ‘in’ a good, independent of the interactions to which it is subjected’. Normann (2001) further emphasizes networked aspect of value creation where firms use offerings to manifest their own knowledge of value, teach customers about value, and thereby organize co-creation of value. From this view the customer as a co-creator of value in interaction with a firm should not be viewed as an isolated relationship. Rather, customers create value in the context of their lives and manage complex networks of interactions where value only can be understood in by seeing the whole. In many ways this meshes well with social theory on understandings as produced within the context of our practices.
3.5.3 The resource-based view through a social lens

A managerial theory

The resource-based view tends to take a managerial perspective, and thereby limits itself to looking at value creation from the seller’s point of view. From this angle co-creation appears as something that goes on in the relationship between the buyer and the seller, when, from the customers’ viewpoint, that relationship may be just one of many that collectively are leveraged in the realization of customer needs. It thereby disregards the larger context outside the marketing relationship when it might be more relevant to see the customer as engaged in a large number of different relationships that all support their value creating practice. Vargo and Lusch (2004) represent the majority of researcher taking the traditional marketing perspective of firms and customers as mainly isolated relationships whereas Normann and Ramirez (1993) have a more systemic view. If value is indeed customer-perceived, the resource-based view provides little answer to what really goes on in this process on the customer side and from the customer’s viewpoint. Shove and Pantzar’s (2005) holistic description of the re-invention of Nordic walking provides an alternative way to look at how customer practices create value as an interconnected system.

Co-creation in a wider context

After Normann and Ramirez’ (1993) article, the concept of co-creation has become so popular that the discussion on the value of collaboration almost overshadow the fundamental issue of how customer value is created (for a literature review see Payne et al., 2008). It is often simply assumed that co-creation, collaboration and relationships increase customer value per se, and criticism has accordingly been directed towards this uniformity of academic inquiry (Coviello, Brodie, Danaher, & Johnston, 2002). However, value neither be seen as a subjective product of the consumer in isolation, nor does it emerge in an isolated buyer-seller relationship. As described by Normann (2001), value can only be seen as a part of the life-world of consumers with an intricate web of relationships. Collaboration is therefore not value-creating in itself, only when it relieves customers from, or enables them to perform activities in their practices. Similarly, co-creation is not about the seller and buyer developing a close relationship at any price, but for the seller to see that customer value creation is embedded in a greater whole where the customer draws upon combinations of resources in the system to satisfy their needs. Each actor in other words depends on other actors in the context.

The reflexivity of practitioners and the role of interaction

The resource-based view has been criticized for being mechanistic (Payne & Holt, 2001) and concerned with the execution of tasks. Value creation is often
treated as a problem of administrating assignments between actors in order to get the job done. Accordingly, the firm-level perspective of RBV does not to any greater extent problematize the subjectivity of customers as practitioners and how they develop their understandings of value within the practices for co-production. According to RBV, value is something that the customer knows, or experiences, which only needs to be facilitated, not something that they come to understand over time. This empowering of the customer to determine customer value is quite different from social theory where the customers’ understanding of value and utility is bound to the social context where buyer-seller interaction is one element among many in their social worlds (we will return to this in section 3.7). There are, however, promising discussions emerging around how the voice of the customer is co-created (Jaworski & Kohli, 2006) and how value creation is a mutual process of understanding (Beckett & Nayak, 2008). Maybe neither side knows what value is, or what the value creating practices are, but that marketing is the process of understanding value together with the customer. From a managerial perspective the question relates to the abilities to innovate and improve goods, services and value creating practices within the relationship (Michel, Brown, & Gallan, 2008).

3.6 Value as customer-perceived – the cognitive view

The cognitive view provides a rather different perspective on value than the resource-based view. Rather than asking how value is created and managed, this stream of research is concerned with mapping out the characteristics of value as perceived by customers. Common to the stream is a desire to create a metric of the factors that guide purchasing decisions. Increasing effort has also been devoted to understand how these dimensions change over time and what causes these changes.

Research on customer-perceived value takes an interest in what customers recognize as valuable and how to unpick, categorize and measure value in distinct factors or parameters. Many of these studies are grounded in a cognitive research tradition (for a literature review see for example Sanchez-Fernandez & Iniesta-Bonillo, 2007). This stream carries assumptions about rational and informed individuals making judgments in order to achieve desired outcomes or goals that are known in advance (e.g. Woodruff, 1997). More than social beings, humans are from this perspective information processors that continuously make choices based on what appears the most valuable to them. Marketers can monitor and satisfy customers with offerings that delivers benefits on desired attributes (Anderson & Narus, 1999).

The attempts to capture customers-perceived value (e.g. Woodruff, 1997; Zeithaml, 1988), and propositions how marketers should assess customers
perceptions of value (Anderson & Narus, 1998) are often converging in weightings of total the costs and benefits of an offering or relationship. Value is hence regarded as the net sum of all benefits and sacrifices in the acquisition and use of a product or service. Zeithaml (1988, p. 14) expresses this as ‘perceived value is the customer’s overall assessment of the utility of a product based on perceptions of what is received and what is given’. Assessing customer-perceived value thus means understanding both perceptions of desirable benefits (e.g., volume, quality, convenience) and sacrifices (money, time and effort spent). Put in a business-to-business setting, Ulaga and Chacour (2001, p. 530) proposes that customer-perceived value is ‘the trade-off between the multiple benefits and sacrifices of a suppliers’ offering, as by key decision-makers in the customer’s organization, and taking into consideration the available alternative suppliers’ offerings in a specific-use situation’. This idea of customer value as best analysed in terms of give and get components have been echoed in numerous articles referring to perceptions among both consumers (e.g., Berry & Yadav, 1996; Ravald & Grönroos, 1996) and industrial buyers (e.g., Flint, Woodruff, & Gardial, 1997; Lapierre, 2000; Walter, Ritter, & Gemunden, 2001).

This does not mean that there has been any consensus on which those components in fact are and how they are weighted (Parasuraman, 1997; Ulaga & Eggert, 2005). It is acknowledged that value is both subjective and context dependent (Zeithaml, 1988) but much effort has been spent by researchers in the cognitive stream to find the ‘correct’ dimensions of value that could be generalized for measurement of all types of offerings. Accordingly, Lapierre (2000) explored what she call the ‘scope’ of value — products, services and relationships in search for the drivers of gains and sacrifices. Several studies have aimed to specifically assess relationship value (Ulaga, 2003) and the development of perceived value within relationships (Eggert et al., 2006; Ulaga & Eggert, 2005). Models have been developed specifically to assess quality (e.g., Parasuraman, Zeithaml, & Berry, 1988), a concept which could be seen either as an antecedent (Lapierre, Filiatrault, & Chebat, 1999) or a subcategory (Sweeney & Soutar, 2001) of value. Accordingly, the cognitive stream has been plagued with conceptual confusion around value, values, value attributes, price, utility, quality — their hierarchical order, interrelatedness and mutual effects (Sanchez-Fernandez & Iniesta-Bonillo, 2007). Further, while the proposition seems rather straight-forward in theory, the degree of complexity increases in practice when relational benefits are going to be evaluated on measurable parameters, and as customer perceptions of value may change according to context, usage area and availability of alternatives (Woodruff & Flint, 2006).

### 3.6.1 Means-end theory and higher order goals

In means-ends theory (Gutman, 1982; Parasuraman, 1997; Woodruff, 1997; Woodruff & Gardial, 1996; Zeithaml, 1988) are the elements of customer value
given hierarchical positions as *attributes*, *consequences* and *goals*. Product and service attributes are seen as the lowest form of value. Customers learn to connect these characteristics and functions with expectations that they will perform in certain ways and have consequences in use or possession. Consequences in turn, are desired to the extent they help the customer to achieve desired end-states and their higher order goals in life. Consumers are portrayed ‘as selectively attending to and learning’ (Overby et al., 2005, p. 140) these relationships between behavior and consequence, and perceived value is hence seen a developed preference for series of attributes and consequences within situational contexts (Woodruff, 1997).

Whereas means-ends theory increases the level of abstraction in the concept of value, it does not to any greater extent problematize how customer goals are shaped, or how the context shapes the connection between goals, consequences and attributes. Steps in this direction have however been taken with regard to how preferences shift over time (Flint et al., 1997; Flint, Woodruff, & Gardial, 2002) and how the role of culture fits into these hierarchies of evaluation (Overby et al., 2004; Overby et al., 2005). As the authors conclude in a suggested research agenda, little research explores how culture affects how customers interpret the meaning of different end-states. By taking this perspective culture is placed as an overarching social lens through which means-ends chains are understood (Overby et al., 2005).

Many cognitive models depart from value as being derived from functional benefits, and some models that do include social aspects in the analysis of customer-perceived value treats ‘the social’ as yet another value dimension alongside others (Sanchez-Fernandez & Iniesta-Bonillo, 2007). The consumption-value theory proposed by Sheth, Newman and Gross (1991, p. 161) define social component of value as ‘the perceived utility acquired from an alternative’s association with one or more specific social groups’. They draw upon theories on the role of social class (Warner & Lunt, 1941), our aspiration for reference groups (Hyman & Singer, 1968) and the symbolism in what we consume (Veblen, 1899) to include the social as a separate benefit or utility in the full value spectrum ranging from functional to social, emotional and epistemic values.

At the end it boils down to a view of the consumer as a decision-maker who assess and makes choices based on different types of value and/or different parameters of value (Sheth et al., 1991). From that perspective products contain social cues, cues which in turn represent utility that is acquired through consumption. Thereby *the social* is seen as a discrete benefit that can be isolated as a product attribute besides functional, emotional, epistemic and conditional value (Pura, 2005; Sheth et al., 1991; Sweeney & Soutar, 2001).
3.6.2 The cognitive stream through a social lens

Practice theory, on the other hand, would hold that the social is the lens through which we look upon the world and understand it. Hence, ‘status’ may be seen as valuable to a consumer, but the social context is a higher order construct that shapes our judgments of what is to be understood as valuable to us. It shapes not only the meaning of personal status and symbolic consumption but also what we recognize as functional benefits in our trades. Only a very limited number of studies in the cognitive tradition are pushing the discussion in this direction (e.g. Overby et al., 2005).

The consumer as an informed judge and value as a measurement problem

The cognitive view generally regards value as subjectively assessed and does not make any claims about how this value is created or formed. The customer is assumed to be active, informed, and interested in making choices between objects or offerings based on valuation judgments. It could of course be argued that this is not always the way decisions are made. Limited understanding, social meanings, hedonistic consumption and bounded rationality do not really have a natural place in this theory. A common objective is to develop tools to measure customer-perceived value, which can be useful if one wants to compare customer-perceived value between competing offerings within the same product categories. It does not, however, give answers to how customers relate to products and services in a wider sense.

Value as subjectively perceived

In this subjective view on value, it is rarely discussed within the same groups may develop similar preferences and make similar judgments of value. It can be argued that the theory pays surprisingly little interest in how perception is shaped by the customer’s own actions and involvement in the concerned product or service offering. As Korkman (2006) notes, relationship value in particular poses an interesting problem since it assumes participation of the customer in the creation of value. It is not clear to which extent the rational customer is able to clearly observe and assess the value of an object that he or she is an integral part of. Even when discussing higher order goals, needs and desires these are seen as internal to the individual. A social approach would say that the known parameters of value and what appears as the range of choice for the consumer are given by the social context. In a few studies outreaches are made in this direction (Overby et al., 2005).
3.7 Value in market practices – the interpretive view

In the interpretive approaches, perception is not considered to precede action as suggested by the cognitive approach. Rather our actions are seen to be shaped by a great number of hidden conventions, norms and assumptions that constitutes our cultural and social environment, many of which we do not even think of. This way, value creation may be built on routines, conventions or just whims, rather than careful evaluation. Accordingly, the social context has an important influence on what we see as being valuable.

Interpretive marketing is here used to label studies of market practices that take a more critical view on how mainstream marketing is theorized. This includes scholars of Critical marketing (e.g. Alvesson, 1994a; Lien, 1997; Svensson, 2003; Tadajewski & Brownlie, 2008), Consumer culture (e.g. Arnould & Thompson, 2005; Schau et al., 2009) and the Sociology of markets (Kjellberg & Helgesson, 2007). These studies takes interest in how professional and private practices are embedded in social domains and thereby shape our society on several levels. More than individual decision-makers we are seen as social beings. Drawing upon theories of Giddens (1984) and Bourdieu (1984) scholars in this tradition paint a picture of practitioners whose acts and thoughts are constrained by and interconnected with their social contexts. It is a wide body of literature, and this overview will only focus on the research that directly relates to the issues of value and value creation in marketing rather than general meanings of consumption and production.

According to the sociology of practices, choices we make in our everyday lives are in other words not free, but constrained by a myriad of conventions and assumptions that we most of the time don’t actively reflect upon. In many cases – what we perceive to be our choice only includes those options that are allowed within our interpretation of the context. Like Bourdieu’s (1990) card players that may use improvisation and skill to play the same hand in different ways within the rules of the game, this view on market place ideologies, frames practitioners’ ‘horizons of conceivable action, feeling, and thought, making certain patterns of behavior and sense-making interpretations more likely than others’ (Arnould & Thompson, 2005, p. 869) (see also Holt, 1997; Thompson & Hirschman, 1995).

From this viewpoint there is a white spot in our knowledge of value creation which mainstream marketing literature in its prescriptive ambitions has failed to address. By focusing on producing knowledge for marketing managers, we do not see how value is formed in the social domains in which practitioners act. There has been calls to overcome this gap by producing studies of marketing practitioners (both marketing managers and consumers) and their marketplace practices (Arnould & Thompson, 2005; Brownlie & Saren, 1997). In line with
these calls there has been an increasing interest in ethnographic approaches to study marketplace behaviors.

3.7.1 Understanding market practices

It has been noted that markets host a variety of practices, and that firms have developed different responses to their market environments. A number of papers conducted by the Contemporary Marketing Practice Group (CMP) address this issue in conceptual terms (e.g. Brodie, Coviello, Brookes, & Little, 1997; Coviello et al., 2002; Pels, Coviello, & Brodie, 2000; Brodie, Coviello, & Winklhofer, 2008), and also present empirical support of the variety of marketing philosophies that market actors enact (most notably Coviello et al., 2002). Coviello et al (2002) could show that firms are quite evenly split between those that use transactional marketing only, relational marketing only, and those that use a combination of the two. Further, relational marketing could itself be broken down in different streams such as database marketing, interaction marketing and network marketing, all with somewhat different operational practices and purposes. The CMP definition of practices does not depart from Practice Theory, but instead, their assumption about market logic is based on contingency theory, suggesting that there is no one optimal management model, but rather many depending among other things on context and purpose (Pels, Möller, & Saren, 2009). By mastering a broader repertoire of practices firm performance is seen to improve, but a challenge for marketing managers is to understand when to do what (Coviello et al 2002).

The question however remains how market practices are formed. Some suggestions have been proposed in this area. In a series of articles, it has been described how a sociological view can be applied on the level of markets to see how markets are shaped. According to this view, all markets are constituted by practices (Kjellberg & Helgesson, 2006, 2007). In the process of translating new ideas and concepts into their frames of reference, practitioners re-creates the norms, ideologies, as well as the implicit and explicit rules for exchange that make markets function (see also Andersson, Aspenberg, & Kjellberg, 2008; Kjellberg, 2001). At the same time markets have inherent tensions as different practices might pull in different directions. This multiplicity of practices and co-existence of parallel logics brings out a complexity that should be addressed in studies of markets and practitioners. However, studies in this tradition also bring new tools to discuss how different communities of practice meet and interact on markets. More specifically it adds the concept of markets as arenas for value formation and how different markets have different contingencies for the construction of shared understandings. From there the discussion can be extended to how markets set the frames or ideologies through which practitioners understand and articulate value.
3.7.2 Understanding practices in organizational communities and constellations

Just as Normann (2001) portrays customers as being the focal points of their own networks of resources and connections, similar ideas have been widely discussed also on an organizational level (Håkansson & Snehota, 2006; Industrial Marketing and Purchasing Project Group & Håkansson, 1982; Pfeffer & Salancik, 1978). From this perspective, the external environment is a complex web which enables the firm to acquire resources, but it is also a context of actors, interests, and norms over which they only have limited control. Over time, participants who find mutual value in interaction will in various ways develop interdependence for the resources and activities that each party provides. A buyer can thereby not be seen as a passive consumer, but someone who actively engages in interaction and transaction for a purpose. Over time, value creating activities may shift sides. Just like consumers who have strong cultural and social capital are seen to have more authority over their personal network resources (Arnould et al., 2006), companies that are better at conducting value creating tasks than competitors or customers will gradually gain in dominance in these connections (Normann, 1977, 2001).

In addition to Håkansson and Snehota’s (2006, p. 267) suggestions that companies through their networks are ‘endowed with a meaning’ in a more general sense, it becomes even more important to discuss to what extent meanings of value are co-constructed in a business-to-business setting. In line with the sociological tradition (Bourdieu, 1984) it is here argued that we can only talk about general meanings to the extent that they are shared. It is suggested by practice theory (Schatzki, 2001) that practices (culturally and socially based activities) are these common denominators that make people develop communities with a common understanding of how, why and with what purpose things are done. In a professional setting it seems particularly intuitive to talk about communities as constituted by practices.

Studies of marketers and agency practitioners paints a more complex picture of what it really means to do perform marketing work and how this both enables and sets boundaries for value and how it is formed (Svensson, 2007). Especially the role of interaction has been emphasized and how marketing practitioners use meetings and dialogue to express their professional authority within the social domain (Alvesson 1994b). This way, marketing work is also in a constant intersubjective process of formation (Svensson 2007) where marketers are torn between on the one hand desires to express knowledgableability and professionality according to the schemas of their trade, on the other hand the problem that they cannot possibly know all things in advance (Lien 1997). These studies open up for a discussion about the formative nature of value and how it is constructed between market practitioners. It also points at practitioners likelihood to articulate value and benefits in ways that reinforces their professional authority (Alvesson 1994b).
3.7.3 Consumption work as value-creating practice

Calling it co-production or co-creation of value, there has been an interest in research on consumer culture to look at consumption in terms of work-like tasks (Cova & Dalli, 2009; Zwick, Bonsu, & Darmody, 2008). In a business-to-business setting, it is quite natural to view customer’s usage of a supplier’s offering is a part of his work tasks, but from a consumer perspective it is a quite novel standpoint to view consumption as work. However, it is a concept that closely resembles the notion of consumption or usage as a value-creating practice (Holt, 1995; Korkman, 2006; Schau et al., 2009; Shove & Pantzar, 2005). In these studies, the sociology of practices is directly applied on customers as they create value by performing the tasks and rituals through which they experience value. Examples have been taken from a wide variety of fields such as passengers on ferry cruises, car owners, baseball audiences, and fans of TV shows, and all reinforce the picture of value as socially constructed, created and recreated through seemingly mundane activities and elements that collectively constitute customer value creation.

One area in particular where Consumer culture is willing to contribute is value creation. Especially the propositions in the resource-based view of value as being co-created with customer activities and perceptions at the center (Grönroos, 2000; Normann, 2001; Vargo & Lusch, 2004) has had a familiar ring to many researchers who see consumption as a first-person experience. In early attempts to bridge the gap, the resource-based view is seen as lacking the tools to really understand how consumers create and perceive value and how the concept of value is laden with social meanings (Peñaloza & Venkatesh, 2006) and it has underconceptualized the active and creative employment of competencies that customers enact in their processes of consumption (Peñaloza & Venkatesh, 2006). Value creation research therefore needs to start acknowledging how ‘usage’, just like ‘production’ is a process that draws upon a combination of resources (Arnould et al., 2006; Arnould & Thompson, 2005). These efforts are starting to unpick what is meant by the customer as co-creator, not in terms of what value is to the consumer, but what resources customers draw upon when creating value through consumption and usage.

By adopting this perspective, sellers may in different ways produce offerings that fit the practices of the target group. Importantly, whereas traditional consumer marketing literature tends to portray the consumer in isolated buyer-seller relationships, Consumer culture claims that the customer has a project, which could be to throw a private birthday party or make a marketing plan at work, and in that pursuit, they are likely to combine a number of products and services from different sources (Huffman, Ratneshwar & Mick 1999). The message to marketers is that their focus traditionally has been on the tangible resources. If customers instead are to be regarded as subjects, co-producers, with their own goals, then perhaps it is more interesting from value creation
perspective, to see whether the customer has the skills, network and strength to transform the product into sufficient customer value.

By making value-in-use the central concept of value, selling firms are giving up the control of value and leaving it up to the creativity of the user to employ products and services in their value creating practices. Marketing from a practice-oriented perspective is therefore best seen to focus on customers’ skills, competences and supporting them with resources that enhance their value formation practices rather than focusing on the delivery of products and services. As Schau et al. (2009) conclude, customization is not the answer to create customer value. Rather, firms are better off encouraging a broad array of practices around the offering or brand. Firms could seed new practices and encourage more interaction and engagement within communities of practice. Whereas this is a quite liberal view on firms’ abilities to intervene in social and cultural systems, it provides an interesting look forwards towards a theory of value creation that focuses on the networked character of customer practices.

3.8 A marketing-theoretical point of departure

There is a broad support in contemporary marketing literature for regarding the customer as the relevant measuring-stick for value. For instance, drawing upon Venkatesh et al (2006), Vargo, Lusch and Morgan (2006) claims that whereas value is co-produced within the relationship of the buyer and seller, value is always subjectively determined by the customer. This poses some theoretical problems when combining it with social theory (Giddens, 1984; Schatzki, 2001). From the social view, understandings are not subjective but emerging in the interaction between conducted practices and the social context. In other words, customer value can be subjectively experienced and expressed, but the understanding of value cannot be isolated from the social context. Understanding is per definition shared between the practitioners in the community and this shared meaning is derived from their collective practice. From another angle, this means that customer-perceived value is a product of a collective understanding within the practices of value formation. If value, as suggested by the service-dominant logic, is co-produced in interplay between parties, then customer value is also the product of an emergent understanding co-produced by the involved parties. Hence formation of customer value is without exception linked to the process and practice of value creation. To the extent that producers see value creation as shared practices, they also participate in forming the definition of what performance should be seen as desirable.

Understanding of value is a collective notion among practitioners embedded in a field of equipment, practical skills, and mental images that forms its meaning. This process of making meaning is therefore suggested to be
recognized as an integral part of the value creation process (Peñaloza & Venkatesh, 2006). Shove and Pantzar (2005) show in their study of Nordic walking how the success of this recreational activity was an interplay between the necessary product equipment, the right mental images about what the sport meant, and the knowledge and skills to practice it. Bendapudi and Leone (2003) explore how customers’ engagement in and control over the co-creation process alters the way they interpret the value of the outcomes. Beckett and Nayak (2008) discuss how firms and their customers reflect on their practices and learn from the relationship. Value is from the start a quite diffuse concept, but by customers sharing information to the supplier, who turns the information into new solutions, and ‘savvy’ customers seeing how new solutions can improve their practice, new understandings of value are constantly emerging. Again, value creation practice and the understandings of value go hand in hand.

The subjectivity of the marketer and the role of marketing

It has been discussed how marketing is becoming a practice of intervening in the social process by which communities create meaning of their usage of products (Holt, 2004; McAlexander, Schouten, & Koenig, 2002; Solomon, 2003). Within this field, interaction between the buyer and the seller are seen to have a mutual effect on the understandings of both parties (Beckett & Nayak, 2008; Peñaloza, 2008; Peñaloza & Gilly, 1999; Peñaloza & Venkatesh, 2006). Rather than talking about marketing as a subject-object relationship, it is more an issue of two subjects developing mutual understandings of value and reflections on the practices conducted.

The aggregated picture of ‘the new’ marketing that emerges is one that is developing an understanding of value together with the customer (Beckett & Nayak, 2008), one that recognizes and engages the skills and resources of the customer side (Arnould et al., 2006; Normann & Ramirez, 1993) and one that sees value as ultimately embedded in shared meanings around the practices that we engage ourselves in (Peñaloza & Venkatesh, 2006). Marketing is moving away from being a sales, distribution, or production process to instead focus on supporting usage. Value creation is what happens when customers experience utility within the context of their practice and it is the position of this thesis that if customer value formation is the purpose of marketing, then logically we can discuss the entire role of marketing as the support and improvement of customer practices. This goes for both industrial customers and individual consumers, regardless if they act on markets based primarily on transactional or relational exchanges. However, the degree to which marketers can understand the systemic context of what customers do and why (Fournier, 1998) will also determine their ability to innovate and intervene in customers’ value formation processes.
4 Value in advertising theory

4.1 Introduction to advertising media planning and purchasing

This chapter will look at research on advertising and media planning and how value in this context is discussed in resource-based, cognitive, and interpretive terms. The objective is two-fold. First, to introduce concepts and tools from advertising literature, meaning academic ideas about how advertising is supposed to work and which objectives practitioners are suggested to strive for. This provides a picture of the academic field, which questions engages researchers, and which concepts are regarded important. However, as noted there is a large gap between what theory suggests and practitioners actually do (Nyilasy & Reid, 2007), and whereas some of the normative theories reflect fundamentals of general advertising practice, others will appeal only to a few groups, and yet many theories will remain no more than theoretic abstractions. After all, academics are just a different type of practitioners and this is just another example that shows that several different understandings of value may co-exist within and across different fields of practice. Therefore, the second objective is to present what we know of how advertising practitioners actually behave and value advertising media in the three fields of TV advertising, Custom Publishing, and Customer relationship management. This is an academic discussion where this study can make a more direct contribution. It is also recognized that the Customer relationship management (CRM) and Custom Publishing is heavily under-researched when it comes to empirical studies of professionals and their practices, why a vast majority of the covered research draws upon traditional mass media advertising, particularly TV.

As first introduced in section 1.3, (p.4) this study looks at the advertiser's marketing communications process as a mutual engagement between a constellation of firms represented by different communities of practice. Advertising media in the cases of TV advertising, CRM and Custom publishing are produced in rather different processes and exchanged in different ways. In the case of TV advertising, it is a question of a quite open transaction of products that are standardized to conform to the established currencies. The transparency of the exchange allows several agents to make a living out of control, comparison and performance audits of market data and market actors. In custom publishing, media products are being designed and produced according to specific needs and contractual requests. In CRM and database marketing, intelligence about the end-consumer is often a central and inseparable asset in the advertiser’s business process why the media production is kept and controlled in-house.
In marketing communications processes, media planning is seen as the task of finding the best way to deliver the creative message to a desired audience (Sissors & Baron, 2002). This includes, defining the media objectives, selecting which media channels to use, where and when to use them and how much money to allocate. It also includes the practical tasks of negotiating with the media, handling of materials and billing, as well as verifying delivery according to the negotiated contracts (Bogart, 2000). ‘Media’ is in marketing communications and advertising literature often talked about as traditional mass media, but increasingly voices are raised on this being a too narrow definition of advertising media. Rather, every touch-point between the advertised brand and an audience should be considered and integrated in the planning process (Duncan & Moriarty, 1998), a process that is predicted to increasingly leverage customer data in a wider sense (Taylor, 2005). In other words, for more than a decade it has been discussed that media planning is fusing into the wider concept of integrated communications planning where traditional mass media, social media, CRM and database-marketing, customer media and other communication efforts are recognized and evaluated as a whole. However, the differences in goals, objectives and professional practices among marketing communications practitioners continue to make this integration difficult to achieve.

Two debates regarding value creation in advertising media have been particularly dominant in trade press as well as in academic articles. The first concerns media measurement and pricing. The value of media as vehicles for advertising is traditionally determined by counting how many readers or viewers a newspaper or a TV show attracts. This is called the *vehicle exposure model* – a strictly quantitative measure which does not consider the quality of the interaction between the audience and the medium, yet an institutionalized currency which all parties have agreed upon. Critics claim that mere exposure has rapidly decreasing correlation with the value output that advertisers eventually gain from their campaigns. In other words, there is a need for new dimensions for valuing advertising media (Bogart, 1976).

The second debate is of an organizational character. The need to integrate marketing communication efforts has been discussed at length and most firms do indeed claim to integrate their communications campaigns (e.g. Beard, 1997). Nevertheless, media buying and planning processes still handle different media types in separate silos with different work teams and goals. This is particularly visible when placing internal and external media channels side by side. Lack of integration is often blamed on current media measurement systems which do not allow for value comparisons across different media types.
4.2 Academic theories on the value of audiences

The first group of communication theories covered here primarily regards the media audience as the locus of value in the TV advertising offering. As suggested by communications research, audience ratings form the most basic currency on markets for audiences (Napoli, 2003). Around the markets for advertising media, a large industry dealing with audience measurement feeds the media selection industry with data and advices on who watches which shows, when, and for how long. Ratings institutes, media agencies, media auditors, research agencies and other consultants all support the advertisers to make detailed assessments of the media audiences sold on the market. Within theories on advertising media value as residing in the audience, all audiences within a particular segment are treated as identical, which means that they are also commodities, interchangeable across TV channels and TV shows. Accordingly, competition between media firms often occurs on price rather than value, and most academic studies in this field treats value as the market price of certain audience segments.

4.2.1 Audience quantity

Media industries have over the years had considerable difficulties agreeing on a shared standard for audience measurement (Gustafsson & Weibull, 1992; Napoli, 2003). At the most basic level, the value of the media offering can be calculated in the sheer number of audience contacts which a medium provides. In the past, the measures used were mainly distribution-based. This means that they did not actually measure the audience, but rather the distribution of the media product. In the early 20th century, advertisers in most developed countries were forcing the newspapers to verify their actual circulation through audits, a practice that was carried over also to other media types (Gustafsson & Weibull, 1992).

Today, reach or vehicle exposure has become a lowest common denominator or currency in comparisons between media and between media vehicles. Reach is the actual number of people being exposed to a media vehicle expressed either in absolute figures or as a percentage of a potential audience. The potential audience is often defined as the national adult audience (15-79), which could then be broken down in more narrowly defined demographic brackets. Divided by the price charged by the media firm, the buyer arrives at a cost per contact or cost per thousand contacts (CPM). This is a popular measurement to compare advertising vehicles within a certain media type in terms of their cost-efficiency in reaching a target audience.

2 Upper and lower age limits varies between countries
Different media may use their own media-specific names and measures for reach – ‘readership’ for print media, ‘ratings’ in TV, ‘unique visitors’ in Internet-media, and so on. In most established media industries, these important reach measurements are provided by independent research institutes. Ratings figures have in essence become the coin of exchange for actors buying and selling mass audiences, meaning that they are the most fundamental way for buyers and sellers to describe the value of the product that is traded (Napoli, 2003; J. W. Webster, Phalen, & Lichty, 2006). However, the details of measurement practices are often subject to infected disputes over who gains and who loses from alternative design and timing of audience surveys. Disputes on industry standards have been noted between cable and broadcast TV (Napoli, 2003) and between daily, weekly and free newspapers (Gustafsson & Weibull, 1992). As Dahlgren (1998) notes, such problems cannot be solved by improving audience research techniques, since there is no objective answer to the relative worth of audiences. All media firms would like to employ measurement techniques that make their audiences look particularly valuable, and standards were first developed in the early 20th century when advertisers saw benefits in being able to compare offerings from competing newspapers. For this reason, the decisions for how audiences are counted, researched, and valued is more a political process of compromises than a rational and technical issue, which is one of the reasons why cross-media measurements have been difficult to achieve.

4.2.2 Audience demographics

Advertisers value media audiences that match their target groups as closely as possible, since it minimizes wasted communication. Wasted communication would in other words mean audiences purchased and reached who are unlikely to buy the marketed product or service, and for whom the message was not intended. The more closely the audience which the media offers resembles the desired audience, the higher the price that the advertiser is willing to pay. Medium selectivity measures the concentration of a target group in a media channel (Pelsmacker, Geuens, & Bergh, 2004, p. 223). Broad media, with high reach like commercial TV generally has low costs per audience member, but is also likely to generate more ‘audience waste’ than niche channels. Therefore, it is worth noting the relationship between the advertisers demand for audiences and media’s supply content that attempt to attract exactly these audiences. By slicing up audiences and offering them to advertisers not as mass audiences, but rather defined demographic and geographic segments, it has been shown that ad prices can be increased (Koschat & William P. Putsis, 2002). For fully advertising-financed media such as free dailies, free magazines, and commercial terrestrial TV, identification and attraction of advertisers’ valued audience segments is a ‘core strategic activity’ (J. W. Webster et al., 2006, p. 14).
The three most basic demographic characteristics contributing to the value of an audience is age, gender and income (Napoli, 2003). To the extent that advertisers use them in their target group definitions, some audiences are more dearly sought than others. Firms hope to extract a high life-time value from young audiences why teenagers are the demographic audience group where advertisers’ demand is growing the fastest (Turow, 1997). Conversely, because of their tendency to be stable in their consumption patterns and lower remaining life-time value, advertisers have tended to find elderly people less lucrative. Since they are also heavy users of traditional media, supply of older audiences is high, causing their market price to go down (Koschat & Putsis Jr, 2000). Other desired indicators of propensity to consume, and thus the commercial attractiveness of audiences, are income levels and economic wealth (Kalita & Ducoffe, 1995). Koschat and Putsis (2000) show that the effect of differentiation by audience characteristics can indeed have very strong effects on perceived position of the media product on the audience market. Imbalances between market supply and demand across audience segments can sometimes cause seemingly unmotivated differences in price. In 1999 magazine readers in the ages 29-39 were found to be 7.5 times higher priced than other age brackets, and readers with incomes above 50 000 dollars per year to be 6.2 times more expensive than those in lower income brackets (D’Amico, 1999). The author argued that this has little to do with their propensity to purchase the advertised goods. Rather it can only be used as another example to illustrate the differences in supply and demand, and the limited substitutability between audience products with different characteristics. Ephron (2004) make similar conclusions that the price of an audience often is a poor indicator of the total carried value of the advertising media offering.

Napoli (2003) suggests that demographic characteristics are often just convenient proxies in the absence of better and more accurate data and knowledge about consumers. Jobber (2004) goes further and argues that advertisers’ use of demographics, is mainly due to the need for these parameters in order to buy communications media. In that case the problem is reversed. It is not the media that use demographics to cater to advertisers’ needs but rather the advertisers who are forced to reinterpret their target groups into inferior demographic profiles ‘because viewship profiles of newspapers, magazines and television programmes tend to be expressed that way’ (Jobber, 2004, p. 20).

From this quantitative perspective, audiences are commodities and pricing has little to do with customer value. Rather, general supply and demand for different audience profiles have shaped pricing structures. However, relevant market prices are far from transparent and getting a good price relies largely on the market knowledge and the negotiation skills of the buyer. In this environment the media agencies and media auditors have found a lucrative market for their services representing the advertisers.
4.2.3 Psychographics and purchasing data

The extent to which demographics represent valuable predictions of purchasing behaviour (Schroeder, 1998) has over the past decade been increasingly debated. In some studies demographic factors have been shown to account for as little as 2% of total variance in purchasing patterns (D’Amico, 1999). If, as several authors claim, forecasts based on demographics produce increasingly poor predictions of consumer behaviour, then it makes little sense for firms to use these measures as segmentation bases when defining target groups. Consequently, media firms wanting to create attractive advertising offerings are suggested provide possibilities to their clients to purchase media also according to other, possibly more relevant segmentation parameters than demographics.

Consumer life-style and personality are two psychographic parameters which have received increasing interest. Firms tend to use lifestyle definitions on their target audiences and though media firms still provide relatively little input in this area, several research institutes now offers tools which matches the research on lifestyle and attitudes with media consumption patterns. With both purchasing data and media consumption data available from the same households, researchers saw the opportunity to make better media planning. In a series of articles based on this information called ‘single-source data’, it was shown that both efficiency and effectiveness was significantly increased compared to the use of demographics both in print advertising (Assael & Cannon, 1979) and in TV (Assael & Poltrack, 1991; Jones, 1995). In the past, it has proved economically unviable for a single research agency to sustain frequent measurements of all relevant product purchasing intentions and patterns in a single-source measurement, but over the last few years several cross-agency collaborations are seen in the area.

4.3 Academic theories on the value of media vehicles and contextual effects

There is claimed to be value residing not only in the audience but also in the media vehicle with its technical and editorial characteristics. These theories further complicate the picture of value by bringing in the issues of context and fit. Over the past decades, researchers have repeatedly been trying to demonstrate the existence of such value by linking the presence of various vehicle-specific components to advertising effectiveness. Earlier studies were searching for absolute factors in the media context that enhances its commercial effectiveness, but over time focus has more and more shifted to explore the qualitative effectiveness of various media as contingent on its fit with different advertising objectives and advertising brand positions. Whereas it today is widely accepted that placing advertising in suitable contexts may enhance communication effects, it has been difficult to translate these findings
into standardized quantitative measurements that can be applied in advertising media pricing and many of these efforts remain largely academic affairs.

4.3.1 The quality of media vehicles

In the media planning debate, increasing concerns are raised about the insufficient knowledge about advertising product quality and the divide between product pricing and quality of audiences. Concepts like engagement have gained top research priority by the industry (e.g. ARF, 2007). From this perspective, the scope of product quality is widened from exposures as being commodities, to involving the media’s ability to create audience activation and response. In essence, this is a shift in focus from cost efficiency to effectiveness, where increasing attention is paid to the outcomes in terms of customer response.

Marketers are experiencing the paradox that despite a historically unmatched supply of advertising media, advertising is becoming less effective. Media buyers and media firms have often been accused of focusing too much on efficiency alone (Schultz & Barnes, 1995). This means that their selection procedures are too concerned with reaching a certain target audience at lowest cost per thousand consumers. The focus on CPM (cost per thousand) has driven both incentive systems among buyers and competition among sellers.

An increasing concern regards the effectiveness of different media, meaning how well the selection does the job of created a desired effect among the audiences (Schultz & Barnes, 1995). From this point of view, it is not only interesting who constitutes the audience that consumes a certain media, but more importantly how that consumption occurs, and how that creates opportunities for communication impact. Aspects of clutter and ad avoidance in commercial breaks (Norris & Colman, 1992), consumers’ varying degrees of attentiveness to commercial messages (Reichel & Wood, 1997), as well as the positive effect of association with the right editorial content, leads advertisers and academics to ask how better scheduling provides higher value (e.g. Pieters & Bijmolt, 1997).

In addition to the fact that different audience segments tend to consume different media, it is also clear that buyers find some more channel-specific boundaries to interchangeability and the value perceived. This means that in addition to breadth and reach of a medium into a certain target group, buyers are willing to pay different prices for the same audience, but in different media. As a result average price per audience contact may vary greatly between different media types (Ephron, 2004).

4.3.2 The medium: Media source effects

Attempts to capture effects of media vehicles on the messages transmitted have been pursued both from media scholars and advertising researchers. It was
early acknowledged that a transfer exists between the media vehicle image and the advertised brand (Fuchs, 1964; Winick, 1962), that this was known among media buyers, and that it would have implications for the execution of advertising campaigns depending on communication goals (Blair, 1966).

Beyond the generic characteristics of different media, consumer response is improved through successful matching of creative ideas and execution with the appropriate medium. ‘Appropriate’ in this sense means a medium that delivers the message in a way that enhances the impact of impression. In other words, evidence suggests that each medium has its own distinct and contextual value to advertisers with regard to its abilities to influence the receiver. De Pelsmacker et al. (2002), call these ‘situational factors’ in the elaboration of advertising stimuli. Examples are the physical consumption environment where and when the consumer digest the media along with their messages, the nature and perceptions of the medium itself, the sequencing of ads within the medium, as well as the characteristics of the editorial content environment in which the ads are embedded. Although the increasing importance of these factors qualitative factors have been long emphasised (Aaker & Brown, 1972; Bogart, 1986), scholars note the incomplete and sometimes contradictory knowledge about the field (Aylesworth & MacKenzie, 1998; De Pelsmacker et al., 2002; Lynch & Stipp, 1999). Also, little evidence indicates that existing knowledge employed in daily media-buying and -planning practice in a structured way. Ha (1995) notes that the models created for media selection often completely lack the tools to deal with the attentiveness of the audience and the quality of the contact. One of few attempts to integrate these issues in media selection was Aaker’s (1975) model, which tied advertising copy approach to a media selection scheme. It did not however get thoroughly followed-up and since then has the academic models developed switched back to focus on the details of frequency-reach optimization (Ha, 1995).

4.3.3 The value of the media content

Though media effects have not been found to be widely integrated in media planning practice, research has attempted to link certain media content environments to better advertising effectiveness. Studies of excitation transfer (Mattes & Cantor, 1982) has shown that an appreciated media content environments stimulate audiences’ attentiveness, response to commercial messages, and recall of product advertising (Lynch & Stipp, 1999). In particular the relationship between comedic content and positive evaluation of TV advertising has been noted (Goldberg & Gorn, 1987). These assumptions that there are moods and content environments that are generally better than others have met criticism, and attempts to replicate these findings in print media have not been able to establish the same connection (De Pelsmacker et al., 2002).
The problem, however, is in the practical work in advertising planning to match the ad with a predicted future editorial context. In some situations, future editorials are fairly easy to spot, but in other cases they are not. This has led advertisers to resist potentially risky and unpredictable content environments such as news broadcasts (Beatty, 2001) in favour of more predictable programs. Some evidence suggest that advertisers do abandon strictly quantitative audience measures for qualitative judgements in cases where the program environment could have a negative spill-over on their advertised brands (Napoli, 2003). Advertisers may therefore arrive at very different valuations of such factors.

The need to better understand the qualitative aspects of how audiences interact with the medium has led to an increased research activity. One stream of research investigates the broader qualitative dimensions of media consumption experiences (Bronner & Neijens, 2006; Calder & Malthouse, 2004; Malthouse & Calder, 2002). This includes the meanings, feelings and functions that audiences attribute to their consumption of various media, which in turn has implications for the contextual value that different media audiences may offer to different advertisers with different pursuits.

### 4.3.4 Media appropriateness and consumers’ involvement in purchasing decision

A related body of literature which has become influential in advertising planning builds on consumer involvement levels in the purchasing decision. The more involved a consumer is in the acquisition of a product, the more information or advertising regarding the offering he or she is willing to consume (Kapferer & Laurent, 1985; Robertson, 1976). By linking different consumer involvement levels for different product categories, with either emotional or rational message appeals, four generic advertising strategies was generated through a model later known as ‘the FCB grid’ (Vaughn, 1980). Different media had advantages and disadvantages in serving as advertising vehicles for each strategy. The implication is that in general, printed news media are suitable for messages targeting active, interested and facts oriented consumers, while broadcast media better convey shorter repetitive messages for product categories with less involved consumers (Vaughn, 1980). Involvement theory has shown to have an impact on the creative matching of advertising style with editorial content environment.

### 4.3.5 The value of media brand cues

A cognitive stream of research has explored the effects media brand environments have on advertising effectiveness. Here, only the image or affection of the medium could enhance the effect of the advertised message, but also the relationship of the message with the content environment can be
planned in a value-creating manner. This means either a matching (congruency) or mismatching (contrasting) of advertising with appropriate editorial contexts (MacInnis & Jaworski, 1989). Media content puts the audience in a mood for considering certain needs, which makes them more likely to pay attention to ads related to the satisfaction of these needs. This is also known in psychology as the priming principle (Herr, 1989; Yi, 1990). According to this, the context serves to evoke moods, knowledge structures, which make the processing of the ad message easier for the receiver. By ‘priming’ print advertising with different editorial content it has been shown in experiments that readers interpret the advertising in such different manners as to make the researchers conclude that the medium itself had more impact on interpretation of the message than the actual advertising content (Yi, 1990). However, research is far from conclusive. Some studies have contrarily shown negative advertising effects of congruity (Cantor & Venus, 1980) and others have proposed increased attention through a contrast effect (Meyers-Levy & Tybout, 1997). The explanation provided holds that for persons with low involvement in the product, congruent embeddedness lead to better understanding and more positive reactions consistent with the priming principle. However, in high involvement situations, the unexpectedness of the contrast effect seems to evoke more elaborate processing by the receivers (De Pelsmacker et al., 2002).

4.3.6 Synergies from communication coordination and integration

Advertisers and media agencies have been criticized for organizing their work with media in isolated vertical silos and selecting media based on their production competence rather than campaign effectiveness. There are notions of synergies and cost-efficiencies in cross-media planning, suggesting communication effects are not linearly additive as more media channels are added in the advertisers media-mix (the so called media multiplier effect). This increased interest in integration of media activities in general and the verification of media multiplier effects in particular have led to the development of more advanced budget allocation models for cross media use (Naik & Raman, 2003; Vakratsas & Ma, 2005).

Integrated marketing communications provide a view on planning and execution under which ‘a company integrates and co-ordinates its many communication channels to deliver a clear and consistent message about the organisation and its product’ (Pickton & Broderick, 2005, p. 3). This looks at marketing communication not as individually transmitted marketing messages but as the totality of meetings between the customer and the brand from the customer’s perspective. Some of the value from mixing different media vehicles was discussed earlier in the section on media multiplier effects. However, a larger part of the value created can be traced back to the actual tasks of
coordinating, linking and managing the necessary information between various actors and vehicles.

With IMC, it has more than ever been visible that communication cannot be planned through mass media alone, but rather through the variety of channels where individuals form their experience of brands (Calder & Malthouse, 2008; Chattopadhyay & Laborie, 2005; Duncan & Moriarty, 1999). In order to truly plan and coordinate media from an integrated perspective, media planners and buyers need to understand not only traditional mass media, but also direct marketing, events, PR, digital media, sponsorship and other options available to reach desired impact on the target group. As several authors note, the move toward integrated marketing communication requires a new set of skills developed among media planners (Abratt & Cowan, 1999; Beard, 1996a; Fawcett, 1993).

4.4 Practitioners’ understandings of TV advertising value

The previous sections lined up a number of factors which according to researchers influence the communication impact created through media selection. If these factors are employed in practice is a different story, and so is also the relative weight of importance for each one of them.

4.4.1 The use of theoretical models

Despite all the normative academic models produced on how advertising should work, it is also shown that they are rarely known and used by practitioners who tend to develop their own proprietary models (Gabriel, Kottasz, & Bennett, 2006). This corresponds well to both the more general discussion on the academic-practitioner gap in marketing (Hunt, 2002), and the specific findings of Ha (1995) who looked at the use of media selection models in particular. There are different explanations to this tendency of practitioners not letting academic theory shape the practice.

Gabriel et al. (2006) attributed this to agencies’ desires to build legitimacy by having their own models, and thereby see this behaviour as a strategic choice. Others see it as a sign of failure for academic research. Ambler and Vakratsas (1996, p. 22) proposed that academics formulate the questions wrongly and thereby fail to speak to advertising practitioners and ‘the world they inhabit’. In a similar spirit, Ha (1995), proposed that the industry ignorance is due to the inability of academic researchers to resolve the right issues and their tendency to turn media selection into a decimal science rather than common sense. According to Ha, ‘this narrow conception of media has promoted the status quo of spending in the major established media where data are abundant, and
discouraged the creative use of new media’ (1995, p. 11). Accordingly, while researchers argue whether ‘Canonical Expansion Model is more accurate that the Dirichlet Multinomial Distribution model’, questions more relevant to the practitioner may remain unsolved.

Other explanations suggest that agency employees have less academic education than many other marketing professions and that their understanding of how advertising works may be an autonomous construct (Nyilasy & Reid, 2007). Accordingly their understanding of value is built from a different social context and schema where entirely different dimensions such as creativity may be promoted (Nyilasy & Reid, 2009). Thereby, the largely non-theoretical, multiplicity of understandings of what advertising value is and how it is created is also an expression of a sector with fragmented professional communities with different practices and reward systems (Cook & Kover, 1997).

4.4.2 Cognitive assessments of value in agency and client media decisions

The relative importance that practitioners assign to different benefits in media selection has over the years been covered in a handful of academic articles. It should be noted that some of these studies are problematic since they derive their tested value attributes from theory, rather than from the real world. In other words, they take for granted that professionals use academic models to assess value and they thereby miss value categories not already suggested by academic theories. Practitioners are asked to rank the factors covered in academic models (Boivin & Gangné, 1996; Leckenby & Kim, 1994), which has a certain irony given the findings that practitioners often do not use academic models (e.g. Gabriel et al., 2006). Other studies (King & Reid, 1997; King, Reid, & Macias, 2004; Nowak, Cameron, & Krugman, 1993) are broader in their approach to value in media selection, but fail to recognize the dynamic aspect of when, under which circumstances, and for which campaign purposes, value factors differ in perceived importance. Therefore, regardless of their theoretical point of departure, or whether they study agency or client representatives on national or local accounts, most studies conclude that for the average campaign, the reach of the media vehicle is the most important and basic factor which needs to be satisfied before other dimensions of value are considered.

King and Reid (1997) survey 129 representatives of top US agencies and the study aimed to focus on national advertising accounts. Their questionnaire was empirically derived through pre-study interviews with media selection specialists. In other words, King and Reid had ambitions to construct a complete list of media selection considerations, rather than just a few aspects of interest. These media selection factors could be regarded as dimensions of perceived value. The range of ‘value-items’ boiled down to six main factors – client concerns (such as the contribution to strategic dimensions and branding aspects), media planner/buyer details (willingness to bargain and discuss
additional value-added offerings), media services (sales rep competence, educational interaction, reach potential), agency/client enthusiasm (enthusiasm and ability to deliver creative impact), numbers delivery (supply of audience research and verification of CPM of target group effectively reach), and target reach efficiency. In other words, this shows a breadth of potential influences and value elements not visible in previous research. Nevertheless, when ranked on a scale from 1-5, 'efficient reach' once more was confirmed to be the top priority in media selection. Second in place was 'numbers delivery' in terms of CPM measures and audience figures. On the other end of the spectrum, enthusiasm and media services had the lowest average scores of importance.

In 2004 the selection criteria of media specialists from the earlier study were compared with the considerations of 91 large-company advertising managers (King et al., 2004). Their conclusion was that media specialists after all have a broader view on the media offering. Compared to the advertising managers, media specialists tended to attribute significantly higher value the augmented service offering including 'the provision of audience research', 'value-added opportunites', 'promotional tie-ins'. Interestingly, the study also confirmed that media selection is not only made with the consumer target group in mind, but also that advertisers are influential in their roles as clients to the media specialists. Accordingly, media specialists attributed considerable value to the medium’s ability to produce enthusiasm among their clients, the advertisers. In fact, the medium’s ability to excite the client was much more important than its ability to excite the creatives (King et al 2004).

Abratt and Cowan (1999) took more of a supply chain view when problematizing the preferential differences found across top agency media planners and marketers at large consumer companies. Especially, media planners seemed to emphasise quantitative audience data, such as demographics and psychographics, while disregarding qualitative factors in media selection. They tended to have generally lower level of education and lack a strategic perspective on media selection from a competitive and branding perspective, which made them disregard information about customers’ buying behaviour and their timing of purchasing decisions.

4.4.3 Understanding value in mass media advertising

There is little research that reflects how the value of advertising media is experienced in a wider context. Murphy and Maynard (1996) concluded that differences in valuation between agencies and clients do not come from cognitive processes but rather social and organizational structures. Other authors have pointed at the intangible and relational dimensions that play important roles in the media planning process (McMellon and Eftimov 2004). This being said there is a significant gap between the understanding of how advertising media selection should be conducted and how media is valued in the practices of marketers, agency specialists, and media representatives.
4.5 History and background of Customer Relationship Management

Relationship marketing is a concept which is discussed and analyzed on different levels of abstraction and operation. In a broad sense, relationship marketing is theoretically promoted as a value creation paradigm, where long-term relationships are seen as more fertile soil for value creation than traditional bargaining in one-shot transactions (Grönroos, 1991, 1994b; Gummesson, 1987, 1997, 2003). A fundamental belief is that it is the customer’s experience or perception that is the relevant indicator of value (Vargo & Lusch, 2004) and that a relationship approach to marketing in many cases can better support the formulation and creation of that value than a transactional approach (Grönroos, 2004). Potentially, relationships are interactive and collaborative and embed different values that could be explored. Much of this departs in increased customer insights which enables for instance innovation and product development and even active customer participation (von Hippel, 2005), improved segmentation and communication (Humby, Hunt, & Phillips, 2004; Payne & Frow, 2005), more consumer engagement in consumption practice (Beckett & Nayak, 2008) and increased brand loyalty (Malthouse & Calder, 2005).

In operational terms however, relationship marketing is often reduced to equal one-to-one marketing or customer relationship management (CRM) (e.g. Peppers, Rogers, & Dorf, 1999). CRM has developed as subgenre of relationship marketing dealing with data-driven management of customer relations (for a range of definitions see Payne & Frow, 2005). Don Peppers and Martha Rogers popularized the CRM practice during the 1990’s with a series of books and articles pointing at the opportunities for firms to leverage digital interactive media to efficiently manage customer relationships in large scale (Peppers et al., 1999). From this viewpoint, CRM was mainly a concern for mass marketing where the digital revolution had made it possible for firms to mass-customize both offerings and communication (Pine 1993) and turn to from mass marketing to one-to-one marketing (Peppers & Rogers, 1993). This development had started already in the 1980’s as technical database solutions provided by firms like SAP and Oracle gave companies the possibility to collect, store and mine transactions data on what customers purchased (Boulding, Staelin, Ehret, & Johnston, 2005). Parallel, the emergence of digital media made it possible for firms to move direct marketing online. For instance customer clubs were found to be good opportunity to connect database information with interactive communication capabilities. In effect, CRM practice became a meeting of technical database specialists and direct marketers, a culture presumably quite distant from the idea of relationship marketing in service industries, the reality in many business-to-business
relationships, and the goals of agencies and employees working at the creative side of the marketing communications process.

From there, CRM has developed into a particular method to administer and manage customer relationships, where marketing behavior in customer interaction is more data-driven and based on historical customer information (Malthouse & Calder, 2005). For instance, firms may attempt to cross-sell products to shoppers based on their purchasing history (Humby et al., 2004) or deal with service encounters based on prior solutions. CRM systems are designed for this purpose and the solutions they provide fall within certain interpretations of desired goals defined by CRM literature. Whereas relationship marketing theory in the broader sense often focuses on the idea of customer as an active and engaged value co-producer (Grönroos, 1994a), CRM literature primarily engages in the tactical managerial problems of identifying profitable relationships, customer loyalty, segmentation techniques, and the value of the customer stock (Malthouse & Calder, 2005). In the definition of what value is and how it is quantified, CRM looks at how relationships increase the value of the customer for the firm, but not so much how the relationship creates value for the customer, and how it engages or activates the value creating resources and capabilities of the customer.

4.5.1 The value of CRM in academic theory

Despite some exceptions (e.g. Malthouse & Calder, 2005; Payne & Frow, 2005; Wulf, Odękerken-Schroder, & Iacobucci, 2001) the general question asked in CRM literature is neither how CRM creates customer value, nor how CRM mobilize customers’ own value creating resources and capabilities, but rather under which circumstances CRM creates value for the firm and its shareholders (e.g. Reinartz, Krafft, & Hoyer, 2004). This question can only be answered if we know what the firm values. At the end of the day, it is acknowledged that firms implement CRM programs to increase profits and shareholder value, but that there is also a need for intermediate measures (Boulding et al., 2005). Concepts like customer life-time value (CLV) has therefore become important to define and quantify the monetary value of customer relationships (Blattberg, Malthouse, & Neslin, 2009).

In the concept of customer life-time value, value is essentially a financial construct dependent on i) the length of the relationship, ii) the revenues from customers generated over the relationship, iii) the firm’s investments and costs in the relationship and iv) the required return on investment (Blattberg et al., 2009). In other words, value is the sum of all the discounted positive and negative cash-flows over the relationship. All other customer responses to marketing, whether behavioral or attitudinal, are regarded as antecedents of CLV that affect either the relationship length or the monetary flows within the relationship. So, even though relationship marketing may well result in non-monetary results such as higher brand favorability, brand loyalty and brand
preference, CRM literature desires to link it to downstream monetary pay-offs for firms in terms of higher overall profitability and economic performance (e.g. Reinartz et al., 2004). The same goes for behavioral consequences which can be broken down to measures such as recency, frequency and monetary value of customer transactions (RFV), share of wallet, cross-buying, up-buying (Verhoef et al., 2010).

By regarding the fundamental objective of CRM to maximize the life-time value of each customer (V. Kumar & Reinartz, 2006), the CRM practice is given quite distinct directions. Much effort concern how to time marketing interactions to maximize positive cash-flows and prolong the relationship (e.g. Thomas, Reinartz, & Kumar, 2004). A common conclusion from the CLV approach is that marketing activities often tend to focus on attracting disloyal customer rather than increasing the CLV of the best customer segments (Zeithaml, Rust, & Lemon, 2001). Substantial interest in CRM literature is therefore focused on how to separate the customer segments that will generate sufficient return at each level of relationship investment from those who won’t (e.g. Mulhern, 1999). CRM practice has from this starting-point become not only an issue of customer relationship maintenance, but also selection – which relationships to initiate and which to terminate (Reinartz et al., 2004).

4.5.2 Practitioners’ understandings of CRM value

How marketing practitioners think of CRM value is largely unstudied in academic research (Skålén, 2009). Relationship marketing can be said to be commonplace on many markets where buyers and sellers engage in repeated transactions where they develop a relationship history over time – key account management functions in business-to-business relationships, and customer relationships in service trades like dentists or hairdressers. It can be argued that also brand community building in social media is clearly within the territory of relationship marketing. CRM however commonly refer to the large-scale data driven management of multiple relationships between a single firm and many audience members in isolated one-to-one dialogues (cf. Gummesson, 2006). In the technical development, the focus has shifted from the customer to the firm, from needs and satisfactions to cash-flows (Humby et al., 2004). As Malthouse and Calder (2005) notes, despite that ‘companies focus more on the hardware and software systems used in CRM than on the goal of making customer interactions more meaningful’. Many firms are simultaneously struggling to recoup the costs associated with gathering and analyzing data (Cigliano, Georgiadis, Pleasance, & Whalley, 2000).

Considering the visions of CRM as a mutual process of exploring value by exchanging information between buyers and sellers (Beckett & Nayak, 2008), the field seems to have taken a different path. Whereas the operationalization of CRM has been dominated by different aspects of the value of customers to the firm, there are warnings that a purely technical view which ignores the
customer’s needs and experiences in the relationship is on the wrong track. The importance of trust has been acknowledged for relationship performance (Berry, 1995; N. Kumar, 1996; Morgan & Hunt, 1994), and that without trust in the good intentions of the seller and the mutuality of both gains and sacrifices, customers will be reluctant to develop any loyalty. More specifically it has been shown how divergent buyers’ and sellers’ desired benefits are within a relationship (Wulf et al., 2001) and how far consumer experiences of CRM are from the lofty propositions of mutual benefits and co-creation of value that a relationship paradigm promise (Fournier, Dobscha, & Mick, 1998). Not only customers but also product suppliers have viewed retailers’ CRM activities with skepticism, questioning their share of the benefits derived from closer supplier-retailer collaboration and sharing of customer data (Corsten & Kumar, 2003, 2005). In summary, whereas the normative literature on how firms should measure value is well developed in the CRM field, there is considerably less clear insights in the rationality with which all other parties (e.g. customers and suppliers) engage to support the creation of this value and the extent to which the experience of reward is shared.

4.6 Customer media and Custom publishing

In relation to both TV advertising and CRM, customer media and customer magazines is a field that is scarcely researched. At the same time, it is one of the most expansive sectors of the media industry with yearly multi-billion dollar turnovers (Ives, 2002, 2008).

Customer media is a collective name for all the media vehicles that are produced and distributed by or on behalf of sponsoring firms. Today, sponsored TV programs, custom-made computer games, websites, and customer magazines are this way launched both as stand-alone products, or embedded in the distribution systems of commercial media. Custom publishing is the print-related section of this industry, and customer magazines is their most important product category.

These media products are often presented as a part of the media mix which borrows the editorial air, credibility and entertainment value of traditional media. It is proposed that what separates customer media from commercial media is not the content, but the commercial intent (Ebel, 2002). Commercial media intends to make their money directly off the media product, either as consumer sales, subscriptions or advertising sales. Customer media does not have a primary goal to make money on the media product. The media product is from this perspective a branding platform from which an idea or experience is launched, which eventually will lead to product sales in another category. The content can however be similar – both corporate media and commercial media have editorial ideas that are centered on a brand with certain values and appeals.
4.6.1 The value of Customer media in academic theory

There is no single dominant idea or theory about the value of customer media. However, in general terms, customer magazines are seen as tools to increase loyalty (Bronner, 2004) and strengthen relationships (Ebel, 2002). From this perspective, customer magazines are considered to be generating value in the long term, particularly in terms of brand loyalty (Mintel, 2005). A study by Millward-Brown (2005) confirmed that consumers receiving customer magazines developed stronger affinity and appeal to these brands. In studies of why firms invest in customer magazines, managers see the magazine as a loyalty tool, projecting the corporate image and values, informing, and creating goodwill. In this process customer magazines are considered having a stickiness, leaving more time and room than traditional advertising to create bonds between the reader and the brand (Bronner, 2004). Largely customers are portrayed to read magazines for their entertainment value. For the reader however, customer magazines are not only potentially informative and entertaining, but also means for creating and expressing identity ("Business: Voguish; Custom publishing," 2003; Raaij, 1989). By their selectiveness, it can be argued that they leave an experience of being rewarded, that they signal membership to an exclusive community, and that their branded content express consumption meanings in the same ways as the original product brand. Accordingly, customer magazines are often added as elements in CRM programs, where they serve the function of rewarding important customers, or are sent to particularly attractive demographic segments.

Others propose more traditional media measurements such as reach, readership, reader response and reader satisfaction rather than marketing measurements as ways to assess the success of the publication (McMurry, 2009). There are also various suggestions to measure and evaluate impact on sales and market shares even if there is little evidence presented that actively supports such a connection (Ebel, 2002).

4.6.2 Practitioners’ understandings of Customer media value

The scarce academic literature in the field has so far paid most of its interest to the particular question of whether readers care about the ‘hidden’ promotional objectives of customer media. In other words, if it matters whether a good media product has to be free from promotional intents and if appreciated entertainment and information also can serve corporate interests. What has been sought is to explain customer media in traditional effectiveness measures, i.e. whether editorial looking magazine ads create more attention and appreciation than traditional ads (Reijmersdal, Neijens, & Smit, 2005), and that the consistent integration of brands in certain editorial contexts produces changes in the perceived brand image (Reijmersdal, Neijens, & Smit, 2007).
These questions are interesting, but it could also be argued that they are somewhat stuck in an old communications paradigm where promotion was a one-way street from firm to mass audiences. They look at how customer media impacts the perception on the brand, but not how customer media is actively used to enhance or create the experience the brand. It disregards the fact that people may already feel emotionally attached to brands, and/or that brands stands for values that audiences find attractive, appealing, and regarded as important parts of their lives and identities (Fournier, 1998). Media content has a role in extending this brand experience. From this standpoint, information, advertising, can be desired and actively chosen by consumers rather than forced upon them. Only such a discussion can explore why consumers indeed want to consume more information about their favorite brands, be it Apple Ipods, BMW cars, or Breitling watches, and how customer media at the same time leverage and feed the high customer engagement by supplying a steady stream of branded content.

When thinking about customer media, it can be argued that the term brand extension is a better metaphor than advertisement or advertorial. Research on media brands stretching into consumer products show that there is nothing radically different in the opposite case (Habann & Nienstedt, 2008). This way, the customer media is not about informing or persuading consumers about products, but about enhancing and extending the experience and feeling of the brand to more senses, places and occasions. Customer media can be successful as stand-alone products. Along with a growing understanding for the medium, companies successfully produce magazines that can both carry ads and sell single copies in newsstands (Fattah, 2002; Novack, 2003). Luxury brands like Bulgari use high quality articles and skilled photographers to create a media product that customers or aspiring customers would purchase and place on their coffee table (“Business: Voguish; Custom publishing,” 2003). Overall customer media has the potential of not only being seen as loyalty building tool between a firm and its customers, but as a brand community tool that can invite new members or help existing members to generate more value for themselves from their brand consumption experience.

4.7 The social side of advertising – studies of practitioners in interaction

The previous sections have discussed the value in TV advertising, Custom publishing and CRM. The reviewed studies of advertising media value have in common that they regard value as residing in the media product. There is in other words a tendency to separate the discussion about value from the overall process of interaction and value creation as a collaborative exercise between involved actors and there is little answers provided to what the roles and
actions of media firms, agencies and advertisers are. This section adds studies of processes, practices, activities and interactions to the picture. From a such a perspective, without the engagement of practitioners, no value can be produced. Several studies found that though the value created in the B2B relationships between agencies and clients often has intangible dimensions, these relationships and decision-making processes between firms is not fundamentally different from conventional organizational buying processes (Devinney & Dowling, 1999; Michell, 1984b; West & Paliwoda, 1996). However, the findings from the advertising industry often result in the conclusion that interaction and information-sharing is poor, and the grounds for not developing more collaborative relationships are not clear.

One important feature that makes TV advertising sales particular is the dominant representation of media agencies in the interaction process. Media agencies may be stand-alone entities or departments within advertising agencies that have specialized in performing the tasks associated with media planning and buying. Due to history and national legislation the structure and position of media agencies in this process vary quite sharply from country to country and across media types (Bogart, 2000). TV tend however to be the medium where media agencies are most frequently used.

Studies of agency-client interaction have covered a range of issues to various degrees connected to value and value creation. This includes how advertisers can or do evaluate agency performance and value (Lace, 1998; Michell, 1986; Wackman, Salmon, & Salmon, 1986), what creates loyalty in the client-agency relationship (Michell & Sanders, 1995) what creates conflicts and causes advertisers to switch agency (Devinney & Dowling, 1999; Henke, 1995; Michell, 1986). Other research includes agency-selection patterns and how agencies land new client contracts (Willis, 1992), agency power over advertisers' decision-making (West & Paliwoda, 1996), shared understanding of priorities and business values (Murphy & Maynard, 1996) and contractual arrangements (Devinney & Dowling, 1999).

4.7.1 (The lack of) collaboration in agency-advertiser relationships

The picture that emerges of advertising practice leaves a quite gloomy reflection on the optimistic promises of relationship value given by marketing theory. Ethnographic studies of knowledge-intensive industries have noted the importance of relationships and trust since the quality of the service offering is difficult to assess and the role of consultant is ambiguous (Alvesson, 1994b, 2001; Lien, 1997). However, despite these personal bonds, agencies in the media and advertising sector are found to be quite poor in managing relationships with their clients, insensitive both to customer needs and perceptions of value (Abratt & Cowan, 1999; Doyle, Corstjens, & Michell, 1980; Michell, 1986). Overall, communication appears to be a problem in the
Value in advertising theory

agency/client relationship. On the one hand agencies are accused of being bad at communicating and listening to the client, while on the other hand clients are perceived by the agencies as not sharing the information necessary for a satisfactory performance (Bourland, 1993; Hotz, Ryans, & Shanklin, 1982; Michell, Cataquet, & Hague, 1992).

It would perhaps not seem too farfetched to assume that agencies and advertisers get to know each other time and thereby improve their mutual relationship performance. Time is commonly seen to allow learning and adaptation which 'provide the potential for new solutions to evolve to solve future problems' (Ford, 2002, p. 175). Unfortunately, also these hopes are shattered. Hotz et al (1982), reported little effect of time on the problem-solving abilities in the client/agency relationship. In fact, the only major difference over time was the agencies' perceptions of their own performance whereas the advertisers saw the same problems persist regardless of the length of the relationship. The authors attributed this to the high personnel turnover in the advertising industry leading to short organizational memory. The recommendation was therefore that clients should focus more on enhancing their communication skills and ways to express expectations of roles and performance, rather than relying on a friendly atmosphere to solve the problems. Other studies found inverted growth of relationship value as agencies show tendencies to grow complacent and produce less creative and strategic output for the advertisers (Grayson & Ambler, 1999; Harris & Taylor, 2003). Overall it has been noted that agencies rarely links the loss of an account to their own performance or ability to deliver value to their clients (Michell et al., 1992). Instead they tend to attribute the event to factors outside their control or 'machiavellian conspiracies' (Doyle et al., 1980, p. 20). Abratt and Cowan (1999) propose a relationship marketing approach from the agency-side in the agency-client relationship to improve the situation. This means better understanding of the client's needs and specialist skills to solve them. In addition, marketers on the advertiser's side must be better at sharing consumer and product information in order to increase integration, coordination and synergy in the use of media vehicles (Abratt & Cowan, 1999; Harris & Taylor, 2003; Hotz et al., 1982).

Relationships are two-way streets and there are studies of how agencies use the relationship to mould their clients. Beard (1996a, 1996b) notes that agencies, just as many other service organizations, will try and socialize advertisers into certain practices in order to make their behaviour more predictable. In other words, in order to reduce the number of possible solutions that a client desires and align their expectations with what the agency can deliver, they will try and initiate the client in their community of practice including language, methods and solutions to standardized problems. An advertising agency or a media agency thereby teach their clients what an agency of that type do and does not do, the client will thereby conform and reduce both their inputs in the process and the expectations on the outputs, and in that
process the ambiguity in the service provider's role is reduced. In the demand for agencies to become more cross-functional in their perspective (IMC), the author argues, agencies will experience a conflict between increased role ambiguity and potentially more holistic and integrated client solutions.

Harris and Taylor (2003) proposed that the key to greater agency involvement was to involve agencies in the process of setting advertising budgets. In-depth interviews with marketing managers resulted in the conclusion that if the agencies were to be held accountable for return on marketing investments or other measures of result, they should also be seen as strategic partners and provide input in the budgeting process. Increased transparency and collaboration could provide value to both parties, but required both commitment and trust and had to be initiated from the client’s side. However, client organizational structures and degree of top-down decision making, as well as degree of cost pressure in marketing budgeting tended to keep agencies treated as vendors rather than partners.

### 4.7.2 Relationship value in media agencies and media firms

While the relationships between advertising agencies and advertisers are rather extensively studied there is significantly less research done on the interaction between media firms, media agencies and advertisers. There are however few exceptions to the dominance of the advertising agency focus. A study on the negotiation process between buyers and sellers of media was based on in-depth interviews with 18 media buyers (McMellon & Eftimov, 2004). According to their findings, the media market is far from the objective science often portrayed in literature. Instead the buyer and seller are interdependent, and ‘locked in a negotiation dance that is dynamic, complex, long-term and not completely in their control’ (p. 28). Goals and outcomes of the media negotiation process can be both quantitative, based on advertising objectives and target audience structures, as well as more qualitative based on brand compatibility, firm prestige of a media context, or subjective utilities such as personal appreciation and praise. These subjective experiences are rarely mentioned in media literature, but may mean that media buyers and their organizations have different desired negotiation outcomes than their clients. The determinants of the process identified in the study are the personal skills, relationships, power, and economic resources of the actors. Again, information and relationships appear to be key variables in the process both in terms of negotiation power as well in an actors' ability to realize valuable outcomes. These authors stress, in line with studies from other empirical contexts, the importance of increased cooperation between buyers and sellers in order to reach increasingly valuable outcomes for both parties (McMellon & Eftimov, 2004). Packaging of media buys and media planning practices can be improved when relational aspects are also considered. This suggests a new view on the
relationship and exchange of information between media firms, media agencies and advertisers.

Bichard, Chambers, and Patwardhan (2007) compared the degree of relational focus between three traditional media – radio, newspapers and TV (broadcast and cable) and media- or ad agency customers. 136 American media buyers were surveyed on their perception of media sales representatives. In comparison with an earlier study, it was found that more buyers today regarded their sales representatives as 'effective' and that in addition to the sales task, media sales representatives (particularly in broadcast TV) actually deliver valuable services. Effective in this context meant above all knowledgeable, informative, reliable, honest, responsible, trustworthy, accessible, credible, negotiable, organized and understanding. Besides these elements collectively labelled professional items, a second factor of personal attributes (meaning if sales representative came across as pleasant and likeable) emerged as being important.

In line with the market orientation literature it has been noted that media sales representatives would benefit from adopting an relational approach to selling advertising space, where ‘information, interaction, and understanding’ take central positions (Bichard et al., 2007, p. 37). This means focusing on ‘understanding the customer’s business’ and how the media product creates value rather than hard selling standardized products (Bogart, 2005, p. 148). In a situation with a media agency present, the task of selling advertising becomes quite different. The media sales representatives get to deal with a buyer who is skilled and equipped to assess the advertising media products. However, at the same time, the dialogue with their customer, the advertiser, about how advertising media help them reach their goals and objectives is restricted.

4.7.3 Information in media planning decisions

In the establishment of institutionalized markets and practices, the conformation of information is important. Advertising media planning is known to be a particularly data-driven and information-heavy practice (Bogart, 2000). Researchers have accordingly noted the symbiosis between media selection and the production of reliable audience measurements (Cameron & Haley, 1992; Ha, 1995). This is a limitation of most media selection models to only consider media channels which can provide frequent and reliable audience data – in other words traditional mass media. Product placements, checkout coupons, new media, or other channels in the fast moving media landscape which do not fit in the desired reporting format would not qualify in the evoked set of media options considered in the models. While the knowledge increases about the range of factors potentially influencing the effect of communication, more media channel options means more competing measurement standards. Advertising media selection is in other words still torn between either a quantitative approach to decision making based on a shared
audience currency – or the other a more eclectic approach to media selection based on creativity and qualitative consumer insights rather than maths. The meeting of information types may also mean a clash between agency practices (Hackley, 2003a), though it is unlikely that one could ever survive without the other (Taylor, 2005).

Despite the current obsession with numbers, it is an irony that campaigns are found to often be built on insufficient knowledge and information (Abratt & Cowan, 1999; Bogart, 2000; Clancy, 1990; Helgesen, 1992). There is little connection between the advertisers’ collection of target group data for market intelligence purposes and the outsourced media planning and purchasing procedure. Seen from the other end, development of audience measurement techniques by media firms does not necessarily translate into value if the information is not used properly. Bogart (1990) had hopes that the concentration of the advertising industries into larger, integrated agencies would mean greater resources to collect and process information. However, whereas the availability of consumer data and programs for media decisions have exploded since early 1990’s, little evidence shows any fundamental change in the structured use of academic media selection models employed by agency employees.

4.8 The meaning of value in marketing communications work

This theoretical chapter has provided an overview of how advertising media value and value creation is described in academic research. Whereas the bulk of advertising theory proposes that value in advertising is a question of selection and prioritization between various variables such as impact, frequency and reach, there is also another perspective on the work process where value is less clear and decisions more ambiguous. It is from this perspective that marketing theories and models define marketing, but also through their application reduces the numbers of solutions and actions considered by marketers in real life (Brownlie & Saren, 1997; Hackley, 2003b). The same can be said to apply to theories on value creation, meaning that theory become ‘non-negotiable constraints for conducting marketing work’ (Svensson, 2007, p. 272) and equal obstacles to understand what marketing work mean to marketing practitioners (Saren, 2007). In the light of this, it is even more interesting to study what people do in order plan, select and purchase advertising media. Researchers have been increasingly interested in the question of what is marketing work (Svensson, 2007) or marketing communications work (Deuze, 2007). What is it that makes certain actions and activities being marked with those labels and sorted in certain categories and how does that shape the boundaries of how professionals act and think?
Value in advertising theory

Overall a picture emerges where work in marketing communications industries is not a straight forward journey towards the maximization of value, but a complex job filled with everyday dilemmas (Kelly, Lawlor, & O’Donohoe, 2005; Kover, Goldberg, & James, 1995; Lien, 1997) where practitioners often experience tensions between expectations of creativity and productivity (e.g. Deuze, 2007; Michell, 1984a). There is hence an emotional and experiential side of marketing work that does not so easily fit into the traditional models of advertising media value. These differences may contribute to argue for quite different interpretations of the meaning of value in advertising media selection across professionals, professions, organizations and media types.

Cook and Kover (1997) accordingly point out that central value concepts like advertising effectiveness has several different interpretations, definitions and methods for evaluation depending on which professional community you ask in the advertising industry. The reason, they argue, is that each community is governed by its own needs, activities, and reward systems. Each community has its own language but also the same words can have different meanings. When communities meet, conflicts may well arise. Research has shown how advertising copywriters develop an own understanding of what value is to them and how it is created in their practices. Accordingly, they see the managerially designed evaluation methods as directly counter-productive to their creative work (Kover, 1995). Other researchers have emphasized the need to take this research further in order to understand how occupational differences in knowledge and understanding play out across the media and advertising industries (Nyilasy & Reid, 2009).

Overall this chapter has pictured a field of practice which has become increasingly obsessed with data (Bogart, 2000), but that very little is known about how advertising practitioners form their opinions and priorities. Studies of practitioner preferences show what they value (King et al., 2004), but not why, or how such understandings are mutually dependent on some of the practical contingencies in the industry. For instance, it can be discussed how the proposed poor communication between agencies and advertisers (Michell, 1986) affects how both parties form their theories about the value of advertising media. These questions are now carried over to the empirical chapters which pictures advertising work in the marketing constellation around food retailer ICA, how these practitioners articulate advertising media value, and how advertising practices serves to recreate their understandings.

We will now leave the theoretical discussions for more straightforward descriptions of marketing practitioners at work. Chapters 5 to 8 explore the cases of TV advertising, Custom Publishing and CRM in ICA’s marketing communications process.
5 Marketing communications at ICA

5.1 Getting to know ICA

ICA’s national headquarters in Solna, Stockholm, is located in a suburban office district, surrounded by the headquarters of some of their closest competitors and suppliers in food and retailing – KF, Van den Berg Foods, and Kraft. But unlike their neighbors, ICA’s building does not at all look like a traditional white collar tumble ground. The whole ground level is occupied by one of ICA’s large Maxi supermarkets. Though the location of the store strikes as a bit odd, the interior features, going in ICA’s red signature color, are more of the expected kind – a long line of cashiers, a desk for customer support and betting, and behind that, aisles and aisles of food and wares. On the side, only a discrete set of elevators lead to the upper levels.

When stepping out of the elevator on the second floor you are met by a very different scenario. A bright atrium in painted white and glass, walls decorated with colorful figures, large plasma screens running the latest ICA TV-commercials. A test kitchen is cooking and displaying some of their latest culinary innovations. On several levels above, people cross the open space on pathways, bridging the departments. At the very top, a glass ceiling lets the daylight in. It strikes me as stepping into one of ICA’s TV-commercials – a designed and crisp version of the company, free from clutter, goods, and customers, and probably what it would look like in the creative director’s ideal world.

Almost a decade earlier, I had visited ICA on a short assignment as a consultant. At that point, the headquarters resided in dusky corridors with low ceilings next to the E4 highway where commuters in their cars were sweeping past on their way from Stockholm’s northern suburbs to their offices downtown. Both interior and exterior went in different nuances of brown. ICA had a brand to which few people strongly related, and the reason I had been contracted was to investigate why so few academics could see themselves starting a career there. The transformation that ICA had undergone between 1999 and 2007 in terms of office architecture and working environment is a reflection of the journey that the ICA brand has made on all levels over the same period (e.g. Kangevik, 2005). It is a quite radical make-over of a fairly traditional food retailer, yet in many aspects ICA remains the same company as before. To the external observer, life in many of ICA’s 1400 Swedish stores looks pretty much like it always has. Though change on the shop-floor may sometimes feel dramatic to the personnel, its true impact comes more than
anything from the sum of many small and seemingly insignificant alternations of everyday routines. Whereas this study specifically concerns the national-level communications strategy and media selection practices within ICA’s Swedish subsidiary, ICA Sverige, chapter 5 provides some background to ICA AB as a corporation and its current structure.

5.1.1 ICA AB – ownership structures

ICA AB as a corporate group has over the past decade expanded its food retailing operations into other countries as well as diversified into banking. Today the group ICA AB consists of four wholly owned companies, three in retailing – ICA Sverige, ICA Norge, Rimi Baltic – and one in banking.

Since 2000, ICA AB is owned as a joint venture between Dutch retailing group Royal Ahold N.V. (60%)\(^3\), and Hakon Invest AB (40%). Despite its majority stake in ICA, Ahold is not entitled to unilateral decision making authority, but rather all financial, strategic and operational decisions must be based on mutual consent (Royal Ahold, 2007). The minority owner Hakon Invest is listed on the Nordic stock exchange since 2005, and two-thirds of its shares are held by ICA Handlarnas Förbund, a member organization for the individual ICA retailers, while private investors control the remaining third. Besides its stake in ICA AB, Hakon Invest also keep a handful of other holdings in for instance publishing, and retailers of kitchen tools and consumer electronics.

Table 1 Key figures for ICA AB’s four divisions

<table>
<thead>
<tr>
<th>ICA AB 2006</th>
<th>Total</th>
<th>Sweden</th>
<th>Norway</th>
<th>Rimi Baltic</th>
<th>ICA Banken</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Employees</td>
<td>11698</td>
<td>4752</td>
<td>4043</td>
<td>9132</td>
<td>174</td>
</tr>
<tr>
<td>Net sales (MSEK)</td>
<td>67395</td>
<td>48301</td>
<td>18361</td>
<td>8993</td>
<td>458</td>
</tr>
<tr>
<td>Operating result (MSEK)</td>
<td>2297</td>
<td>2557</td>
<td>114</td>
<td>-12</td>
<td>11</td>
</tr>
<tr>
<td>Stores</td>
<td>2295</td>
<td>1397</td>
<td>693</td>
<td>205</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: ICA Group Annual Report 2006\(^4\)

An important feature of ICA as an organization is that a majority of ICA retailers own their stores. Through their association ICA Handlarnas Förbund they have a substantial influence over the direction of the company as a whole, and execute this power in their own stores and in various boards and decision-making councils. This is due to the ownership structure of Hakon Invest, and

\(^3\) Ahold, traded on the Euronext, owns retail chains in both Europe and the U.S with aggregate sales of €44.372 (www.ahold.com, 2006).

\(^4\) Net sales figures exclude VAT
the decision-making agreement with Royal Ahold. For the same reason, the
ICA headquarters in Stockholm are in many respects a support function for the
retailers rather than a producer of top-down directives.

5.1.2 The story of ICA Sverige in brief

In 2007 ICA celebrated 90 years in business. Established in 1917 as
Hakonbolaget – an effort to join independent food retailers in purchasing,
wholesale and distribution, it took until 1938 before the name ICA AB
(Inköpscentralernas Aktiebolag) appeared as a result of the merger between
four different purchasing centrals (Wirsäll & Fahlén, 1997). Hakonbolaget was
originally formed to gain independent retailers the same purchasing power as
chains, but the formation of ICA marked the beginning of a long series of
initiatives to further coordinate the retailers (Kjellberg, 2001). Coordination
therefore started to spill over also into their interactions with customers
through concept development, store layout, pricing and promotion.

The entrepreneurial, local, service minded store-owner has become an
important element of the ICA brand. While their autonomous position has
been fundamental to the success of ICA, it has also proven to be a challenging
barrier to pass for any initiative of national coordination. Discussions
concerning coordinated advertising had occurred already in the 1940’s
(Kylebäck, 2004), but it was not until the 1963 that a standardized logotype
within ICA was in place (Wirsäll & Fahlén, 1997). By 1966, ICA had taken the
position as Sweden’s largest food retailer.

From 1950’s and up until today, the food retailing sector has been marked
by consolidation and formation of national chains (see Figure 5). One of the
most visible developments is toward both concentration of ownership and
physical concentration, meaning that there is a general trend of fewer and larger
retailers. By the end of the 1990’s ICA (35%), KF (20%) and Axfööd (20%)
controlled 75 % of the food market (Kylebäck, 2004). Between the 1950’s and
1980’s the total number of retail stores was close to halved from 78 500 to 43
700 (Mattsson & Kjellberg, 1992) and in the Swedish food segment more than
80% of the retailers have disappeared over the past 50 years (Jacobsson, 1999).
While the absolute number of stores was in decline, the average shop floor
space increased by well above 30% only in the period 1993-2000
(Konkurrensverket, 2001).
The 1990’s was a period of restructuring and centralization of ICA, accompanied by internal tensions and complaints from various groups of store owners. As a majority stake of the group was sold to Royal Ahold in 2000 and an international expansion was initiated, ICA had turned into a much more streamlined organization with an empowered headquarter. The current structure of ICA Sverige was set in the early 2000’s when the member stores were arranged and branded along four store formats; ICA Nära, ICA Supermarket, ICA Kvantum and Maxi ICA Stormarknad. Each format is today managed as a separate retail chain, and most of the decisions regarding purchasing and product ranges are taken at this level. However, when it comes the use of the master brand ICA in communication, they are all subordinate to the strategies and executions crafted at the national headquarters.

In terms of sales 2006 proved to be a record year for Swedish retailers. In total, consumption of retail merchandise added up to 438,000 MSEK\(^5\), an increase of 26,300 MSEK from the previous year and equivalent to 32.7% of total private consumption (www.scb.se). While the strongest growth occurs in home appliances and clothing, market concentration is the highest in the food retailing segment with ICA, KF, and private family groups Axfood, and Bergendahlsgruppen, all found at the top of the list in terms of market shares of total retail sales. ICA being by far the single largest retailer with a market share close to 20% of total sales (see Figure 7). Closest competitor, KF (The Swedish cooperative union) and their food retailing division Coop, is in many respects the opposite of ICA. It has since the beginning had a much more centralized structure, whereas ICA always was a voluntary collaboration of independent entrepreneurs. Therefore, centralized Coop has always been able to take quicker strategic decisions and drive change, be it on restructuring, cost-cutting or communication strategy, whereas the ICA traders may come across as more engaged, customer oriented and personal.

\(^5\) 10 SEK \(\approx\) 1 Euro at the time of writing
**Marketing communication at ICA**

<table>
<thead>
<tr>
<th>Store profile</th>
<th>Description</th>
<th>No. of stores</th>
<th>Sales incl. VAT</th>
<th>No. of products</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICA Nåra</td>
<td>ICA Nåra are small, convenient stores with good service, a narrow product range and quality fresh foods. Many serve as pick-up sites for Apoteket and Systembolaget, the state-run pharmacy and alcohol monopolies, and handle sales for ATG, the Swedish off-track betting service.</td>
<td>746</td>
<td>SEK 13,408 m</td>
<td>3,000–5,000</td>
</tr>
<tr>
<td>ICA Supermarket</td>
<td>At ICA Supermarket, customers can find most of what they need on a daily basis or for special occasions. Personal service is high, and the stores carry a wide range of fresh foods.</td>
<td>477</td>
<td>SEK 30,539 m</td>
<td>6,000–10,000</td>
</tr>
<tr>
<td>ICA Kvantum</td>
<td>ICA Kvantum stores are larger and offer everyday food items, anti-allergy foods, eco-labeled products and specialty items from near and far. ICA Kvantum also offers many health and beauty items as well as books, magazines, CD and DVDs.</td>
<td>122</td>
<td>SEK 23,202 m</td>
<td>10,000–30,000</td>
</tr>
<tr>
<td>Maxi Stormarknad</td>
<td>At Maxi ICA Stormarknad, customers will find everything they need at good prices under one roof. In addition to a wide variety of foods, these stores carry books, apparel, housewares, sporting goods and everything for the garden. They have extended opening hours and are conveniently located for customers who drive to the store.</td>
<td>52</td>
<td>SEK 19,443 m</td>
<td>30,000–45,000</td>
</tr>
</tbody>
</table>

Source: www.ica.se, 2007

**Figure 6 A description of ICA’s four store formats**


**Figure 7 The Swedish retail market 2006 (shares %)**

87
ICA and advertising in figures

ICA has over the past years consistently been placed among the top buyers of advertising media in Sweden. In 2006, 887 MSEK in gross value was invested in external communication in traditional media, placing ICA in the number one spot, ahead of closest rival in food retailing, the cooperative union KF, telecom operator Telia, and international consumer goods giants Unilever and L’Oreal.

Table 2 Top 15 buyers of advertising media 2006 (thousand SEK)

<table>
<thead>
<tr>
<th>Advertiser</th>
<th>Total</th>
<th>National TV</th>
<th>Provincial press</th>
<th>Metropolitan press</th>
<th>Tabloid press</th>
<th>Outdoor</th>
<th>Radio</th>
<th>Trade magazines</th>
<th>Unaddressed DM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ica</td>
<td>887126</td>
<td>110208</td>
<td>293491</td>
<td>41124</td>
<td>5606</td>
<td>493</td>
<td>1672</td>
<td>2696</td>
<td>208</td>
</tr>
<tr>
<td>KF</td>
<td>813650</td>
<td>179329</td>
<td>171102</td>
<td>133999</td>
<td>7956</td>
<td>482</td>
<td>5421</td>
<td>6440</td>
<td>18</td>
</tr>
<tr>
<td>Telia</td>
<td>623927</td>
<td>231313</td>
<td>79997</td>
<td>158137</td>
<td>64832</td>
<td>8067</td>
<td>22015</td>
<td>38570</td>
<td>13446</td>
</tr>
<tr>
<td>Unilever Sverige</td>
<td>534783</td>
<td>491644</td>
<td>69</td>
<td>3815</td>
<td>712</td>
<td>13681</td>
<td>23095</td>
<td>150</td>
<td>1008</td>
</tr>
<tr>
<td>L’Oréal Sverige</td>
<td>388298</td>
<td>334222</td>
<td>1670</td>
<td>2096</td>
<td>2336</td>
<td>35595</td>
<td>5912</td>
<td>0</td>
<td>488</td>
</tr>
<tr>
<td>Elgiganten</td>
<td>374727</td>
<td>135851</td>
<td>5076</td>
<td>21763</td>
<td>950</td>
<td>362</td>
<td>0</td>
<td>45</td>
<td>208322</td>
</tr>
<tr>
<td>Tre</td>
<td>357317</td>
<td>232805</td>
<td>3144</td>
<td>37576</td>
<td>31718</td>
<td>206</td>
<td>8271</td>
<td>8381</td>
<td>2280</td>
</tr>
<tr>
<td>Procter &amp; Gamble</td>
<td>346393</td>
<td>316676</td>
<td>764</td>
<td>1730</td>
<td>4295</td>
<td>21911</td>
<td>0</td>
<td>966</td>
<td>0</td>
</tr>
<tr>
<td>Swedbank</td>
<td>322850</td>
<td>56702</td>
<td>34970</td>
<td>210023</td>
<td>329</td>
<td>1487</td>
<td>6221</td>
<td>2143</td>
<td>2682</td>
</tr>
<tr>
<td>Telenor</td>
<td>319208</td>
<td>191411</td>
<td>9297</td>
<td>51238</td>
<td>27593</td>
<td>182</td>
<td>23860</td>
<td>11670</td>
<td>3819</td>
</tr>
<tr>
<td>Tele2 Comviq</td>
<td>287160</td>
<td>132496</td>
<td>9246</td>
<td>91272</td>
<td>22751</td>
<td>1151</td>
<td>19530</td>
<td>6083</td>
<td>1627</td>
</tr>
<tr>
<td>Carlsberg Sverige</td>
<td>285700</td>
<td>264191</td>
<td>3</td>
<td>777</td>
<td>6880</td>
<td>5073</td>
<td>3734</td>
<td>0</td>
<td>495</td>
</tr>
<tr>
<td>Viasat</td>
<td>278888</td>
<td>235575</td>
<td>1754</td>
<td>6790</td>
<td>6030</td>
<td>426</td>
<td>10983</td>
<td>16443</td>
<td>886</td>
</tr>
<tr>
<td>Svenska Spel</td>
<td>277315</td>
<td>202971</td>
<td>2508</td>
<td>5322</td>
<td>34091</td>
<td>3037</td>
<td>22189</td>
<td>4967</td>
<td>1175</td>
</tr>
<tr>
<td>Pfizer</td>
<td>272983</td>
<td>236843</td>
<td>3109</td>
<td>11072</td>
<td>1189</td>
<td>2141</td>
<td>10217</td>
<td>5664</td>
<td>541</td>
</tr>
</tbody>
</table>

Source: SIFO RM (2007)

Table 2 shows the top 15 advertisers in 2006 and the estimated gross costs of their media usage. These gross figures may divert considerably from actual net spending after discounts, largely depending on the negotiating power and skills of the advertiser and its media agency. In other words, it is not unusual that the actual net cost is more than 50% lower than the gross figures. Further, as a summary of total media investments, the gross spending do not account for important parts of ICA’s customer communication going through internal productions such as their internet portal ica.se, or personalized direct mailings (including the free customer magazine Buffé). Nevertheless, the table reveals that ICA’s media-mix is giving high priority to direct mail and newspaper advertising (see also Figure 8). As shown in Table 2, these two channels account for 425 MSEK and 340 MSEK gross spending respectively, or more than 70% of the total.

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6 Sifo RM collects advertisements in major advertising media and calculates the gross investment for each advertiser based on media list prices. Production costs and digital media are not included.

7 The column ‘Total’ additionally includes investments in Cinema, In-store media, and Local TV.
advertising budget. This is one distinct characteristic of ICA’s media planning. ICA’s 110 MSEK gross investment in TV advertising does however not qualify among the top 15 spenders nationally and is strikingly small considering the broad impact that ICA’s commercials have created.

The fourth most important channel in ICA’s media mix is Personalized Direct Mail, or Customer Specific Marketing (KSM) as ICA prefers to call it. Though not recognized in the industry figures in Table 2, it accounts for around 8% of ICA’s media investments and targets loyal holders of the ICA loyalty card with mainly a monthly bundle of their account receipt, the free customer magazine Buffé, and a set of special offerings tied to their loyalty card (Figure 8).

![ICA's advertising media mix 2005](source: SIFO RM (2006) and ICA)

**5.1.4 Marketing communications decision-making structures at ICA**

Due to its history, the marketing communication decision process is complex within ICA and a communication plan need to pass through and be approved in a number of forums and boards. Somewhat simplified, marketing communication is initiated on three different levels within ICA – the national communications plan, the promotion plans for each of the four store formats (Maxi, Kvantum, Supermarket, Nära), and the advertising conducted by the individual stores or local networks of retailers. Though interests tend to conflict from time to time, the different levels of decision-making are demarked by different communicative focus and different media channels as their means of communicating with customers (Table 3).
Table 3 Marketing communications decision-making structures at ICA

<table>
<thead>
<tr>
<th>Communication objective</th>
<th>Main media</th>
<th>Main content producer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>National plans</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Focus: Strategic (Master brand development)</td>
<td>National TV advertising</td>
<td>Advertising agency (King)</td>
</tr>
<tr>
<td>Focus: Tactical (CRM)</td>
<td>Customer magazine (Buffé)</td>
<td>Forma Publishing Group</td>
</tr>
<tr>
<td></td>
<td>Internet (ICA.se)</td>
<td>In-house agency (JMC)</td>
</tr>
<tr>
<td><strong>Store chain plans</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Focus: Operational (Promotional offerings/sales)</td>
<td>Un-addressed direct mail</td>
<td>In-house agency (JMC)</td>
</tr>
<tr>
<td></td>
<td>Outdoor advertising</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Personalized mail (KSM)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>In-store promotion</td>
<td></td>
</tr>
<tr>
<td><strong>Individual stores and local networks</strong></td>
<td>Direct mail</td>
<td>Local agencies/JMC</td>
</tr>
<tr>
<td>Focus: Operational (Promotional offerings/sales)</td>
<td>Newspapers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Local newspapers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Personalized mail (KSM)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Interviews and own processing

The national marketing communications organization based at ICA’s headquarter in Stockholm, owns the branding strategy and the positioning process of the master brand ICA. Their primary goal is to build brand associations, recognition and likeability, but also to coordinate the national promotional offerings which are administered and planned by the campaign department. Their most important tool for this is national TV-advertising. ICA has been more reluctant to strategically integrate the internet portal ica.se and the customer magazine Buffé in its plans and refer to them as more of a tactical tool for deepening the customer relationships. Since its direct control over other advertising media that ICA produces is limited, one important task for the national marketing team is to convince the planners in the store formats as well as local retailers about the value of aligning their communication efforts with the master brand strategy.

The store formats and individual stores can influence the brand strategy in internal forums, but when it comes to the set of advertising media which ICA controls directly (such as local newspaper advertising and direct mail, see Table 3), their communicative focus is set on promotional offerings and direct sales. The media environment, such as direct mail, follows the graphic platform, but is purposely stripped from any intent to build brand values. This separation of communicative intent distinguishes the national plan (building brand image) from the responsibilities of the four formats and individual stores (generating direct sales). Also execution differs, and while the national team relies on a number of external resources such as ad agency King and magazine publisher Forma PG, the four store formats and individual store owners are relying mainly on ICA’s in-house agency, the Joint Marketing Centre (JMC).
This really is a very particular context. We are a service organization for 1500 private entrepreneurs. Of course that poses unbelievable demands on how much we can manage and control our common interests, and how much we should leave for individuals. This complicates things really bad when it comes to media buying. (Marketing communications manager 2, ICA)

So, besides showing ICA’s emphasis on print media,

Table 3 points at another important characteristic of ICA’s communication structure. Whereas the firm as a whole is a big spender on media, the volumes selected and purchased by the national marketing group are limited. Essentially, out of the 887 MSEK gross cost for external media in 2006 including unaddressed direct mail (Table 2), only the 110 MSEK for national TV, or roughly 14%, is directly controlled on the national level by the marketing department of ICA Sverige. The remaining media volumes fall into regional or local plans and budgets. So, while the marketing director of ICA often is regarded as one of the most influential persons in the Swedish advertising industry (e.g. Jumbe, 2007), this person in fact only decides on a fraction of the actual media purchases made by the corporation.

ICA spends some 500 million kronor annually on newspaper advertising, but it is the retailers themselves who do that, so there’s no point for us to include it in our media mix and planning here at the headquarters. (Marketing communications manager 1, personal interview)
This complex and decentralized way in which marketing communications planning is organized at ICA also creates some of problems that the national marketing team is experiencing. In particular the divide between strategic, tactical, and operational objectives entails more than a semantic separation. On each of the three decision-making levels operates different practitioners with different sets of procedures, mostly separated by organizational or departmental boundaries. Therefore it is not only a challenge to get mandate for new ideas, or to get support and commitment throughout the organization in its execution – it is also an issue of establishing a consistent meaning of the various brand objectives and the implications for practical execution. Consequently, the marketing communications task to convey a coherent image of the ICA brand to consumers also includes the marketing organization task of involving and engaging a range of internal and external practitioners with own agendas and different interpretations of the campaign goals. The managerial problem is to ensure that practitioners at least partially share a logic about why and how the marketing efforts are carried out and what value they create.

5.1.5 Marketing philosophies at ICA – co-op advertising and branding-by-selling

As most other food retailers, ICA’s promotional tools are not only the means for communication but also a business model in itself. Product suppliers annually support these activities on both national- and format- and store levels by several hundred million kronor (Marketing Managers, personal interviews). These ‘supplier money’ are appreciated revenues that go into the budgets of store owners, and ICA has found itself with an elaborate media offering consisting of an extensive portfolio of in-store media, point-of-purchase, direct mail and national advertising, as well as advisory services to help suppliers select and receive more value from their investments (Marketing Manager Campaigns, personal interview). In a sense, ICA has turned into a media house and a media agency, all in one.

The system known as SA/VA (Samaktivitet/Veckoannons) has its roots in the 1960’s, when co-op advertising formats gained broad adoption on both on the retailer and supplier sides and quickly became industry practice. With a new Swedish competition law in 1953 (which forbade brand manufacturers to define resale prices), retailers started to differentiate prices, which became an important competition parameter. Therefore, advertising media became increasingly interesting in order to communicate price promotions. During the 1960’s producers and retailers started to develop more coordinated marketing programs together (Tufvesson, 1996). These weekly price promotions were marketed mainly through direct mail and newspaper advertising and financed to a large extent by suppliers. The development could be regarded as promotional execution being shifted from suppliers to the large retail groups (Tufvesson, 1996), with retailers taking an increased share of the promotional budgets that
Marketing communication at ICA

had been used to build supplier brands (Konkurrensverket, 2002). The marketing strategies of suppliers were now leaning towards pushing their products onto downstream retailers in the distribution channel rather than stimulating consumer demand.

Marketing collaborations between retailers and manufacturers had been in practice at least since the 1920’s, but SA/VA marked a more standardized form, which was rapidly adopted across the major retailers. Retailers initiated the campaign, defined the day of distribution, provided direction regarding creative content, and invited suppliers of particular interest. In particular, they argued for suppliers to relax their branding targets and proprietary copy texts in favor of a more seamless integration of their products in the retailer’s direct mail context, a context that came across as relevant to consumers. Suppliers were at first skeptical towards the promotional form, but the high recognition especially among housewives made them change their minds (Björklund, 1967). They noted sales increases, higher accountability of the advertising investment, easier access to in-store advertising, but also a constant stress of participation in order to block competing brands from taking their spot in the direct mail of any of the large retailer (Björklund, 1967). For retailers this was good news since it led to increasing demand of the new marketing service, a channel that they controlled, yet did not have to finance entirely out of their own pocket. During the 80’s roughly half of manufacturer sales of food was made within SA/VA campaigns (Mattsson & Kjellberg, 1992). Today, co-op advertising has become a business in itself, where ICA in particular has made development of new co-op vehicles, or ‘market places’ as they call it, into an art. At the same time, critique has been raised that these retailer driven vehicles now take too large a share of suppliers’ promotional budgets and that the price promotions stimulate brand switching behavior rather than building loyalty. Suppliers are never the less forced to participate as a defensive measure in order to protect their market shares (Mattsson & Kjellberg, 1992).

Whereas supplier-generated promotional offerings always have dominated ICA’s communication, there was a perceived need in 2001 to actively manage and control how this process shaped the ICA brand. While this may sound simple in theory, it is complicated by the fact that suppliers since the 1960’s have financed the advertising through joint deals. Changing communication strategies to build the ICA brand while still providing the incentives for suppliers to pay for this represented a substantive challenge. Few individual

Figure 9 The ICA private label

Source: ICA
shop-owners would willingly give away the extra stream of financial revenue in return for the more abstract benefits of higher general brand equity of the ICA master brand.

The communication strategy developed has been named \textit{branding by selling}. This meant a shift from the previous situation where suppliers of consumer goods defined the content of communication. In the new strategy, ICA defines the communication objectives, develops a number of thematic campaigns supporting these goals, and then contacts suppliers that would fit into each campaign. This means reversing the order so that promotional offerings are selected to support and build brand values rather than the brand being the result of whatever is on offer.

In effect, ‘branding by selling’ has meant a solution on how to integrate creatively brand advertising with promotional offerings. In order to make this work, the promotional offering must fit the overall branding objective, meaning having a shared thematic consistency. Further, the creative tonality and promotional content must be mirrored at the in-store meeting with the customer (Engeseth, 2003). This integration is essentially what makes marketing communications complex at ICA, since it means aligning the tasks of ad agency King (brand strategy and creative execution in TV) with ICA’s campaign organization (product selection), ICA’s in-house agency JMC (creative execution in-store and internal media) and the interests of the store owner (customer service encounter and in-store adoption of campaign).

For example, during 2007, one of the six themes was Mediterranean cooking, which was built around a introducing a new character, the Spanish chef Costas, into the familiar ensemble in the TV-spots. The theme supported the overall objective to increase interest in food and dining, and should continuously build long-term brand values for ICA. Costas would then cook Mediterranean dishes based on ingredients supplied by a set of producers agreeing to pay for the joint advertising. This theme would then be further supported by other integrated communication channels, such as in-store promotions, displays, point-of-purchase, demonstrations, and recipes online.

\textit{Branding by selling} has been a strong contributor to the recent success of ICA. However, some problems have appeared at the horizon. First, the weak price incentive for the consumer. Since the goal of the purchasing department is to negotiate supplier prices to the lowest possible point, a promotional discount given by a supplier only shows that the negotiation was not optimally conducted and it should probably be renegotiated. Consequently, price reductions rely more and more on financing from the retailer. This has dramatically reduced the difference between promotional prices and everyday low prices, causing the TV-ads and direct mails not to drive consumer sales the way they used to (Marketing Manager Campaigns, personal interview). Second, the weak observation value for promoted goods – while ICA’s TV-advertising has been effective in building ICA’s brand awareness and likeability, the impact is not always equally visible for the paying suppliers. In other words, the recall for the
promoted items is considerably lower than the recall for the advertisement as a whole (Jonsson, 2004).

Since the sales effect of joint advertising (SA/VA) is decreasing due to the switch to every-day low prices rather than ad hoc price promotions, suppliers may increasingly prefer to focus their efforts on in-store activities. The proposed solution by ICA is to view the campaigns not as discounts, but as increased visibility and focus around an integrated theme. So today, buying into joint TV advertising remains for many suppliers an entry ticket to better dialogue, in-store activities, shelf positions, rather than a direct driver of sales (Marketing Manager Campaigns, personal interview). In the long run, however, the current model for ICA financing its own branding on national TV through co-op deals is unlikely to last, and especially as its private brands continue to grow it will need to finance a larger share of marketing communications out of its own pockets.

ICA’s series of private label goods is continuously growing and can always fill the empty spots where negotiations with external suppliers fail. These private label goods are being positioned as a good value alternative to the best brands in each category with no compromise on quality. They can also manifest current brand values and develop new associations around the brand based on their level of innovativeness and alignment with new trends such as health, environment and exotic influences. Thereby private label goods help supporting and building the ICA brand in each sales moment, hence branding by selling.
6  The case of TV advertising

6.1  ICA’s brand strategy and creative concept

For most of its history, ICA has excelled in purchasing and distribution rather than in promotion or branding. However, since the early 2000’s this has changed and ICA has turned a company much admired for its innovative branding efforts, especially through TV-advertising.

Until 2001, ICA’s marketing communications strategy had followed the traditions of the food retailing industry with rational arguments about promotional products and occasional emphasis on quality and customer value. Media selection was heavily biased towards weekly price promotions and co-op advertising through joint direct mail (SA/VA) and local newspaper ads. In other words, communication had focused on pushing direct sales on national brands through promotional discounts rather than building general preference for the ICA brand. Though most people had a gut-feeling for what ICA represented, the distinct communication of uniqueness of the brand was missing both in terms of an internal organizational identity and the external image among potential and existing customers (Kangevik, 2005). In addition, the unstructured increase of private labels had resulted in a complex portfolio of more than 25 brands that required extensive attention and management. Whereas it was positive that ICA’s private brands accounted for an increasing share of sales, the marketing department had to find the tools to reflect this in their communications strategy.

ICA’s marketing director in 2001 wanted to develop a long-term branding strategy that focused developing the core values of ICA beyond mere price. The solution was a master brand strategy where ‘ICA’ became a much stronger and more meaningful element in the advertisements. Most of the private label brands were discontinued products moved under a few thematic product lines under the ICA umbrella. ICA was never claiming to be a discount retailer, so there was indeed a void to fill in clarifying ICA’s brand promise externally to

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8 Ingrid Jonasson Blank is today Executive vice president of ICA
9 The only exception is Ahold’s discount brand ‘Euroshopper’.
customers, as well as internally to store owners and their staff. The business plan that was developed emphasized four central themes where ICA intended to focus its efforts; i) stimulation of food interest and healthy eating for people with limited time, ii) strengthened consumer confidence in ICA with regard to quality, care and product range, iii) environmental responsibility, and iv) development of customer dialogue (Apéria & Back, 2004, p. 281).

In tactical short-term communication ICA has especially manifested the target group’s personal relationship with their local store and its personnel. Another recurring aspect is the focus on food, as an inspiration to eating and cooking, health and ecology. An underlying premise is that ICA can deliver on this promise at competitive prices. TV advertising has played a central role in conveying this with warmth, personality and humor.

6.1.1 New creative concepts and executions

Together with a newly formed ad agency, King, ICA developed in 2001 the creative concept the ICA store. It featured a number of characters working in a store headed by the manager Stig, a clumsy but good-hearted caricature of an ICA entrepreneur. His creative and enthusiastic, yet not so bright, shop assistants add to the somewhat absurd humor (Figure 11).

Additional visiting characters or cameo appearances by celebrities are used to add flavor to the execution of campaign themes (ICA.se, 2010). Though these new ideas affected all media, the choice fell on TV as the primary tool for brand-building. It took the traditional co-op advertising spot where product and price had been in focus (Figure 12), added characters and embedded the

10 A more detailed analysis of the ICA brand identity is depicted in (Apéria, 2001, p. 285).
The case of TV advertising

product offerings in the ICA brand context (Figure 13). The TV-concept developed was unique at the time in the sense that it unfolded a simple, but continuously evolving plot, like a weekly soap-opera where the TV-audience became familiar with the characters. Another distinguishing character, which has later been copied by other advertisers, is the high investment in production, high entertainment value, a good cast, and new films aired almost every week of the year (Widell, 2007). Still, with some exceptions, the suppliers pay for production and airtime according to the co-op model just as in the old days. Each year around 35 episodes are aired of roughly 30-50 second length each. A handful of the spots can be said to build and extend ICA brand domain strategically in so called ‘themes’11, while remaining movies basically entertains, show the promotional offerings, and reminds about ICA and their core values. Whereas the few branding themes today play important roles in that they set the direction for the whole communications plan, it was the discovery of the ‘branding by selling’-idea, the possibility of leveraging the co-op (SA/VA) model to build ICA’s brand equity, that made the tracking indicators go through the ceiling.

When we introduced the concept in 2001 our aim was to get our core values through to the customer – personal, reliable, convenient and all that. But when we started with branding by selling it just took off. Our ratings just kept getting higher and higher and it became an incredibly strong vehicle for our brand (Market analyst, ICA).

On one hand, ICA treats the TV campaigns as co-op advertising, or SA/VA. It generates cash flow from suppliers and leads to increased sales of the advertised products. On the other hand, starting in 2001 ICA identified a value in the TV medium that lay beyond suppliers’ sales promotion – building ICA’s own brand equity. The outcomes of each weekly campaign has since then been closely

11 ICA’s term for a campaign with a designated branding objective
monitored and brand tracking had become the central evaluation of the TV medium and the effectiveness of ads.

ICA took a risk at the time of launch in fall 2001, pushing more money than initially budgeted into airtime in order to give the concept the desired impact and get the audience into the plot from the beginning (Advertising agency project manager, personal interview, 2007). However, the pay-back has beaten all expectations. A weekly brand tracking surveying 100 consumers gives direct feedback to both ICA and a receipt to the creative team at King whether a film works or not in terms of effect. According to this, brand awareness has, since the launch of the concept, increased from 92% to 99%, likeability from 31% to 65%, and target group recall (aided and unaided) on the TV ads has risen from 35% to more than 60%. At the same time closest retail competitors were struggling to get more than 10% recall on their campaigns (Kangevik, 2005). The strong visibility and response of the creative concept is further accentuated by the fact that ICA’s gross TV expenditures are 30% lower those of their closest rival, Coop Sverige (Table 2, p. 88), and also place a relatively smaller share of its media mix on audiovisual media.

Similar to the discussion when SA/VA was first introduced in the 1960’s, some suppliers expressed a concern that their brands were not visible enough in the new format, and a study made by the media agency Mediaedge:CIA confirmed that the communication effects of the co-op ads generally benefited the large food retailers more than the product suppliers (Jonsson, 2004). Also the responses from the ICA-side were similar to those 40 years earlier – that the creative integration of products in the context, and in this case the story-line, enhanced the quality of the contact and value for the consumer. Additionally ICA could show that recall and observation values on their TV advertisements were more than twice as high as any of their competitors’ co-op spots.

Let’s put things in perspective, compare with our competitor Coop. We offer at least 50% audience attention with our film. On the market in general, an advertising spot that reaches 30 or 40% is considered extremely successful. When Coop present the same supplier brands the overall recall is more likely to be around 20%. If you were a supplier – where would you want to be? (Market analyst, ICA)

The concept has now been running successfully for several years, and until 2007 some 250 films had been produced. During this time ICA has managed even to decrease its investment in TV by some 15% while keeping tracking scores fairly constant (Kangevik, 2005).

The creative expression for the brand hasn’t changed in any significant way, and we go for what we know works; funny stuff and relationships, meaning that we use the same actors over a long period of time. We create a form of commitment that you as a viewer participate in the story. We keep it simple and we are always in the same setting, in principle. A few films have been placed outside the store environment and we immediately notice that the brand connection weakens. (Market analyst, ICA)
In 2002 ICA won the Swedish advertisers’ association’s award for effective consumer advertising, and in 2004 for long-term brand care (100wattaren, 2008). In 2001, 2002, and 2003 they won the Swedish advertising association’s gold award for creativity in advertising, and in 2002, marketing director received the jury’s special prize in the same competition (Guldägget, 2008). In addition, the general image of the ICA brand has significantly improved since 2001. In a consumer survey of corporate reputation among a set of highly visible Swedish brands, ICA ranked number two in 2007, only surpassed by IKEA (Nordic Brand Academy, 2007). A similar development was seen on the recruitment side, and in 2005 ICA had climbed to a position among the 20 most desirable employers as ranked by business school students (Universum, 2005).

6.1.2 The scenario starting 2007

Despite the previous successes of the TV-ads, ICA was experiencing some worrying tendencies with the current creative concept. While the overall brand tracking reports steadily showed impressive figures compared to the competition, ICA was noticing a slow but steady decline in ad recall – especially in some distinct demographic segments. This was not surprising after having a largely unchanged communicative concept and cast for six years. For what it is worth, even ICA’s own personnel expressed the feeling that the advertising was not as visible as in the early years. In all its achievements the marketing communications manager acknowledged that the creative concept was both a blessing and a constraint for ICA’s media planning.

I could put it like this. As long as we are riding on this creative concept we will never be able to decrease TV in the media mix. Just a look at the index per TRP, meaning the return on our investment, tells you that per definition we can’t quit. It is such an incredibly inexpensive investment compared with what we get back. On the other hand it is a quite large chunk of our budget that we can’t touch. And let’s say if we were to prioritize sales harder then I can see that there are several channels closer to the customer’s purchasing decision where we place undeservedly little money. (Marketing communications manager 2, ICA)

During the fall of 2007, a sequence of advertising episodes featuring the dramatic disappearance of main character ICA-Stig and his return as a Gandalf lookalike out of Lord of the Rings produced impressive tracking figures, but overall the advertising recall was still consistently lower than a few years earlier. ICA could not tell if this was a due to advertising avoidance as a general
consumer trend, if the cause was to be found in qualitative factors in media scheduling such as inferior placement in breaks, or if the creative concept as such was getting out-dated. Fact was that the market was not the same in 2007 as in 2001 and definitely not the same as in 1994. New TV channels were introduced almost on a monthly basis due to digital switchover and broadcaster niche strategies, and consumers were rapidly fragmenting in their media consumption behavior both within TV and across media channels.

6.2 National communications planning – processes and practitioners

The duration of the communications planning and execution processes between the start of 2007 and the end of 2008 were to become interesting years for ICA, filled with both unexpected successes and crises. However, in January 2007 business was largely as usual when the marketing communications group headed by the marketing communications manager begun their job. While their responsibilities spanned across a portfolio of media channels, TV appeared to be central to their attention, since it was largely the only channel under their control that has the power and flexibility to build strategically ICA’s brand. While tactical media such as the customer magazine Buffé and internet portal ICA.se were living separate lives from the TV brand objectives, remaining channels in ICA’s own portfolio such as billboards and direct mail were largely restricted to operational objectives, meaning fairly straight-forward price promotions (Table 3, p.90).

The creative concept of the TV advertisements, the characters, and the number of weekly campaigns, were not going to change. The advertising agency King mainly represented by their project manager, the team working for the ICA account at the media agency Initiative Universal Media (IUM), and most of the TV channel’s sales representatives, were the same as previous years. In staffing, more change was seen on ICA’s side. In mid-2006 a new marketing director had been recruited from McDonald’s Sweden and his operative marketing communications manager was about to leave ICA in mid 2007 for a position with phone operator ‘3’. His replacement, internally recruited at ICA was to be left in the second half of 2007 with the implementation of the plans his predecessor had crafted.

The marketing communications process at ICA leading up to the 2008 TV-campaigns can be divided in three distinct phases covering a two-year period. First, an overall strategic planning phase which results in a national communications plan (January- 2007). In the second phase the national plan is broken down on different business areas, strategies are developed for the four store formats, suppliers are secured for co-op support, and promotional budgets are set (June-Sept 2007). In the third phase, starting in October,
agencies and internal project managers are briefed, creative ideas and media plans are developed. Around December 2007, all plans were set and could be executed in media purchasing, creative production, ad placements, airing and post campaign evaluation (October 2007-December 2008). If marketing planning and marketing objectives sometimes can come across as ad hoc or incremental, this does not go for TV which is subject to a very elaborate process of planning and evaluation.

ICA’s national communications plan is based on branding objectives, but it has the character of blending brand building goals with promotional offerings (see branding-by-selling in section 5.1.5, p.92). Its success is evaluated both on brand tracking indicators and on campaign product sales. Whereas some actors – for instance suppliers and store owners – might be of a different opinion, it appears that the national marketing department’s definition of communication value is gradually shifting towards a long term, brand-based understanding of success rather than short term sales peaks. If the brand is strong on the right parameters and prices are every-day low they argue, then sales will also come. In other words, the brand comes first in branding-by-selling. However, this does not mean that media planning is solely a matter of executing brand strategies to the best of judgment.

Our media plan contains a classic dilemma. We happen to own so much media ourselves that we don’t choose communication tools according to task. Rather we choose the tools first, and then the plan becomes an effect of the tools that we must use.

On a scale from 1 to 10 I’d say I have a 4 in my ability to influence the process. …If you had a 10 million budget when you walked into a company then you wouldn’t buy...
media the way we do here. We are not that firm on a single target since we have multiple goals and we have to both build our brand and create sales. I mean with a 10 million budget you would have an entirely different working procedure whereas we are a media house and in many respects we have already made our media selection and now we need to coordinate and decide what we should do with it. (Marketing communications manager 2, ICA)

The process of crafting the national communications plan is about fusing two perspectives – building the master brand at the national level, while creating sales and promotional offerings in the four store formats. This is a tedious task that starts at least a year before the actual campaign is launched, and the task is to create a communication machine that works for marketing and purchasing as well as for the suppliers.

There is an incredible amount of mechanic in ICA’s communication. You don’t really see that from the outside, but there are an incredible number of goods that have to go along with our communication. We show the prices of things. A lot of price-product, price-product. (Marketing communications manager 1, ICA)

In effect, these mechanics also make media selection at ICA quite rigid. Any addition or removal of a media channel is a large process that reaches far beyond the purchasing of a medium and generation of a creative idea. It requires acceptance from both national supplier brands and retailers and administration of offerings. The result is that when a mechanism is successfully introduced, it stays, regardless if it happens to deliver the most effective customer impact or not.

When each year starts we know that we will use TV, our job is in this process to motivate it by defining which way and why. (Marketing communications manager 1, ICA)

Also the new marketing communications director starting in summer 2007 confirmed the picture that communications planning often becomes the task of filling the media they already have with both content and a purpose. Accordingly, the marketing communications manager did not regard communications planning as a process of re-inventing and renewing ICA’s advertising strategy, even though it was recognized that this probably was necessary in the longer perspective. A majority of employed advertising media were to be jointly financed with product suppliers through institutionalized co-op formats, why the planning team was rather passive when it came to adopting and applying new media channels. Accordingly, ICA had chosen to work with a media agency that was known to be particularly good at traditional TV advertising.
The case of TV advertising

We are working on a change towards new media, but there is a safety in having a media agency that is very strong in traditional media. Who knows us and our brand. So we might miss the first train when it comes to search marketing and all that. At the same time, being first has a value, but it is perhaps not the most important value for us. (Marketing Communications Manager 2, ICA)

Thus, neither ICA’s marketing managers, nor the media agency practitioners had strong incentives to start experimenting with new communication solutions. On the media side, some of the TV-networks (e.g. Prosieben and Viasat) were working on developing creative capabilities to handle customized solutions. For them it was a strategy to broaden their offering into areas previously neglected in media purchasing practice.

This is an organizational trend for most of the TV networks. We have invested quite a bit in our creative team as we call it. It is a general trend, and an effect that most channels are sold out all the time. We have to find new sources of revenues and new products. (TV sales director, Viasat)

However, in the past, most efforts by traditional media to re-invent their offerings had failed to impress ICA.

The truth is that traditional media never approach me with something interesting or new to offer. One example is the bundled newspaper advertising packages. They have what they call a ‘new’ product and I ask them if it is still page 8 in the same paper. Yes, they say. Well then it’s not new, it’s just the name that is changed. (Marketing communications Manager 1, ICA)

6.2.1 Phase 1: National communications planning (January-June 2007)

Phase 1a (January to March 2007) consists of evaluation of past campaign performance and overall business objectives, inventory of current trends, quantitative and qualitative consumer studies, and development of broad ideas (Figure 16). This process was run in a narrow project group, where the marketing communications manager coordinated the process and ICA’s head of research along with market analysts provided background input on recent customer trends, sales analysis and brand development. The advertising agency King, their two managing partners and their project managers, had since the collaboration with ICA started in 2001 been involved on a strategic level in ICA’s branding decisions. They had thereby developed a deep understanding for ICA’s business goals and they were known to speak with ICA on a top management level. Whereas their work also covered how to position new business areas and product ranges, at this particular stage of the planning
process, King added input on what they saw as broad consumer trends that could be exploited.

For King it has been evident that they cannot create customer value for ICA unless they have both insight and influence on ICA’s strategic decisions. This insight where communication becomes an integral part of the solution to business problems is created through dialogue. Advertising agency project manager explains;

*It is important, partly for us, that we become a different conversational partner than one that only talks advertising. Because the advertising is really just the consequence of what you as firm choose to do. If you haven’t created the right fundamental conditions and a sharp offering, then the advertising will not be much sharper either.* (Advertising agency project manager, King).

The media agency IUM on the other hand were not really involved in any substantial way to discuss the direction of ICA’s marketing communication. What they provided were some broad insights from the media market, which the marketing communications manager considered mostly as complementary information;

*They make a guest appearance in our communications planning process and tell us ‘this is what it will be like in 2008 – internet continues to grow and TV continues to fragment’, which is just what everybody says, so honestly, we don’t really need them for that.* (Marketing Communications Manager 1, ICA)

The output by March 2007 was a rather abstract set of prioritized areas of brand development. These topics of interest were backed up by both consumer trend data and creative hunches. For instance, consumer interest in healthy living was such an area. Formal approval on these ideas is given in the Operative Marketing Management Board (MLG\(^\text{12}\)), which focuses on coordinating the overall brand development and improving ICA’s marketing processes. ICA’s core values – healthy living, interest in food and cooking, were once again central in overall direction of the campaign.

During Phase 1b (April - June 2007) campaign the ideas were further developed into a specified set of areas/positions where the ICA brand should be extended or strengthened. These ideas were presented at various forums within ICA to gain the necessary internal support.

When making the communications plan, ICA uses the terminology *campaigns* for weekly product promotions, while *themes* refer to the heavier brand building efforts. While both of them builds on thematic, creative concepts, only the latter has the strategic intent to build new brand associations to ICA. The

\(^{12}\) Marknadsledningsgruppen
branding themes all built on the hypothesis that TV was main medium and it was mainly a question of fitting them into the TV year plan and then see how other existing media could support it. Each theme would start with a dedicated branding movie that was paid for by ICA without interfering supplier products and supporting supplier money. The marketing director wanted however to see better creative integration between ICA’s own branding film and the following week’s product-price film. This way the theme was stretched over additionally one or two weeks, developing ICA’s strategic message and integrating it in the following product campaigns.

**Figure 16 The marketing communications planning process, phase 1**

Whereas these major campaigns runs nine or ten weeks of the year, the job is to find complementary promotional campaigns for the rest of the 40-odd weeks of the year, including some 25 TV-spots. While the purpose is not intended to build any new brand associations to ICA, their tone and creative content should still reinforce the existing brand values. These weekly themes are strictly based on promotional offerings, but should still align to a coherent context such as ‘harvest season’ or ‘Asian weeks’. ICA conducts this work in-house at JMC and the campaign department.

All this information goes into a master document called the communications plan. The presentation of the plan for Market Council Sweden (MRS\(^{13}\)) marks the start of the process of taking the brand ideas into promotional offerings. MRS functions as an advisory forum for the national marketing communications team. It contains both store owner representatives, marketing managers for the four chains, and the national marketing organization. Because of the decentralized ownership structure of ICA, a good response in MRS and a shared belief in the benefits of the proposed communication strategy is vital to ensure that the brand strategy is diffused and implemented in the store environment and at every service encounter around the country.

Over a period both the media agency IUM and the ad agency King had expressed worries that the large number of different TV-ads, products displayed, and brand messages that ICA embedded, were turning the

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\(^{13}\) Marknadståd Sverige
communication with consumers into a blur. Internally at ICA, staff and retailers at ICA got the feeling that the ads were not as visible as in the past.

2007 was the first planning process for ICA’s new marketing director. He did not plan to make a revolution, but nevertheless he shared the worries of his colleagues about a perceived decreasing impact of the TV-ads. They just were not leaving the footprints that they used to, and in many respects ICA’s experiences of decreasing advertising impact and increased audience fragmentation and noise were not unique but shared by many other firms across the world. The marketing director shared this view that the execution of branding objectives had to be delivered with higher impact. He was more open for experimentation across combinations of media, but it was also clear that in order to free the resources to put more media weight behind each effort, he had to reduce the number of campaigns just as the agencies had suggested. To illustrate his ideas, the marketing director coined the slogan ‘fewer but fiercer’\textsuperscript{14} that was to guide the planning processes during 2007. In order to concentrate the marketing resources, the originally six branding themes were therefore reduced to four. The simple logic held – if ICA place the most important campaigns in adjunction to more programs with more viewers, more people should see the films, obtain better brand recall and increase likeability of the brand.

In early June 2007, the MRS gave their support to the plan presented by the marketing director and marketing communications manager. It contained the main direction that ICA wanted to take the following year including which brand values to drive and which brand positions to take. The areas where ICA decided to develop their position were healthy living, to make use of the barbeque season in spring and early summer, and to continue to build interest in food and dining from the aspects of traditional cooking and authenticism.

6.2.2 Phase 2: Budgeting and detailed planning (June-September 2007)

Once the outline of the communication plan was presented for the MRS, agencies with close relationship with ICA got preliminary briefs on the plans. From this information, the media agency IUM worked out a rough estimate of what the suggested plan would cost in terms of external media investments.

\textit{I ask them strange questions – what the purpose is and what the communication will look like. And since they generally don’t know that at this point, we have to make an estimation based on modules. We know roughly how much a large outdoor campaign costs, how much an internet campaign and how much a large newspaper campaign is. What we can do is to get a quite accurate figure on required \textit{TV} investments over the 30-35 product campaigns weeks.} (Media advisor, IUM)

\textsuperscript{14} ‘Färre men värre’
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What IUM finds more difficult is to plan are the branding themes, since no creative plans are in place, and media during these efforts is more freely selected, leaving more options both within TV and across media. Good media selection for ICA, they seem to argue, is based on knowing the creative idea, not letting the media guide the creative development.

(Sigh) …well… we are not really sitting at the table when the objectives are set. We could wish that we were, in order to understand and to participate in the development of campaigns. We get briefs about this and try to get back early with our input, but often it is ICA’s marketing people and most likely also their creative agency that sets the agenda. We come in when they know ‘this is when we will run the home cooking campaign, and we will release a cook book six months later so we need to communicate and these are our objectives. (Media advisor, IUM)

During the slow summer months leading into Fall several internal processes commences. First, the different store formats break down the plan and operationalize it for their respective sub-brands and for the media that they control – for instance in store activities and direct marketing. Additionally they start fill out the blanks in the communication plan by developing complementary campaigns in weeks and media vehicles that are not already occupied by national themes or product campaigns (Figure 17).

The campaign team headed by the campaign marketing manager starts securing supplier participation in the activities proposed in the communication plan. For Mediterranean weeks, suppliers of olives, feta cheese and pasta might be suitable campaign collaborators. As the work progresses, in early fall ICA has a fully developed marketing communications plan for both master brand and sub-brands. Further, they have a reasonably accurate budget including the degree of supplier financing, the need for private label goods to fill out vacant slots in the ads where co-op deals could not be closed, and the overall need for own funds to secure the realization of the communications plan. In other
words, the budget for creative production and media is set and the success of
the supplier negotiation has a strong impact the financial flexibility for the
marketing director to pump up media spending during the branding weeks, or
to improvise and conduct creative initiatives outside the product campaigns.

6.2.3 Phase 3: Operationalization and execution (October 2007 – December 2008)

During the summer 2007, marketing communications manager, left ICA and
was replaced by the marketing manager for the store format Supermarket. In
late September 2007, ICA had a marketing plan in place, as well as a budget
based on the degree of supplier endorsement of the proposed SA/VA
campaign topics. As ICA in the past had conducted a wide variety of yearly
campaigns ranging across school start, private label introductions, culinary
themes to seasonal themes, health campaigns, meat, fruit and vegetables, the
communications budget had been spread thinly. The communications plan for
2008 had been approved by the MRS in mid June 2007, and now the marketing
director’s drive for ‘fewer but fiercer’ campaigns started to show. The brief that
King and IUM received in late September 2007 contained instructions for three
major national themes, each driving a certain aspect of the ICA master brand15.

1. Within ICA’s business goal to stimulate interest in food and dining, the
theme ‘Swedish Home Cooking’ (Husman) piggybacked the awakened
interest from both chefs and media in traditional food. We wanted to pick up
a trend of being authentic, going back to the roots. Since there are few natural events in
fall, we wanted the contents of the campaign to create something like October – the
Swedish culinary month.’ (Marketing communications manager 2, ICA)

2. Consumer interest in environmental consciousness, ecological farming and
organic produce was turned into a project called ‘The new ecology’. This
fitted to further elaborate ICA’s definition of ‘healthy living’ and was meant
as a renewal of the idea of the environmentally conscious consumer
inspired by American success stories such as organic food retailer Whole
Foods. As a part of the campaign ICA extended and rebranded its line of
around 100 ecological products. ‘Since our brand is so strong, we don’t need to
build any more awareness, but we do want this campaign to strengthen ICA’s brand
associations with ecology, and as an effect drive our likeability figures.’ (Marketing
communications manager 2, ICA)

15 ICA’s plans additionally included the annual Christmas campaign with a CSR (Corporate Social
Responsibility) message. This will however not be described at any length here.
3. ‘Eating out’, was the third large national theme - a way of capturing the summer season and building the connection between out-door summer activities with friends and family, and the food that ICA provided.

6.2.4 The creative development process

From here, ICA could take a step back from communications planning and hand over the process to the agencies. The marketing communications manager explains:

*We say that King takes the lead in the campaign process. We provide them with the brief and tell them how see interpret the concept, while still leaving as much freedom as possible. They have the responsibility to come up with a creative idea that has the right sting and actually moves our brand position forward.* (Marketing communications manager 2, ICA)

![Figure 18 The marketing communications planning process phase 3: Creative development](image)

**Swedish home cooking**

The first campaign – Swedish home cooking (Husman) was intended to strengthen the ICA brand in the direction of the traditional and authentic. Observers of consumer trends had noted an increased interest in going back to the basics, that classic things were good, not the least within food and cooking. The problem was to make it stand out and differentiate ICA since close to every magazine, newspaper, food producer or food retailer published recipes in various forms. ICA’s marketing team along with the editorial team of the customer magazine *Buffé* had become very excited about the idea to let the Swedish people create their own, updated definition of home cooking and it was decided that the best recipes could be collected in a cooking book. The launch of the book could become a marketing event it itself. The campaign was therefore divided into two sections; a first phase in February 2008 where viewers were encouraged to submit their best recipes, and a second phase in October when the book was launched. Both sections of the campaign were
heavily backed by TV-spots. The advertising agency had clear ideas about how they wanted to make traditional cooking into something fun.

The cook book mustn’t be ICA-boring, read me right, you know a picture of a dish and a recipe on the opposite side. It has to be alive; a myriad of pictures, representing what is out there in Sweden. Like a Mad-magazine where many things are happening, just in order to be different. And maybe this cooking book, as opposed to all the other nice cooking books that are stuffed away on the kitchen top-shelf, will actually be used. So it should stand grease and water without getting ruined.’ (Advertising agency project manager, King)

The Buffé team at Forma Publishing had been involved in the generating the original idea and it was natural to involve them in the production of the cooking book. They were closely linked with ICA in history and culture, and their continuous interest to push the home-cooking concept in several issues of the magazine generated thousands of recipe submissions. Over spring and summer 2008 they were busy cooking and selecting the best dishes that were to go into the book. The end-product, the book ‘Hela Sveriges Husman’, was from this perspective very much an ICA production. Indeed it did have a picture on one side and a photo of the dish on the other, but it also sold out its first edition in a month and received an award for ‘most important cultural achievement in cooking literature 2008’.

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16 Måltidsakademien, October 2008, www.maltidsakademien.se
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The new ecology

The next task in line was the ecological theme, scheduled to run over three weeks in March and April 2008. There was a feeling in the King team that there was nothing unique about ICA’s range of ecological products, nothing that made it either local, small-scale, tastier, or special in any other way. It was ordinary generic products – breakfast cereal, flour, and dried fruits – just with the difference that they were ecologically produced. King’s creative angle on the problem was that in order to be successful, ICA had to make ecologically grown products attractive to new customer segments, but that the term ‘ecological’ as a concept currently didn’t signal enough benefits to them (Identityworks, 2008). The label ‘ICA I love eco’ was developed as a sub-brand within ICA’s range of private label products, and though it mainly dressed up already existing products in new packaging, the introduction was used to carry the communication around ICA’s new take on ecology. The creative presentation of this new ecology had to be fun, educational, interesting as well as accessible for a broad audience.

*We work from the hypothesis that people don’t fully know what ‘ecology’ is about. That there lingers an old and dusty feeling ranging from organic food to organic sex and organic furniture. We believe that by using ICA’s new ecological product range as an alibi, we can go out and talk about these things, to teach people about ecology, ICA-style. We think that will push differentiation and success. COOP doesn’t do it and they have been on the ecology track forever. What they do talk about is the breadth of their ecological product range. Well that’s really a great thing to know – that they have ecological products. Instead, say something that makes me feel wow, that’s interesting! Then I will re-evaluate my image of ecology starting from that company.*

(Advertising agency project manager, King)

Eating out

The third campaign Eating out, was more of a seasonal campaign, typical for all major food retailers, and easy to connect to supplier interests. Anything related to barbeque, spring parties, fresh fruit and drinks would go well with the theme. But for the advertising agency the brief was difficult to get a good grip on and turn into a creative output that met their objectives to push the brand position forward.
Everybody’s doing it – now the barbeque season kicks off, and here you have a recipe folder, how to get the perfect result, how to make a nice buffet. It’s basic stuff that that doesn’t create any competitive advantage at all. It has to be there, but it doesn’t push the brand position. When we got this in our lap – shit we have to do something called ‘eating out’ – we realized that we had to separate this in two parts. One part is operative, making sure all the stuff makes it into the stores. But that still leaves a big question mark on the strategic level – what the hell are we going to do?’ (Advertising agency project manager, King)

Since ICA had not defined in which directions the campaign was supposed to build the brand, King had to include that in their creative development process. The decision was to use the campaign to build ICA’s position as local. If the diffused structure of ICA’s ownership was indeed unique and ICA claimed to be ‘local champions’, then who would be better served to advice you on the best picnic-spots than your local ICA retailer. The creative solution was a campaign using TV, outdoor and Internet to create attention and give practical advice.

The idea is to ask each retailer in the country – where is your best picnic spot? Then we drive people to a campaign site on the internet, where they can search for their own town and their own retailer. There will be information on how to make the perfect picnic basket, but also silly stuff – how to protect yourself against ants and bears. But the relevance will still be there – we put the store owner in the centre and he gives his recommendation. (Advertising agency project manager, King)

By November 2008 ICA had signed off the creative ideas by King who now could go into production of the content. Now it was time for IUM to deliver a plan on how to spend the media budget most wisely.

6.2.5 The media planning process

Due to the weekly regularity of product promotion in the SA/VA structure IUM could set most of the TV plan already during summer 2007. This was a mechanic work that mainly calculated which combination of TV-channels would provide sufficient exposure to the target group at the lowest cost.

In September, IUM got briefed together with King on three large branding themes spread over four campaign periods. What ICA wanted to do was to stretch each period over three weeks in a way that each theme would start off with a profile film, but that the following product films would continue to carry the message of the theme along with promoted products.

The challenge is to make several films that revolves around the message that we want to send – be it ecology or the Swedish culinary month. We demand from King that they create a damn interesting story that holds together’ (Marketing director, ICA)
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Figure 22 Marketing communications planning process phase 3: The media planning process

The marketing director along with the marketing communications manager had been selling the concept of 'fewer but fiercer' to the management teams of the four store formats and now they wanted the agencies to deliver branding campaigns that really made an impact. The media advisor was pleased about the choice to reduce the number of branding campaigns.

*This is what we have been signaling for years. If ICA is going to do something properly, then it should really be properly done. They are one of Sweden's largest brands and Sweden's largest retail chain. They shouldn't be doing small initiatives on the internet or half a page in print somewhere.* (Media advisor, IUM)

While the advertisement agency was quick out of the starting blocks, the media agency wanted to wait and see where the communicative idea was heading. Even though they knew that TV was going to be the main medium, they needed a brief that was more detailed – a creative and communicative brief. In their creative process, King felt that three weeks was too long a period to extend the theme message and soon they persuaded ICA to cut the themes down to two-week formats – one profile film and one product film.

By the start of November the same year, the ad agency had received green light on their creative plan by LGM and passed it on to the media agency, a plan that specified the creative expression and the media they intended to use. From this perspective, it was never the task of IUM to select media channels – this was given by ICA’s SA/VA portfolio and King’s creative brief – the media agency merely to proposed the best mix of media vehicles within a certain type. Four weeks later, IUM delivered a media plan covering all external media that was to be used in addition to TV – mainly outdoor. However, final scheduling of TV had to remain flexible until later since IUM did not know the exact length of the ads.

*King has some ground rules that I don’t know of. We use templates based on our experience that product films (utbudsfilmer) are on average 35 seconds, and branding films (profilfilmer) 50. But some of them might end up being 60 seconds and others 45.* (Media advisor, IUM)
IUM had accepted their role in the communications process and the media advisor said he had no problems with letting the creative agency King lead the way. His interpretation of their objective was here heavily focused on bringing out the campaign to the target group at the lowest possible cost.

*If the ad agency think in terms of effect, then we think efficiency* (Media advisor, IUM)

And the media agency had indeed made cost efficiency an art form. The TV-plan they presented to ICA was to a large extent a preparation of arguments and negotiation strategies to get more target ratings points (TRP) from the TV-stations with unchanged budget. They knew how many ads there was going to be over the year, they had a definition of the media target group they were seeking, and they knew from standard media planning norms that each target audience member should optimally be reached two or three times (frequency 2+ or 3+ in agency lingo). ICA’s ultimate marketing and business objectives were of less interest to them as long as they met their targets to get more audiences for the same budget. According to them, ICA’s communication effects picked up in the weekly trackings were not even related to the job they were doing.

*Decreasing advertising recall is not so much depending on changes in TRP. We saw a decrease in recall even though the total number of TRP was increased. And if you look at ICA’s history it is totally obvious. When we bought loads of TRP in the 1990’s got no recall at all. So I think more it is the work that King conducts with content and development than to shoving in more TRP.* (Media advisor, IUM)

The concerns of IUM were rather that when optimizing the reach of the campaign, they had increasing difficulty to get a proportionate share of younger viewers. This also showed as quite substantial cuts in recall of ads in young demographic segments. In order to meet ICA’s marketing director’s specific request to create more impact, IUM had increased the proposed weights of the profile films with 50% to around 300 target ratings points (TRP), but as they noted, this still was not in any way a huge campaign comparable to when for instance a new car model is launched.

The marketing director was however concerned with the fact that all focus from agency-side was on the profile films and he was worried that they did not fully understand his idea of large campaigns. From that perspective, also the product films within the branding themes should have higher media investments.

*If we ask our customers ‘was this a product film or a profile film’ – they haven’t got a clue! As soon as we add a price we name it a product film. But that limits our perspective to treat it like ‘…but it is only a product movie’. I don’t believe that is the right way to think about it. Rather these four occasions (the branding themes) need to*
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be the talk of the town. …We know that TV has the greatest impact, and if we are going to pull this off, then that ‘it doesn’t matter-mentality’ doesn’t do it for us.’

(Marketing director, ICA)

The main challenge, the marketing director thought, was not only to entertain and create recall, but to add something new that was important for ICA and valued by customers. That was a change that had to be perfectly visible also in the way that media was planned and bought. What he was communicating could be summarized into a few points.

• ICA wanted IUM and King to start talking to each other and initiating a dialogue on how the creative solution impacted the use of TV spots.
• They want to try more creative media planning, meaning more specific program environments and ad placements
• They wanted to extend the themes over several consecutive weeks, including both dedicated profile films and product films
• They wanted to pump up the media weights during the branding themes. (IUM raised then from 210 to 300 while product films were constant at 180 target ratings points)

ICA’s marketing director had pushed IUM to make more use of specific placements, and a central part of the negotiation strategy with the TV-channels had been to drive them towards higher rebates on ‘specifics’. Hypothetically, there were at least two good motives to this. First that the TV networks had underestimated success of specific shows and that there were money to be made in audience speculation. Secondly, that the program environment itself enhanced the message of the advertisement.

If you have done the underlying maths so that you are spending your money wisely, then I think you also need to have a feeling for in which contexts your audience is the most receptive to your message. Take for instance our large campaign on ‘ecology’ – we know that this issue engages many families. So when are families gathered around the TV? That’s around the Friday and Saturday entertainment formats. And then I believe our message will be received differently. Or other contexts that are large, serious and important – that’s where we want to be, in that mood, in that mindset. And then I also think it is money well spent to pay a little extra to make sure we are there.

(Marketing director, ICA)

Yet, the IUM advisor maintained in his skepticism that buying more expensive media space would generate additional benefits for ICA. He maintained that neither specific placements in environments that would fit the message, nor placing the ad first in each commercial break, would produce sufficient returns.

As a consultant we wouldn’t give ourselves that liberty because we know it costs 10% more. And the measurability both in number of viewers and the correlation we have
Whereas the decrease in effectiveness of the TV advertising, shown as fading likeability and recall in the brand tracking statistics, did not seem to concern IUM as much as the difficulty to get an even audience mix within the target segment, ICA’s marketing managers were more prone to action. They recognized a number of valuable benefits from TV advertising that lay outside the sight range of the media agency. After hearing the media plan, the marketing director replied that when buying TV, ICA’s customers were not the only target audience. From this perspective it was regarded crucial also that the retailers and their personnel got the message that ICA was serious about these campaigns. Then it might not only be the optimal reach and frequency towards the core target consumers that counts, but that it ‘feels’ right and that the ads are placed in order to be seen also by the store owners. Then what appears as cost efficient may not always be the best solution in the broader perspective.

The ad agency often only looks at it from the creative perspective, impact. Large formats that costs loads of money because they have the belief that it is enough to reach the customer once. Because when it is so damn good as they think they are, then once is enough. The media agency looks at it as a mathematical problem. It is the number of contacts that counts and the cheaper we can get the contacts, the more cost efficient, the more we can do for our budget. We have our belief somewhere in between the two agencies and as an advertiser I think it is important that you actually have the guts to be firm on your strategy and just go for it. After all, the best strategies are often written in retrospect. Having the guts to try is what counts. (Marketing director, ICA)

6.2.6 The final TV plan

The target group was not questioned, and IUM maintained that in order to sustain the advertising recall figures they needed to follow their general templates. IUM’s TV-planner had adjusted them in accordance to ICA’s wish of giving increased weights to the profile films. Table 4 represents the targeted reach and frequency measures during the ‘I ❤️ eco’-theme, weeks 13 and 14, and the preceding regular product-film, week 12. In this plan around 38% of ICA’s media target audience needed to be reached by the advertisement two times or more during a regular product campaign week (frequency 2+), and at least three times during the branding themes (frequency 3+).

ICA doesn’t set any media objectives, ‘that we should reach 75% of our target group three times’. Rather that is something that we help them out with by saying that ‘in order for this to have sufficient impact and considering that you are a large brand and what you do is a national interest…’. So what I say is what will be needed, these
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objectives, in-door or out-door or TV or whatever is necessary. So really what we do is a translation of marketing plan that is already set. (Media advisor, IUM)

Table 4 TV-campaign targets during the ‘I love eco’-theme

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<th>Projected TRP</th>
<th>Projected reach % and</th>
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<tr>
<td>12</td>
<td>175</td>
<td>2+ 38%</td>
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<tr>
<td>13</td>
<td>275</td>
<td>1+ 66% 3+ 37%</td>
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<tr>
<td>14</td>
<td>281</td>
<td>1+ 66% 3+ 38%</td>
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Source: IUM

These were standard figures, and according to IUM’s collected industry wisdom, their optimization software, and knowledge of ICA’s advertising history, these audiences exposures should be enough. As the media advisor had indicated, IUM regarded the medium as neutral, that it did not generate any value apart from passive delivery of the message to the audience. The split of budget between TV-channels was neither regarded to add to the advertising effect, nor to amplify the message. It was the creative work of the ad agency that determined the measurable effectiveness of the campaign, while the media just had to be there as a basic infrastructure.

Like many other media agencies, they regarded their competence on the side of negotiating and handling media, rather than creating and delivering effective advertising campaigns. Their specialty was simply to make advertisers’ budgets last longer. However, further down the professional hierarchy within the media agency, the mechanic planning in reach and frequency appeared as representations of ICA’s own preferences, not as the agency’s own constructions.

ICA is one of those clients that is particularly guided by reach and frequency. Other clients might say – here’s my money, what can I get for it? Here we know what effects we need to reach from the start, and I have to count on it that way. (TV buyer, IUM)

6.2.7 Preparing for negotiations with TV channels

The market for TV-advertising in Sweden consisted by the end of 2007 of three commercial broadcasters, each; TV4 Group (TV4, TV4+), ProSiebenSat1 (Kanal5, Kanal9), and Viasat (TV3, TV6, TV8). TV4 was Sweden’s largest channel, which for many years had a monopoly on terrestrial commercial broadcasting, making it close to the only advertising medium with a truly national audience base. Because of its unique penetration among commercial media it had become an inevitable choice for many advertisers with broad audiences17.

17 SVT1 and SVT2 are license-funded public service channels
ICA’s channel mix at the start of 2007 was to 75% relying on the single channel TV4. Whereas ICA over some years had signed exclusive contracts with TV4 and placed all their advertising there in order to get large discounts, they had started to see the value in spreading their TV-budget across more suppliers of airtime. So in an increasingly complex and fragmented media landscape, also the idea of cost efficiency was getting a new meaning. In particular they noted that by using a portfolio of channels they could leverage the lower prices of the other broadcasters, while also reaching the younger segments that TV4 Group was lacking.

Buying TV is no bed of roses any longer. The market is so diversified that it is almost impossible to find the optimal solution. The days of yearly contracts when you place a large sum of money in a single channel and get a good rebate in return are gone, and the TV networks will need to re-evaluate this too. They won’t be able to sell their product that way as long as they don’t bundle it with other media channels, such as internet, web-TV and stuff like that. (Marketing Communications Manager 2, ICA)

During 2007 the channel mix had been build on a commit agreement with TV4 and a much smaller intent agreement with ProSiebenSat1 (Kanal 5, Kanal 9). Based on a desire for younger audiences, and a relatively weak year by ProSieben, IUM’s proposed solution was to add strong new niche channels such as TV6 to the mix (Media presentation, 2007). In order to make that happen, ICA and IUM would have to persuade the Viasat group (TV3, TV6, and TV8) to sell them airtime with a rebate in parity with what ProSieben was offering, and it had been several years since last time they managed to come to
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an agreement. However, some developments made the negotiations for 2008 a bit special.

First, the advertising regulation applying to TV4 had been relaxed and aligned to European Union standards. This had the effect that the channel would get a substantial increase in airtime to sell, especially daytime. While the channel itself wanted to down-play the advertising market effects, IUM maintained that it would lead to potentially a 50% increase in supply of TV4 advertising airtime. The overall increased supply of airtime on the market could also have the secondary market effect that Viasat and Prosieben more willing to lower their prices.

According to all market laws, increased supply should make the price come down. (Media advisor, IUM).

Second, the digital switchover had opened terrestrial broadcasting to a much broader audience. Especially Viasat’s TV6 that broadcasted with open access on the digital terrestrial platform was quickly gaining ground in the younger audience segments. All three broadcasters had launched niche channels for more mature audiences – TV4+, TV8, and Kanal9, which they were likely to try and sell. The market was fragmenting, and while niche channels were taking increasing shares of total viewing, the established channels were all suffering to various extents. In order to reach a broad audience, the mix of advertising vehicles would over time need to be broadened. Third, ICA had recently used up some of their relationship goodwill (capital) with their two current TV suppliers. The current affairs program ‘Uppdrag granskning’ at public service television SVT had revealed that ICA was repackaging and falsely selling expired meat as fresh. By the time of the yearly negotiation this news was all over the press and ICA made the decision to stop all advertising until things had calmed down. Not only was this of general embarrassment to ICA – in the meantime, TV4 had to manually remove ICA advertisments and replace them with ads for the Red Cross. In addition to the additional workload, these charitable spots signaled to advertisers and agencies that TV4 was not sold out as they officially claimed, creating a stream of upset phone calls. On the ProsiebenSAT1-side, ICA had not had use for all the airtime that was contracted during 2007. This was due to some modifications of the length and scheduling of the TV-campaigns that had been running. In order to fulfill their obligations in the commit contract with TV4, ICA had shifted spots from Kanal 5 to TV4. This created a substantial deviation from what was signed in the intent agreement with Kanal 5 who ended up feeling unjustly treated. Fourth, 2007 had been a record year for the TV-broadcaster who for long periods had sold out their advertising space to the last slot. As a starting point this left ICA little opportunity to bargain for more. However, there was some uncertainty about the state of the economy, saying that demand for advertising in 2008 might not be quite as high as most people had expected. Everybody
knew that an economic slowdown was to be expected in a not too distant future, and there had been signals from the USA about a mortgage crisis that yet had not hit Europe. Taken together this might make the channels more willing to compromise. In short, as the media advisor at IUM said, ‘the outcomes of these negotiations were more uncertain than in a very, very long time’.

The developed media negotiation strategy was based on the basic facts in the brief and what had been developed in the creative plans and media plans. ICA was offering to purchase media for:

- 27 product films during normal campaign weeks
- 8 films with higher intensity and extended film lengths, (spread over the branding themes; Home cooking 1, Ecology, Eating out and Home cooking 2)
- Budget: Roughly unchanged – around 100 MSEK gross spending

Main negotiation objectives

- Getting appropriate price-cuts from TV4 due to their increased stock of airtime
- Keeping their 2007 RBS discounts with remaining channels
- Getting good discounts on ‘specifics’.
- Adding Viasat to the channel mix at an acceptable price

### 6.2.8 Media negotiations

The negotiations were conducted in two steps – a first meeting was held on December 13 when both sides presented their cases, and a second meeting a week later when it came down to bargaining on specific prices.

In the morning of December 13, the sales teams of TV4 Group, Viasat and ProSieben arrived to ICA’s headquarters one after the other. Viasat did, just as ICA had hoped, show a substantial interest in the ICA account and sent a large group of six persons including their CEO. They were scheduled one hour apart – just enough to meet the competitor’s sales team at the door as they left. ICA’s marketing communications manager and IUM’s media advisor were representing the ICA-side and welcomed the visitors in black suits at one side of the negotiation table. The marketing director had to spend more time in management meetings trying to figure out how to deal with the meat packaging scandal internally as well as in the external relationship with media.

While this was a new situation for ICA’s marketing communications manager, most of the others knew each other for a long time. For instance, the sales representative from TV4 Group had been handling the ICA account since 1994 and had a longer relationship with ICA than most of the staff currently working at ICA. Those who did not know ICA equally well had still met the media agency advisor several times representing some of his other clients.
The case of TV advertising

In fact, we are almost colleagues and after all we have the same interest in this. TV3 wants ICA to have a good ride with TV3, otherwise they will leave the channel the next year. Even if TV3 want to get paid as much as possible for their airtime and we want ICA to pay as little as possible, at the bottom-line we somewhere share the same agenda. We both want ICA to spend money on TV and that they feel that their campaigns are being successful.

I believe that is the way media agencies work the best – when you are not only a front for the client, but rather being an agent between two parties, making sure it works for both sides. We might make a deal with TV3 where we push them down to a price that isn’t really acceptable for them, by threatening that General Motors or some other important advertiser otherwise will leave them. For them that mean millions that they won’t dare to lose. It can get messy, and sometimes we are forced to do it that way. Now, that’s not good for the TV network. And it will eventually get back – not necessarily to us, but to the client, the advertiser. If everybody on the other hand feels satisfied, then it will be a good ride for all parties. (Media advisor, IUM)

For ICA’s marketing practitioners, the negotiation meeting was one of the few times a year when they actually met the TV network representatives face to face. For the media agency representatives, the negotiation was more of an exception from every-practice, where good relationships between agency and TV network was enabling them to do their job. This seeming contradiction between hard bargaining and well developed relationships between agency and TV networks was a natural part of the advertising media industry. For the media agency in particular, the switching between negotiation skills and collaboration skills, was seen as an important feature of their practice. Also the TV-networks recognized the dual agenda of the agencies, but noted that trust and good relations between the professionals became important elements as ‘value’ and ‘benefits’ were esoteric concepts that were much more difficult to pinpoint than it appeared on the surface.

The whole advertising and media industry is built pretty much on hot air and empty sayings and… It is quite difficult to prove the facts in what you claim. Then I believe trust and confidence in your collaborations partners become even more important. Many deals are based on relationships, since you can’t always prove which option is the better and which is the worse. When ICA’s purchasing department buy food it might be easier to benchmark and compare. Then you can have a more clinical relation to your supplier. (TV Sales Director 1, Viasat)

Most of the discussions progressed as projected – the broadcasters all wanted to excite the ICA team with their programming plans for 2008, in particular the content of their niche channels. TV4 Group wanted to downplay the magnitude and importance of their extended advertising space, and presented a 2% decrease in list price, while IUM did their best to up-play the
effects. The marketing communications director expressed ICA’s regrets for the inconvenience caused by the ongoing meat story and their gratitude for the support of the TV channels in handling their spots. Nevertheless, perhaps most importantly, while the economic uncertainty in 2008 had not affected ICA’s communications plans, it appeared to have had a more profound impact for other advertisers. By the time of negotiation, the TV-networks had experienced that the advertising market had frozen, meaning that most of their clients had put their investments on temporary hold waiting for the economic development to unfold. They were in other words getting quite impatient to close some contracts.

The following week’s price negotiation went smooth and all parties seemed pleased with the outcome. TV4 gave ICA a much larger price-cut than what was initially offered. ICA’s choice to leave an opening for price cuts on the more expensive ‘specifics’ rather than general discounts were keenly accepted by the stations. Further, Viasat did deliver the competitive offer ICA had hoped for and joined the two other networks as advertising media suppliers to ICA.

6.2.9 Buying and placing the ads

The negotiation with TV-networks aims to establish a contract on how many audience contacts ICA commits or intends to buy over the following year and at which price. However, the actual placement of ads cannot be conducted until each channel releases their programming schedule. These releases occur on a monthly basis, and advertising placement may proceed in two ways. Like a majority of advertisers ICA places most of their ads according to the Run-by-station (RBS) principle. In the return for a price discount the advertiser then leaves the whole scheduling to the TV-channel who only promises to deliver a certain number of viewers in a certain media audience group (in ICA’s case females 25-59). The other way to select à la carte, by purchasing ‘specifics’. This costs around 10-20% extra compared to RBS, but then the advertiser and their agency control where in the commercial breaks and in adjacency to which programming content their ads should appear. The function of IUM is then to quickly respond to the released program schedule and indicate to the channel which placements their clients desire. The TV networks will distribute placements according to these wish-lists based on a first-come first-served basis with some modification to ensure some rotation of popular placements among the agencies.

Whereas ICA had been interested in buying more specifics, the question was – how was IUM going to use them. Whereas the media advisor had expressed his skepticism about specifics, the TV-planner gave a more moderate view. Eventually it was the media buyer who was responsible for the detailed scheduling together with the TV-planner.
The more we know about the content of the campaigns and the creative strategy in particular, the better placements we can make. That’s a fact, because then we have both the cost- and TRP-related dimensions in mind, but we also include kind of a soft variable. Like, OK, this movie looks like this, well then this program would suit well because it fits the target group in terms of pure numbers and if you look at the program environment, well then it could be a good spot. Take for instance a week where there is a TV series that is about ecology, that fits our campaign theme or allows to approach it closer. Then of course we want that placement (TV-planner, IUM).

Table 6 Purchased specifics during the I love eco-campaign, week 13

<table>
<thead>
<tr>
<th>Day</th>
<th>Time/break</th>
<th>Channel</th>
<th>Requested program</th>
<th>Requested placement</th>
</tr>
</thead>
<tbody>
<tr>
<td>mon</td>
<td>20:30</td>
<td>TV4</td>
<td>PARLAMENTET</td>
<td>First in break</td>
</tr>
<tr>
<td>mon</td>
<td>23:14</td>
<td>TV4</td>
<td>MEDIUM</td>
<td></td>
</tr>
<tr>
<td>tue</td>
<td>18:30</td>
<td>TV4</td>
<td>EKONOMINYHETERNA</td>
<td></td>
</tr>
<tr>
<td>tue</td>
<td>19:00</td>
<td>TV4</td>
<td>TV4NYHETERNA</td>
<td></td>
</tr>
<tr>
<td>tue</td>
<td>20:15</td>
<td>TV4</td>
<td>ÄNTLIGEN HEMMA</td>
<td>First in break</td>
</tr>
<tr>
<td>tue</td>
<td>22:21</td>
<td>TV4</td>
<td>TV4NYHETERNA &amp; SPORTEN</td>
<td></td>
</tr>
<tr>
<td>wed</td>
<td>19:30</td>
<td>TV4</td>
<td>KOCKDUELLEN</td>
<td></td>
</tr>
<tr>
<td>wed</td>
<td>20:00</td>
<td>TV3</td>
<td>SIJUKHUSET</td>
<td></td>
</tr>
<tr>
<td>wed</td>
<td>21:15</td>
<td>TV4</td>
<td>LOST</td>
<td>First in break</td>
</tr>
<tr>
<td>wed</td>
<td>21:34</td>
<td>Kanal 5</td>
<td>GREYS ANATOMY</td>
<td></td>
</tr>
<tr>
<td>wed</td>
<td>22:00</td>
<td>TV3</td>
<td>EXTREME HOME MAKEOVER</td>
<td></td>
</tr>
<tr>
<td>thu</td>
<td>19:45</td>
<td>TV4</td>
<td>KOCKDUELLEN</td>
<td></td>
</tr>
<tr>
<td>thu</td>
<td>21:15</td>
<td>TV4</td>
<td>ANTIKDECKARNA</td>
<td></td>
</tr>
<tr>
<td>fr</td>
<td>19:31</td>
<td>TV4</td>
<td>POSTKODMILJONÄREN</td>
<td></td>
</tr>
<tr>
<td>fr</td>
<td>20:21</td>
<td>TV4</td>
<td>LET’S DANCE</td>
<td>Last in break</td>
</tr>
<tr>
<td>fr</td>
<td>22:59</td>
<td>TV4</td>
<td>NUMBERS</td>
<td></td>
</tr>
<tr>
<td>sat</td>
<td>19:30</td>
<td>TV4</td>
<td>POSTKODMILJONÄREN</td>
<td></td>
</tr>
<tr>
<td>sat</td>
<td>22:15</td>
<td>TV4</td>
<td>TALENTED MR RIPLEY</td>
<td></td>
</tr>
<tr>
<td>sat</td>
<td>23:19</td>
<td>TV4</td>
<td>TALENTED MR RIPLEY</td>
<td></td>
</tr>
</tbody>
</table>

Source: IUM

But IUM had not been driving the initiative to buy more specifics and exploring benefits associated with cherry-picking program environments had been skeptically looked upon by their media advisor. In the media agency practices a program placement was not better than its contribution to target group reach at the lowest cost. Besides, the job that they were rewarded for was to deliver audiences – brand effects was primarily an issue for the ad agency. Accordingly, in the actual work of buying and placing specifics, there was little discussion about including brand dimensions in media scheduling.

Using people-meter data from MMS, reach optimization tools like Improve, audience prognosis software Navigator, and quality verification through the TV-Check service, the day-to-day work was largely focused on technical routines and advertising logistics. Tasks evolved around reach/frequency optimization, scheduling, distribution of ad materials, audience delivery verification, invoicing. The TV-buyer at IUM had quite long experience from
his tasks and used specific placements to seek out spots that he thought would beat expectations and over-deliver the desired target group. However, there was no further analysis conducted or intuition used, why specifics were bought in shows of quite general character (Media buyer, personal interview, 2008). For instance, during week 13 which was the start of the ‘I love eco’-theme, out of 174 spots, 19 were specifics and the remaining 155 were RBS. The 19 specifics had in common that they were all prime-time formats, such as ‘CSI’, ‘Grey’s Anatomy’, and the Swedish version of ‘Dancing with the stars’, and their placement was primarily based on audience concerns and less so on the program environments (Table 6).

6.2.10 Evaluation of communication efforts

For ICA, the weekly brand tracking provided by research agency Ipsos, formed the basis for evaluating how the TV ads had performed. Telephone polls monitored how the films were received by the target group and how it affected their image of the ICA brand. Thereby, brand effects were central to how ICA conceptualized the value of TV advertising and became influential to how the value advertising media was understood also in a broader sense.

As the year unfolded ICA had its share of both successes and disappointments. Overall it was perceived that the idea of focusing on fewer campaigns with higher impact (‘färre men värre’) created a chain of beneficial effects ranging from higher consumer observation to higher retailer involvement, leading to broader in-store execution of brand themes and eventually higher sales figures (Marketing director, personal interview, 2009). ‘Home-cooking’, with its 10,000 submitted recipes and the widely acknowledged cookbook, as well as I love Eco with its new product range were regarded particularly successful. The large branding themes – ‘home cooking’, ‘ecology’ and ‘eating out’ were in fact ranked among the most successful advertising campaigns at ICA and campaign products had broken new sales records (Marketing communications manager 2, ICA).

However, while the large campaigns performed well, the more mechanical day-to-day advertising in weekly product campaigns showed alarming tendencies over summer and early fall 2008. Rather than reversing the trend of decreasing tracking figures, advertising recall hit a low-point during a few summer weeks (Campaign evaluation meeting, 2008). Summer had always been a slow period, but the 2008 figures were beyond what could be considered acceptable. This spurred frenetic activity at ICA’s marketing department in order to find the roots of the problem. Was the promotional offering not attractive enough, was the creative execution not strong enough, or was not the audience there? The advertising agency King and media agency IUM did their best to fence off any accusations. Media selection is quantitative indeed, but IUM maintained that there work had minor impact on overall observation and was unlikely to be cause of the problem.
The case of TV advertising

Nevertheless, the media side had its share of the problems and the new TV-planner had had trouble managing all the last minute re-arrangements in the media plan over the course of the summer. Further, the TV-channels in general, and ICA’s main supplier TV4 Group in particular, had not delivered according to expectation. Since many shows had underperformed in terms of audience figures, the use of specific placements had from this perspective not given the additional boost to the campaigns that ICA and IUM had hoped for. In particular, TV4 had continued to lose young viewers, giving ICA an older than desired audience profile.

King on the other hand acknowledged their contribution to the state matters but pointed at the problem of evaluating artistic work in any scientific way. Nevertheless it was stressed by ICA that each party had to take their responsibility and see what they could do to improve the situation (Marketing communications manager 2, personal interview, 2008). The result was from ICA’s side to put more work into selecting more attractive and relevant campaign offerings, steer brand development towards a price-profile. King made a thorough analysis of past creative work, what cues had triggered the audience and how the various movies had performed. Consequently ICA re-contracted the production company Tre Vänner for writing the movie scripts, a job that over the past three years had been handled by the advertising agency King alone.

To the delight of all involved parties, the tide started to turn by mid-fall 2008 and tracking figures including advertising awareness and brand indicators began to rise. There was no clear explanation whether the rising trend was due to better product selection, the price-profile, better and more dialogue-based movie scripts, a seasonal shift in audience moods and preferences, or a combination of the changes made, but in early 2009 ICA’s marketing director could look back on 2008 as one, in his eyes, ‘extremely successful year’.
7 Custom publishing and the case of the magazine Buffé

7.1 The story of Buffé

ICA has a long tradition in customer magazines. Already in 1942, their first publication, ICA Kuriren, was distributed for free in their stores. Three years later the publishing house ICA Förlaget was founded (Forma, 2008).

Today, ICA Kuriren is a subscribed family weekly with little connection to ICA beyond the name. Since 2000, ICA Förlaget is known as Forma Publishing Group, a corporate entity separate from ICA owned by stock listed Hakon Invest. It is Sweden’s largest custom publishing company, it produces numerous books and special interest magazines, and it has operations in four Nordic and Baltic countries. Through its daughter company OTW, Forma produces ICA’s present customer magazine, Buffé.

Facts Buffé

- Circulation: 1,996,900 (TS 2008)
- Issues/year: 11
- Pages: 40-48
- External advertisements: 25%
- Cover price: Free
- Distribution: Addressed mail
- Production agency: OTW/Forma Publishing Group
- Target group: Customer card holders registering purchases for a minimum of 1000kr in any single month over a period the past two months.
- Reach: Not regularly measured (2,800,000 in postal survey 2005)

Figure 23 The customer magazine Buffé

18 The ICA retailers collectively hold a majority stake in Hakon Invest
Buffé is aimed to be a monthly reward for ICA’s most loyal customers. Unmistakably it is a branding tool, but with limited integration in the national campaign planning process, this recipe- and photo-based production is meant most of all to inspire readers to food, cooking, and dining on a more general level. On glossy paper, exotic themes as well new interpretations of traditional home cooking challenges the everyday routines of the habitual shopper. Why not make your meatballs Greek style and add feta cheese to your basket next time you go shopping? When it was introduced in 1995 Buffé entered the stage as Sweden’s largest home distributed print medium. It has maintained that position and in 2007 it had a verified monthly edition of 2 million copies making it Sweden’s largest consumer magazine both in terms of circulation figures and growth (TS, 2008).

7.2 The launch decision

Ever since the launch of the customer card in 1990, there had been discussions within ICA about introducing a customer magazine. The customer card was at the time more of a membership card which offered the holder some special discounts, but since the cards were not swiped at the counters, ICA had neither the means to identify nor reward loyal purchasing behavior. Between 1990 and 1995 the monthly membership mailings arrived to customers’ mailboxes as stacks of information and offerings from suppliers, packed in an envelope. Somewhere among the mixed promotional sheets was the customer card information hiding. In order to progress from this scattered impression, ICA wanted to create a mailing that built loyalty to the brand in a more long-term manner (Editor-in-chief, personal interview, 2008).

In 1991 the loyalty card team taken a decision to try and create a magazine as part of the solution (Marketing manager Banking, personal interview, 2007). Jörgen Wennberg, today managing director of the ICA Bank, was a driving force and had an idea of what type of magazine he wanted. As an example, he brought a copy of Mat att Njuta to a meeting with the CEO of ICA. This was a publication that Nestlé distributed three times a year in store which he felt managed to convey an editorial rather than promotional impression. Since the editorial team of Mat att Njuta, who had a background in consumer magazines, was located at ICAs publishing department19, development of draft versions could commence quite rapidly. During 1994 and 1995 four issues were

19 ICA Förlaget, later Forma Publishing
produced and tested on a regional sample. After collecting feedback and making necessary improvements the board of ICA took the decision to launch the magazine on a national scale.

The first issue which reached approximately 1,3 million cardholders by Christmas 1995 celebrated the 5 year anniversary of the customer card, but behind the scene it was a logistical nightmare. Due to the current structures of ICA, Buffé was printed with a sheet of coupons which came in a variety of versions depending on the geographical region, in practice creating 24 parallel editions of the magazine (Editor-in-chief, personal interview, 2008). In addition, since your loyalty card at the time was connected to “your” individual store, the ICA retailer would author his own personal version of the introduction letter to go with the mailing (Marketing manager Banking, personal interview, 2007). Despite all possible sources of error Buffé was launched without any major incidents.

The perceived effects were very positive; customers appreciated the magazine, and retailers somewhat surprised discovered a sudden rise in demand for odd products that many stores didn’t have in stock. Buffé’s editor-in-chief, recalls a flood of phone calls from upset retailers wondering about the strange mascarpone cheese included in some of the cake recipes, which customers now started to ask for. In fact, Buffé could create substantial demand for both new and existing products without using traditional sales promotion tools like coupons or price discounts. Nevertheless the magazine should never be mistaken for a channel for hidden advertising, or as the editor-in-chief puts it; the tomatoes (in our recipes) are just ordinary tomatoes.

However, the inflow of new members in combination with ICA’s inability to register shopping data for each card holder soon caused problems. By the late 1990’s the customer data base was flooded by inactive customers who had signed up for memberships but rarely or never shopped at ICA. The 1999 decision to start to swiping the cards, collect scanner data, and give out bonus based on shopping behavior, immediately allowed ICA identify 600,000 inactive member which could be cleared from the register. Further restrictions such as introducing a minimum shopping limit of 1000 SEK monthly in order to receive Buffé caused the upward circulation trend to level off at around 2,000,000 distributed copies.
7.3 The objectives

The primary objective for launching Buffé was to present some kind of reward to customer loyalty (Editor-in-chief, personal interview, 2008). When the magazine was introduced in 1995, no such reward existed and the bonus system was still several years into the future. Buffé was in other word meant to be perceived by the customers as something distinctly different from sales promotion. Individual ICA retailers had in the past experimented with rewarding their loyal customers with various magazines – ranging from cooking (Glad i Mat) to home decoration (Hus & Hem) – all with the same positive result. So providing customers with a feeling of reward was initially a more important objective for ICA than any detailed brand management interests.

These two interests have gradually become more integrated. Today Buffé is intended as a ‘profiling medium for the ICA brand and the most important medium for building positive associations to food’ (Internal brief document, 2008). Essentially, it does this by i) stimulating general customer interest in food and dining, ii) by strengthening customer brand confidence from the aspects of quality and range of the offering, iii) by rewarding loyal behavior, and iv) by stimulating ICA retailers to extend loyalty activities to the local level. In essence, Buffé should support ICA’s core values with a particular role in building brand associations in the area of ‘food and dining’. It should further reward customers without being perceived as promotion (Internal brief document 2008).

In order to meet these broad objectives the practitioners at the publishing house Forma regards Buffé to serve functions outside the domain of the national marketing department, and the editor-in-chief continuously fights a battle against any attempt to sort the customer magazine into the marketing communications toolbox. He maintains that the magazine should be regarded as a journalistic product that operates on a strategic level.

That is a fundamental principle for us that we fight for… Because there are always new stakeholders around, and the editorial board changes its staff. There are different people with different viewpoints guided by their own objectives. For instance there is a lot of people that sees this as a really nice platform to boost their own sales. That is why we don’t want the organizational responsibility to slip down through the...
7.4 The operations

 BUFFÉ has had the same editor-in-chief since day one. Located in a restored industrial building in Vasastan in central Stockholm, he runs his little team consisting of an editor, an editorial assistant and an art director, plus a network of freelance photographers and writers. If you were ever to visit the vast open office landscape of Forma Publishing Group and attempt to locate the BUFFÉ department, you could let yourself be guided by a lingering smell of food from a large glassed kitchen where they try out new recipes that their ‘recipe designers’ have created. In the past, BUFFÉ used to have a couple of persons employed for advertising sales, but since the restructuring of ICA in 2001, each issue is sold out by ICA’s own campaign team as a part of their portfolio of co-op advertising formats offered to ICA’s product suppliers. How advertising sales will be managed in the future is, however, an issue that is up for discussion.

Being the head of Sweden’s largest distributed publication for already more than 13 years, the editor-in-chief makes no secret that he regard himself as making the calls when it comes to the decisions around BUFFÉ. He sets the agenda for BUFFÉ and even claim that the trend analysis provided by the BUFFÉ team influences the overall campaign planning at ICA Sweden (Editor-in-chief, personal interview, 2008).

That is what they buy. They could produce Buffé in-house if they wanted, but there are many good reasons why they don’t. You get incredibly desensitized and affected by the ones around you. You are more exposed to the direct influence of the sales organization, which we can avoid here. And I believe that is healthy. This way we can be out there on the field and sense trends and observe rising fashions in a different manner. (Editor-in-chief, Buffé)

The independence of Buffé from internal marketing interests at ICA has a certain value, which is recognized by ICA’s – particularly those operatively involved in the production process. As much as Forma provides an editorial competence their external position is also seen to ensure a magazine that is not all colored by ICA’s internal interests and affairs.

We are simply buying a food magazine. And we think they are really good at that. Even though we have our own chefs and master chefs who know food, and the stores that know food and everything. But we want an independent journalistic product that
that does not come across as being colored by our interest. (Campaign Manager 1, ICA)

ICA’s project manager responsible for the customer magazine sees herself as a filter to all internal proposals that come from individual brand-, campaign-, and sales managers. With focus on the reader above all, Buffé is in a sense run more as a consumer magazine than a promotional tool, only with the difference that its staff does neither have to worry about consumer sales nor advertising sales. The evaluation of Buffé therefore tends to be focused on reader satisfaction rather than the fulfillment of marketing objectives.

In bright contrast to the editor-in-chief’s view of Buffé as independent stands the opinion of ICA’s former marketing communications manager. In ICA’s complex marketing planning structure he regards Buffé as the medium in his portfolio that ICA centrally has the most control over. From a marketing communications perspective, Buffé should preferably be coordinated with other media channels and is then often scheduled first in a campaign. This way Buffé can be used to inspire and stimulate customer interest in thematic topics such as organic food, a week or two later carried over to TV advertisements that position the ICA brand in this area, followed by sales oriented TV ads and in-store activities that pushes organic products.

We regard media as being either internal or external. The internal ones are those that we control, where we ourselves pay for the medium. And the very best example is the magazine Buffé. We know down to the very week when we are using each medium and we know that Buffé is most effective on the monthly pay-day when people want to know their customer card balance and deposit new money. We don’t need any media agency in the world to tell us that… at least that is what we believe. (Marketing communications manager 1, ICA)

Hence, both these positions – the editorial independence of Buffé and its integration in marketing campaigns – were seen as beneficial for ICA. However, at least in the eyes of the editor-in-chief, they were mutually exclusive. If there were to be editorial independence, Buffé could per definition not be subjected to campaign plans. The new marketing communications manager starting in 2007 had however a more balanced view on the relationship between Buffé’s journalistic independence and its integration in ICA’s marketing planning process. As he saw it, there was in itself an advantage in having somewhat different understandings of how the customer magazine created value.

It is important for Buffé to be independent to a certain extent, to be on the forefront when it comes to food and cooking and pull the rest of us in. If we were to run the show from here, then we would quickly restrict their use of products to our basic range… So there is a wish for freedom from the Buffé side. But then it’s a balance, it is a customer magazine, that is supposed to have a high reading-value. It is supposed
to feel independent, but it is also one of our strongest channels to sell our message about ICA as a brand and as a company. So we have to find a balance where it is not the editorial staff that stands for the ICA message. However, we can participate and influence them and give them enough freedom so we only have to actively manage them on a few occasions.

And somewhere there is the key issue. If you are independent, then of course you don’t enjoy having someone else pointing out the direction for you. At the same time this is a product that we purchase. We have the right to decide over the output and make sure that the messages we infuse in the magazine are also reflected in the editorial work practices. (Marketing communications manager 2, ICA)

7.5 The 2007 planning and production process

Buffé appears to be viewed as a continuous operation with no clear point for start, finish, or evaluation. It lives its own life based on its purpose to reward loyal customers. ICA is indeed in need of a yearly plan in order to sell the ten pages of advertising space that Buffé provides, but from Buffé’s point of view the most interesting activities happen on a monthly basis, at the release of each new issue of the magazine and at each meeting of the editorial council.

The planning process started in early 2007 with the development of a publishing plan for 2008. This plan was crafted by the editorial team based on their accumulated experience from reader responses, feedback from ICA retailers and internal discussions. Continuously the team scans the market for new trends in food and cooking that can be used as topics for individual articles or as themes for entire magazine issues. In April 2007 the suggested 2008 plan was presented for the marketing communications manager at ICA, who at the time had a fairly good idea of the overall branding themes and promotional campaigns intended to run the same year. Buffé already had a ‘green’ issue planned which fitted nicely with the ICA’s ‘I love Eco’-campaign, so it was more an issue of adjusting the timing. Both sides shared an interest in spring season picnic and barbeque period, and Buffé claims they managed to get ICA’s marketing director interested in their home cooking issue. ICA’s marketing team turned this into the ‘Home cooking’-campaign after which Buffé extended their editorial commitment to span over several consecutive issues and an additional cookbook project. A process started to synchronize these mutual interests. Buffé’s editor-in-chief repeatedly stresses the integrity of his magazine and will under no circumstances let his magazine become a campaign tool in this process. With his 13 years at the same position he has more experience than his considerably younger ICA counterparts. On the other hand the marketing team of ICA has little formal organizational power and are used to
selling their ideas in very compelling ways. The marketing communications manager presented a different case where in fact coordination of branding themes across TV, direct mail, and **Buffé** is strictly planned in both timing and content.

Nevertheless, the work of integrating communication across channels appears as a sometimes ineffective process. ICA's project manager, confirms that it is only the last two years that a serious intent to integrate **Buffé** in the communication planning has existed, and still it is a struggle to balance the feeling of journalistic independence of the editorial team and the **Buffé** product with the integration of campaign themes and the overall brand values. As it is the magazine is allowed to make its own interpretations of campaign goals.

*Now I feel we are on the right track, but I must say that the magazine has been living a life of its own. (Project manager 1, ICA)*

In June, the year plan for **Buffé** is confirmed parallel to the overall marketing plan for ICA and the editorial team starts to schedule some of the articles, contract freelance writers, photographers, and recipe creators, and divide tasks between their consumer panel of test chefs. Later during fall, when the creative development of campaigns has started to take off, the editor-in-chief is briefed by the project managers on the planned contents and progress of activities that are related to the magazine. As the campaign team of Marknad Sverige meets with suppliers and fill ICA's various co-op channels with product promotions, the advertising space in **Buffé** fills up. But since the number and placement of ads in each issue is fixed\(^\text{20}\), the practical consequences for production are very limited.

![Figure 24 A timeline of customer magazine planning and production](image)

\(^{20}\) Each issue has room for ten external full page advertisements and one internal ICA ad.
7.6 The 2008 production and evaluation process

Each month on the 25th, the forthcoming month’s issue of Buffé is sent to repro and print. Editorial production and layout starts roughly a month before that, even though individual texts, pictures and ads may have been processed considerably earlier. As a last control before print, ICA’s departments for PR/Information, and Health/Environment reads through the final version of the magazine. The magazine is printed by Roto Smeets in Holland, then packed together with the monthly bonus statement, a sheet of promotional coupons and other information from ICA, and then sent to the homes of customers by post.

By the time the first copies arrive from print, Buffé assembles the editorial council for its monthly meeting. The council consists of a range of people representing different interests; layout and design, marketing, health and quality aspects, ICA values etcetera. Since the purpose is mainly to deal with operational issues focus tends to be short term, and the discussion spans over last issue, the current issue coming from print, and the drafts for upcoming issue. Topics are fairly practical – to evaluate questions and responses from readers and ICA retailers, to summarize overall impressions of the issue at hand, and to check for errors and possible risk factors in the content under production. About twice a year, the editor-in-chief gives a summary of the impressions from the past six month period.

![Customer magazine production and evaluation](image)

**Figure 25 Customer magazine production and evaluation**

On the operational level works quite efficiently as a magazine; it has quite well established routines for collecting and following up reader responses and the team continuously strive to minimize errors and improve reader satisfaction. However, being a strategic branding tool Buffé also has objectives beyond those of an ordinary consumer magazine. The routines for monitoring this more long term development and brand effects are not so formalized (compared to for
instance the TV brand tracking which is monitored weekly). About twice a year
meetings are to be held between the management of Forma Publishing Group
and the head of ICA’s internal marketing, JMC along with some creatives and
project managers. These meetings are meant to lift the discussions from the
operational level to a strategic one, but as a project manager explains;

We have been a bit lax with this since it works OK and we don’t consider it being
highest priority. (Project manager 1, ICA)

The most thorough follow up on the goals of Buffé is done through a postal
customer survey which has no fixed intervals but tends to be conducted every
three years or so. In between, smaller web surveys with a limited number of
questions are posted on ICA’s web portal, ica.se. While the questions tend to
focus on mainly on operational issues such as different aspects of readership
and perceived usability of the magazine, also a few more brand related issues
such as the perceived brand associations evoked by Buffé (Figure 26) and
emotional responses to receiving the magazine (Figure 27) are covered.

Figure 26 Brand associations of Buffé (% of respondents)

Figure 27 Emotional responses to Buffé (% of respondents)
Assessment of costs and benefits

As discussed in section 7.3 (p. 132), ICA’s interests in Buffé had over the years developed into a quite diverse set of objectives. Most of these objectives for Buffé appeared in quite general terms and none of them have been broken down to any quantitative, specified goals or measurable benefits. Accordingly, different stakeholders even within ICA saw different dimensions of value in the publication.

*It depends on who you ask in the organization. What is Buffé? Some people would say that loyalty is by far the most important goal. Others would say inspiration. But the truth is that it probably is both.* (Project Manager 1, ICA)

The cost-side is however more transparent, and with a yearly circulation of around 22 million magazine copies the net cost for production and distribution of Buffé is likely to match that of ICA’s TV advertising. While this is a cost that the ICA retailers continuously question (project manager 2, personal interview, 2008), the internal team gives the impression that they are content with Buffé and that it is doing its job (Project manager 1, personal interview, 2008). Largely this satisfaction with Buffé is based on the notion that customers are happy with the magazine and that it thereby fulfills its function as a reward, a ‘thank you for shopping at ICA’. And it does this job at a cost per contact which is considered reasonably low.

ICA’s marketing communications manager was particularly pleased with how the Home-cooking campaign had managed to bring the strategic media (e.g. TV) and tactical media (e.g. Buffé) together in a more integrated use of advertising media. The key, he claimed, was to involve a campaign manager who had practical experience of Buffé and who saw how benefits of different media were created and how they could be combined.

*Marketing Communications Manager 2: It is easy to forget that we are not only a retailer but also a quite large media house. In Buffé we have Sweden’s largest magazine, and lots of other channels. But we haven’t really managed to leverage the combined force of all this. I think ‘Home cooking’ is one of the first examples of this, where we get clean messages in all channels. That’s the key to better advertising recall.*

*Interviewer: How did you manage that?*

*Marketing Communications Manager 2: I think we owe that to one of the campaign project manager who is really good at what she does, and she also has some of her responsibilities working with Buffé. So she knows which kinds of channels we have … and managed to break up some of our lazy, pre-formatted thinking when we use media channels.*
According to a postal survey made by ICA in 2005, customers are indeed happy with the magazine. A majority reads at least something from every issue over a 6-month period, saves the magazine, and intends to use the recipes later. They are generally content with the layout and look of Buffé, which comes across as honest and believable thus fulfilling the goal of not being seen as promotion. Nevertheless, the trend is clear, competition for attention is increasing and customers have more and more alternative sources to recipes and cooking on TV, in newspaper supplements, specialty magazines, and competing retailer and consumer brand publications and web sites. Fewer readers now saves and uses recipes from Buffé and the ones who do, do it less frequently. Overall, younger readers tend to give the magazine lower grades across all parameters, and how efficiently it builds the ICA brand or stimulates retailers to create loyalty activities on the local level, nobody really knows.
8 CRM, database marketing and the case of personalized offerings

8.1 The story of CRM and loyalty cards at ICA

In a meeting at ICA in November 2007, an excited manager introduced me to a super-secret, super-exciting project. This project was known as ‘Shopping list’ and later appeared under working titles such as ‘Mina varor’ (My goods), and ‘Personliga erbjudanden’ (Personal offerings). Essentially it was ICA’s first attempt to improve their marketing communications program by connecting it to customer data mining technologies. The visible result was turning the promotional content of the monthly loyalty mailing from generic to personalized. To the consumer this meant that each set of coupons was a unique selection of goods based on each receiver’s individual shopping history over the past six months. While for some people this appeared merely a direct mail project, others viewed it as a paradigm shift in ICA’s marketing philosophy from being driven by supplier’s promotional budgets to instead departing from customer’s perceived relevance and value. For them it is not sales promotion but relationship marketing, for the first time conducted on a one-to-one basis within ICA.

In a sense it is also a democratization of the promotional channels – the limitation of advertising space in ICA’s traditional one-to-many model of direct mail had effectively excluded all suppliers that did not have the resources to go in an unsegmented, national medium. By introducing behavioral segmentation down to the level of individuals, mechanizing advertising handling, and making payment model based on performance rather than reach, ICA is essentially opening the co-op advertising medium ‘direct mail’ to product suppliers of any size and budget.
When the customer card was launched in 1990, the driving force was not primarily customer relationship management. Rather it was a structural change in the payment systems that drove development. Until then, checks and cash had been the dominating forms of payment, but banks saw the future in digital transactions through credit and debit cards. Two competing systems, BABS (private banks) and SERVO (commercial banks), were fighting to become the industry standard. ICA saw that conforming to either one of them would inevitably lead to a lock-in effect and increasing transaction related and volume related fees over time. By building their own infrastructure they saw an opportunity to stay independent and put themselves in a better bargaining position. The solution was to introduce a debit card, only usable in ICA stores, where customers could deposit their monthly grocery budget at a significantly better interest rate than most banks offered. After a year of testing on a regional market in Östergötland during 1989, the decision was taken to go national.

### 8.1.1 1990: Loyalty club – a growing interest in the value of customer loyalty

During the 1980’s individual stores had been experimenting with customer clubs and ICA saw the chance to create a customer database (register) at the same time as they launched the debit card\(^\text{21}\). Giving membership discounts to holders of the debit card would give additional incentives to sign up. Each store would do the job to market the customer card, and customers could choose if

\(^{21}\) Eg. ICA Maxi Kalmar
they wanted a card with a debit function or just plain customer club card. At this point, no purchases were registered – payment and customer club were two different stories; presenting the card at the teller would entitle the holder membership discounts on that month’s handful of products regardless if the card was swiped for payment or not. In other words, the loyalty program was merely an address list. Each retailer would “own” the customers he attracted and have the opportunity to communicate with them with monthly letters and coupons on an aggregated (not personal) level. ICA would keep the database centrally, author templates for monthly letters which the retailers would customize to their preferences. The CRM department would then collect the faxes from the retailers and send out the mailings to the customer clubs of each store.

This way, the customer club had a flying start, which was additionally boosted by the banks’ indecisiveness whether to let their cards be swiped in ICA’s terminals (Marketing manager Banking, personal interview, 2007). Over time, ICA’s management came to realize the relationships value that the card was generating. *The customer card is much more than a means of payment. It’s also a tool which gives us more effective marketing, more loyal customers and competition benefits. It’s also appreciated by our customers* (Managing Director Roland Fahlin interviewed in *Kunddialog* no. 4, 1994). Measurements showed that moving from cash to debit card payments increased purchases by 14%, concluding that the debit function itself was an important loyalty factor even without bonuses. The convenience factor itself was in other words important. In 1994, two million cards were issued which had grown to three million cards spread over 2.2 million households by 2007. The parallel initiatives of main competitor KF saw a similar growth in members (Konkurrensverket, 2002). Considering the total population in Sweden being less than nine million at the time, this was a dramatic impact.

Source: ICA and author

**Figure 29** A timeline of ICA’s CRM development
8.1.2  1996: The bonus system – how customer data was accumulated

The growth of ICA’s register however also pointed at a different problem – the inability to separate active members from those that signed up once but never returned to the store. ICA suspected that this category was growing in significant numbers causing an increasing waste of communication resources – copies of the customer magazine Buffé (introduced in 1995) and loyalty mailings were posted to inactive members who might not have lived in the area for years. Since 1996 there had been a discussion about registering shopping activity on the level of individuals, but it took three years to convince the retailers about the advantages of such a move (Marketing manager CRM, personal interview, 2008). With the decision of building their own payment infrastructure ICA had this opportunity right at their feet. Making customers swipe their card at the teller regardless if they used it for payment, would allow ICA to screen out inactive members and thereby limit postage costs (see the custom publishing case). Further it would lift the CRM issue from the individual stores to the central level of ICA which could provide an unprecedented source of intelligence for learn about the shopping behaviors of their customers. However, it was not equally clear exactly how this would affect and complement ICA’s marketing communication. ‘Relationship marketing is on its way. But the extent to which it’s used to maintain customers or to find new ones will depend on the role of the store, the business situation, and the maturity of the market.’ (Jörgen Wennberg, interviewed in Supermarket no.3, 1999:6)

It was agreed that the best incentive for customers to identify themselves through the card was to introduce a bonus system where points were collected on each registered purchase, and paid out as a check valid in any ICA store over six months. This would have the additional benefit of rewarding a loyal behavior that extended beyond the monthly offerings to include all purchases made (with a few exceptions such as tobacco). In essence, the bonus was the price for the customer information.

However, the retailers were not convinced. One argument concerned the privacy issue, registering people’s actions. The other main argument concerned the issue bonus paybacks, which by many retailers was seen as something that the consumer cooperation KF did and therefore was in conflict with the fundamental values of ICA (Marketing manager Banking, personal interview, 2007). In addition to the matter of principles, the retailers had to participate in

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**The bonus check**
The ‘price’ of the customer information. Customers get 1% back on their purchases. As soon as a customer has accumulated 2500 SEK worth of purchases, a check of 25 SEK is attached to the monthly loyalty mailing. The check is valid in any ICA store over a period of six months.
the financing of the system and in their eyes the proposed benefits were highly uncertain.

The CRM team argued that the card and the bonus system was the material that would hold the strongly entrepreneurial and independent spirit of ICA retailers together – the lowest common denominator in the eyes of the customer (Marketing manager Banking, personal interview, 2007). After three years of discussion it was a time for a referendum in August 1999 that gathered 400 retailers. During the past three years, ICA’s marketing department had been gathering international evidence. UK food retailer Tesco had switched to a customer centered, personalized, data driven strategy in 1996, and the growth of their market share from 12% to 31% had impressed on ICA like on so many others (Fredlund, 2005; Humby et al., 2004). ICA had also trialed the system on their test market in Östergötland for over a year with very promising results. But retailers were yet to be convinced. In particular the western regional association of retailers had been skeptical about the value of the bonus, but after having studied the arguments in favor of the system they suddenly and somewhat unexpectedly changed their position and thereby removed the last obstacle to implementation. Three months later, on November 15, 1999, the bonus system was up and running on a national scale.

The 1% bonus that customers gained on their purchases proved to give them enough incentive to swipe the card and thereby share their transaction patterns with ICA. The ID-rate (the percentage of transactions where the loyalty card is swiped) quickly grew to stabilize on average levels between 60-65%. In 2007 it had grown to 73%. In general, the figure was much higher on large purchases but lower on the quick visits to the corner shop. The large hypermarkets could therefore have ID rates above 90% while the figure didn’t exceed 40% in convenience stores.

8.1.3 2000: Loyalty efforts after the bonus system – market places and lost loyalty

When the bonus system was introduced, the major difference was the flow of checks to customers and the flow of information to ICA. As a first step, ICA could clean up their customer database from some 600,000 inactive cardholders. In order for customer to earn some of the membership benefits, such as the customer magazine, ICA also imposed a lower shopping limit of 1000 SEK a month. However, when it came to the promotional strategies most things remained the same. In reaction to this there was a growing interest in how new value concepts such as ‘customer loyalty’ and ‘reward’ could be made more central to the marketing process.

The system that we have today with direct marketing and all that, it is built on the process that we sell a media channel, we get some hundred thousand kronor. Best case scenario the retailer does some point-of purchase displays. The supplier make some
additional sales. The retailer makes money on the promotion leaflets. But nobody cares about if there the customer reacts, and acts on the communication. (Marketing manager Banking, ICA)

Before the bonus system was introduced, the loyalty program had consisted of 1400 separate retailer specific databases even though they were stored centrally. This practice continued after the fusion of the databases. Each retailer would decide individually on the best ways, if, when, and how to reward his or her very best customers based on how much and how frequently they shopped in the store. Some gave away products for free, while other offered personal discounts in order to show that they recognized their customers and appreciated their loyalty. Customers on their side, felt rewarded for their loyalty by their local store owner.

With the centralization of the mailings, ICA started to explore ways to generate revenue through the loyalty program, a risky move that may have had its drawbacks. Around 2000, ICA began in a more planned manner to construct what they call ‘market places’ – a portfolio of media channels that were up for sale for suppliers with the necessary financial strength. Essentially, it was an extension of the co-op advertising system (SA/VA) that had been dominating form of co-op advertising in the food retailing industry since the 1960’s. Each week, a given set of suppliers would co-finance the promotion of their products, most commonly through unaddressed direct mail. ICA, now started to exploit this opportunity and turn SA/VA into a revenue generating business – suppliers were willing to pay and only creativity set the boundaries. TV-commercials (2001), customer magazine (2001), unaddressed direct mail, billboards, in-store promotion, digital kiosks (2003) were created and opened up new channels for exposure of suppliers’ products. And when suppliers hesitated, there was always the argument that the empty space could be filled with ICA’s competing private brand alternative. The loyalty mailing was no exception.

Next to the bonus voucher a set of ten additional promotional coupons were added. Each supplier would pay a fixed price to have their product included and sent to over two million loyal ICA customers. But after a promising start, redemption rates started to drop, from 8%, down to just above 2%. As decline progressed, the CRM team started to realize that in the course of selling the loyalty mailing as a market place they had lost track of the customer and put the suppliers in the driving seat.

They had started to sell the marketplace. We gladly accepted money from the product suppliers instead of putting the customer first. So over time this started to get diluted and customers developed a fatigue towards the whole thing. After all the contents (the offerings) weren’t very good… (Marketing manager Banking, ICA)

22 RFV – or recency, frequency, value is a common technique to segment and analyze customer categories in database marketing.
Once the novelty effect started to wear off, customers had increasingly lost interest in the offerings, realizing that it was the same large suppliers and the same generic products that frequently appeared, that the discounts were low, and often required multi-buys. In other words the CRM program had taken co-op advertising into personally addressed direct mail, but the offerings were still generic. Customers did neither feel particularly rewarded nor find the offerings very attractive.

*As a marketing channel it provides a decent access to the stores, to exposure and tracking, but with a redemption rate on average between 2 and 3 percent, the customer value just isn’t very high.* (Marketing manager Banking, ICA)

Essentially this was the opposite of the fundamental idea of customer relationship marketing. Whereas the efforts of individual retailers had made customers feel recognized, this essentially generated the opposite effect – making personal communication appear de-personalized.

*The thing was that we never started to use the article data we had collected. We couldn’t muster the power, it is so extremely complex, even though Tesco proved it’s possible.* (Marketing manager Banking, ICA)

### 8.2 Turning customer data into one-to-one communication

Like so many other CRM-projects ICA was initially overwhelmed by the flood of customer data. Where should one start to analyze it, and how? Over the first years of the 2000’s, increasing efforts were made to mine the flow of scanner data and generate insights about their customers. While the CRM team had decided not to follow the exact footsteps of Tesco, they had started to recruit and develop their own competence in research and analysis. These people started to test different ideas against the data about how customers react, how they shopped in order to find patterns in the behavior (Marketing manager Campaigns, personal interview, 2007). As they progressed, their insights started to reveal to themselves and the organization the potential of how data mining could help ICA produce more value to customer and make them more frequent, more valuable and more satisfied customers.

*Originally it was a question of analysis, meaning how the campaigns paid off, how products performed and which products we would recommend in the future. But it isn’t really worth following up the performance on each and every product out of the 10 000 that goes through on a yearly basis. Nowadays we don’t do so much evaluation except for the large campaigns in Buffé and on TV*. Rather we use our customer database, which is the largest in Europe, to look at consumer behavior – what is it that triggers
The idea of true customer orientation started to grow. One of the main advantages of introducing the bonus was the opportunity to collect scanner data on the level of individuals. Like most other retailers, ICA exchanged de-personalized scanner data on an aggregated level with the market research firm AC Nielsen, who process the data to industry analyses. This type of data was good for spotting industry trends, but it was a very blunt tool for understanding ICA’s own customers and their shopping habits. However, the high ID rate of the loyalty card made it possible to link various behavioral patterns regarding how and what customers purchase to demographic data in order to generate new customer insights and new shopper profiles. Even though the idea about one-to-one marketing had existed in the CRM team for a number of years, it was just out of the question at the time to use it for personal communication.

When turning their system into a data driven conversation between retailer and customers, Tesco used shopping data to group their UK customers into finer and more relevant segments that could be targeted with the same communication (Fredlund, 2005; Humby et al., 2004). ICA however envisioned skipping the segmentation stage and instead providing each household with unique offerings based on their particular shopping behaviors. One obstacle to this idea was the past internal resistance in ICA’s organization against registering purchases, another was to find a reliable technological solution to mass customized printing.

I think it was a management conference in 1996 when this issue was raised for the first time. Can we do marketing towards our customer based on what goods they purchase? Drive loyalty, frequency and average purchase and thereby increase turnover? And the answer we received was an absolute NO. They could not see the value of such a system. (Marketing manager CRM, ICA)

However, in 2006, new winds were blowing and perceptions of value were different. The organization had undergone significant change in structure and in brand identity over the past decade, digital technology was considered the future of media and internet was by far the fastest growing advertising channel. The same council that had rejected the plan in 1996 now voted through the personalization.

It is really great that more than ten years later we have picked up the ball again in such a committed way, and now we are actually doing it. It is all about timing, the society has changed. Internet has changed people’s attitude toward being registered, (...) customers realize they do not need to receive loads of advertising that they don’t want, and (suppliers) have realized they do not need to pay for something that isn’t there. I think the environment has made it possible for us to do it now. (Marketing manager CRM, ICA)
The project commenced immediately after approval and in February 2006, the idea of rewarding customers based on shopping history was tested in four stores in the city of Uppsala, north of Stockholm. The offerings were limited to a selection of only 220 articles, but the results sent a clear and positive signal. Coupon redemption rates rocketed from just above 2% to 34%, and customers were both happier and spent more money in the stores (Marketing manager Banking, personal interview, 2007).

### 8.2.1 The technical delivery solution

Though the printed coupons were the central channel of communication, ICA wanted to start from the customer’s point of view and offer the information through any channel of preference that could carry personalized communication. Therefore, coupons information could also be sent to your cell phone, to your personal account on the website ica.se, it could be retrieved by swiping your card in the data kiosks in larger stores (which would produce a shopping list of products on offer), and unused discounts would appear at the bottom of your receipt each time you left an ICA store. In a sense, ICA was reversing the media planning compared to the traditional SA/VA, instead of making suppliers pay a fixed amount for each channel they appeared in, ICA made customers decide which media channel to use, and make suppliers pay for the behavioral effect.

Source: ICA

**Figure 30 A media-neutral delivery solution**
For suppliers this was an entirely new campaign structure. The price for participation would have one *fixed* component related to turnover (largely an administrative fee), and one *variable* component directly determined by the redemption of coupons (which included a significant share of the 20% rebate offered to the customer). This way, each supplier would sign a yearly agreement for its carried product range and thereby commit to paying the relatively low entry ticket to the channel, and then only pay-per-performance up to a certain agreed ceiling. Ten days after each period, campaign statistics would be available to suppliers on a web-based interface and the exact cost for the campaign would be automatically invoiced. Suppliers would then get instant follow up on their performance and return on investment – purchasing frequency, average purchase broken down per region and preformatted, ready-to-use powerpoint presentations or excel-files for further analysis and processing.

### 8.2.2 Starting the project – technical infrastructure

The next step involved building infrastructure for large scale testing on a representative sample of 75,000 households in the county of Östergötland. This involved a large part of the IT department. One issue was that the range of price information which spanned across more than 12,000 products in unique combinations for more than 2,000,000 card holders could not be stored locally which had been the case previously. The system required modifying the card readers at the Tellers so they could communicate with the central computer located at the ICA Bank in Borås and collect instant information about the unused discounts eligible for each cardholder. In addition, investments were required in new cables to transport the data efficiently. While some 40-50 IT people was working on this project for a long time, the direct monetary investment was not considered as a problem.

> I think we got a lot for our money, especially considering how much we have invest in other development projects in the past. We could easily spend a billion kronor and it wouldn’t have ended up nearly as good as this. (Marketing manager CRM, ICA)

An important part was the design of the algorithm for selecting the personal offers. This builds on the category pyramid, where the products that account for the highest turnover are found at the top and the products with the lowest share of sales are found at the bottom. In order to fill the ten coupon slots in each CRM letter, the computer starts with the product categories with the lowest turnover and search for matches with the individual shopping profile. It continues to work its way up towards the high-volume products while avoiding category conflict, meaning fixed quotas for how much should be dry goods, fruit and vegetables, household products etc. When it reaches the top of the hierarchy and the most common products without having all coupon slots
filled, the system starts working its way downwards with slightly relaxed criteria for shopping frequency. In some cases all ten coupon slots may never be filled.

Another barrier was printing capacity. Mass customized printing was not only a technically complicated issue, but also a time consuming one, and ICA did not have the time to wait several weeks in order to get printing completed. However, new presses were developed and ICA were the first to try out a new machine by Xeico which proved to produce impressive results. Several printers were interested in getting the contract with ICA, but Parajett, a family business in southern Sweden eventually won the contract. ICA was impressed by their determination to invest in two new printing presses with little hesitation, but more importantly, Parajett proved to have the technical skills to make the system work. Lower prices and verbal commitments from some of the larger suppliers on the market couldn’t help winning ICA over.

They never get it working. We said, sorry it doesn’t matter how much money you have. Money is not the centre of the problem, but rather the human capital in order to make things like these really work. .... More money doesn’t help as if the CRM mailings never reach the end customer. The difference with the family business was that they already had the competence in-house with perfect people who knew this stuff.

(Marketing manager CRM, ICA)

### 8.2.3 The need for efficient supplier communication

The first intuition for ICA was to make the personalized offerings a marketing channel that would smoothly fit into their portfolio of co-op media. A specially designed web interface was proposed to allow choice and flexibility to the paying supplier to administer their own campaigns with behavioral targeting (Market analyst, personal interview, 2007). However, the dual role of suppliers as both being suppliers of goods and customers of advertising media had confused the process. Realizing that they were about to focus their new customer orientation on their suppliers rather than the end-consumers, ICA changed foot along the way and proposed an automated product selection process.

Hey, wait a minute! You are not with me. You are back at the supplier meetings and the reference groups and feel that you are four people from ICA meeting 20 suppliers who are so geared up. Of course they tell you they want to choose. But just consider if it was 20 customers that you were standing with and you had asked them “do you only want Tropicana Juice?”. Then the customers would have said ”no, I would like to have marketing based on my behavior”.

The reasons why ICA wanted an automated system for product selection and supplier invoicing was at least twofold. First, in order to become truly customer oriented they had to break out of the ordinary campaign structure. Suppliers
could not be allowed to decide when, where, and which products to include. Unless they could let the customer make the decision, ICA figured they would soon be back in the old push-strategy.

*I am not a skilled poker player, but I have learnt something called ‘all in’. If we are to start from the customer’s perspective and their purchasing pattern then we cannot let Unilever decide ‘we want to do VIA washing powder, Knorr bouillon and Becel margarine this month’. Then it won’t be based on customer value, and once again we will be driven by what the supplier industry want to push out to customers. We want to do it the other way around and let the suppliers adapt to what customers value. That’s why we have said ‘all in’. (Marketing manager CRM, ICA)*

Secondly, the transaction costs. After having studied an American retailer Brookshire’s failure to introduce a similar system of personalized offerings, ICA made some adjustments to their plan. The idea of a mass customized marketing system was built on automated communication with the end customer, but where Brookshire’s had failed was that they had not understood the full impact on upstream relationships in the supply channel. From having 10, 20 or 50 products in their traditional sales promotion, the firm had found themselves negotiating the whole range of more than 10 000 products for each mailing. ICA realized that also upstream supplier interaction needed to be mass customized according to a fixed formula and information exchanged digitally.

*Brookshire’s failed, but their customers loved it. Sales were good but they couldn’t handle the administration. So we went home and thought… administration, we are not going to fail on that one. We can fail on customer communication or something else, but not administration. All articles, straight in, and let the computer do the work. But never ever let anybody sit and negotiate with each and every supplier. (Marketing manager CRM, ICA)*

### 8.2.4 Experiences from testing the system

Before going out on a real sample, ICA tested the system internally on their employees, and immediately realized that the system was very dependent on a specific factor – the number of products included. With a limitation of products, both computer matching and personally perceived relevance of the offerings quickly deteriorated. Initially, the idea was to delimit the number of included articles to the lowest common denominator between the ICA store, in other words the carried range of the smallest stores which would include between 3000 and 5000 items (Marketing manager Banking, personal interview, 2007). The team was concerned with customers’ assumed expectations of finding all promoted products available in any ICA store regardless of size. They saw a risk of producing a negative impact on local customer-retailer relationship, especially in smaller stores, if products on their coupons were not
carried. However, the test-runs revealed that with a selection of less than 5000 items, the output of computer processing would be both small in number of coupon matches and poor in terms of relevancy.

When we saw the output we said, wait a minute, this can’t be right. I am personally a large customer to ICA, and yet I could only get 5 coupon slots filled. The machine just didn’t manage to compute any more with such a narrow product range, so we came to the conclusion that we needed to broaden the selection to at least Supermarket-size23.

(Marketing manager CRM, ICA)

After building the infrastructure, the system was tested on 75,000 households in Östergötland. The sample was designed to be a Sweden in miniature and the real infrastructure and printing presses were used. Suppliers had been invited to participate in this limited test in large scale and ICA was taking care of the costs. Several learnings were made from the pretest, most of them very positive.

The first issue related to the availability of offered items, which was not of concern for the customers to the extent that ICA had feared. Communication had always trumpeted that ‘products are available where you normally buy them’, and customers didn’t appear to have any problems with this.

Our customer surveys showed that customers know where they normally buy different products. For instance lemon grass – I do not go to my local convenience store to buy that, rather it is a specific product that I find at my Maxi market. Customers do not mind if their local convenience store fail to carry a certain champagne flavored vinegar. So both the customers and the retailers of the smaller stores said ‘no problems’.

(Marketing manager CRM, ICA)

The conclusion made was to lift all limitations on product range and include every product in ICA’s inventory of articles. Again the traditional channel thinking had to be remodeled to a more customer oriented one. The customer is most likely to shop from a range of different ICA stores – both the small convenience store on the corner and the large Maxi hypermarkets. From a customer orientation perspective it would make more sense to let the customer’s own shopping basket decide the range of the products promoted than the product range of a particular store or chain within ICA. The issue was now the opposite – tests had showed that the system was very vulnerable to any drop in product range, so for the real implementation, the challenge was to raise an extraordinary high supplier participation rate.

The dramatic increase in coupon redemption rates from the Uppsala test 2006 was replicated. Comparisons were made between the test sample and those receiving the national generic offerings. On average ICA saw the coupon

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23 The product range of the stores in the Supermarket profile spans between 6000 and 12,000 articles
usage rise more than ten times, from less than 3% to more than 30%. Indeed, people did confirm that personalization worked. Around 85% considered the products and brands offered parts of their regular shopping pattern. Customers who found the monthly offerings relevant grew continued to grow over the test period and reached 78%, or three times the national average. 75% felt rewarded by ICA, and even more importantly for ICA’s argumentation towards suppliers, 73% of customers, nearly three times the average for generic offerings, felt rewarded by the product brands. But the project did not only have an effect on the promoted goods. Customers in the sample visited stores more often and spent more money in ICA stores in total.

8.3 The value idea for ICA AB

CRM as a new and growing marketing philosophy within ICA was based on the understanding that customer loyalty was a valuable long term benefit that was worth rewarding. However, throughout the journey starting in 1990 it was difficult to know exactly where the road would lead, which outputs it would produce, and how it would change ICA’s relationship with customers and suppliers. For long, the proposed benefits of the CRM project were promoted based on the gut-feelings and expectations of a number of visionary individuals within the organization. The decision to publish the customer magazine Buffé was accordingly based on this feeling of rewarding customers in some way with no clearly defined goal or outcome. Starting to collect customer data in 1999 marked a step towards gaining customer insights from the relationship without knowing exactly what it would earn ICA in the future. Similarly the 2008 move to take customer insights and turn them into personal communication was done without having fixed deliverables.

We told ourselves right at the start, let’s not call it a project, we just said that we had to do this for ICA once and for all. …It is so damn hard to say statistically, will this produce marginal sales increase or not? What happens with the economy by the same time as we introduce this? When we sat two years ago and planned this, we wondered what the economy would be like. Will timing be good or will everybody just shop for bargains and the budget brands? So we said, let’s not define a target at all, but let’s do our thing in Östergötland and then we draw conclusions from there. (CRM manager, ICA)

The cost of the bonuses was there regardless if the project was launched or not. The team split what they preferred to call the ‘assignment’, or the ‘mission’ in two halves – the business case and the revenue case. The revenue case concerned getting the suppliers onboard and getting them to invest in the marketing channel just like they had invested in co-op advertising (SA/VA) in newspapers and TV in the past. The business case concerned the customer and their feeling
CRM, database marketing and the case of personalized offerings

of reward and relevancy of marketing communication. Eventually ICA was hoping to prove that customers who get more relevant communication, feel more rewarded, become more loyal, which may lead to a measurable increase in sales.

But additionally, some other benefits was expected. The traditional system in which all customers had received the same offering had led to large peaks in demand of a few products. This required detailed inventory planning and production peaks for suppliers. Personal offerings would spread the sales increase over the entire product range largely eliminating these challenges of forecasting demand.

8.3.1 Communicating value

Whereas the CRM project contained significant elements of technology, the technical part was after all considered a minor problem. The major barriers were in the minds of people – suppliers, retailers, customers and employees. This was a paradigm shift for everybody involved with ICA.

*It is not simply for us to describe the novelty, but we must also convince people in a process of change. A whole industry must be persuaded that we move from one thing, which they can keep, but we will also add this which will create loyalty to your brand. (...) Therefore it is a question about rhetoric towards the industry, as well as internally. Everybody has been working in the same way for ages. It is so much information that isn’t just about building IT infrastructure. It is about convincing people that this is the future.* (Marketing manager CRM, ICA)

What ICA was suggesting was that the customer behavior should be the divider between what offerings are relevant or not – not the suppliers’ sales promotion schedules. Additionally, the value of marketing investments should be judged based on their ability to create long term brand loyalty rather than weekly campaign sales. Theoretically this made sense, but practically the obstacles started to mount. It was in conflict with how the suppliers’ sales divisions were organized and rewarded. It would challenge the work tasks of supplier sales representatives and the supplying firms’ control over promotional content and scheduling.

*Then you realize that this so much more complex than just getting the technology in place. It changes the entire sourcing process, how suppliers work within campaigns, and how ICA makes money on this system.* (Marketing manager CRM, ICA)
In order to make suppliers willing to invest in the personalization project, clear benefits had to be communicated. Essentially this consisted of two elements – first ICA had to extend the business case to include also supplier interests. This meant that suppliers needed to be convinced that customer loyalty is a valuable output of sales promotion and that the personalized offerings would not only built loyalty to the ICA brand, but also to the product brand. Eventual increases in sales would hence to an equal degree benefit the involved suppliers. Secondly, influenced by Tesco, ICA intended to become a value-adding service provider that could use their customer intelligence capability to provide suppliers with analytical insights on product sales patterns and campaign performance. This way ICA would demonstrate that personalized offerings was much more effective and accountable type of sales promotion, and additionally provide the tools and facts for sales representatives to prove to their organization that they supplier money they invested in ICA were well spent. Together with the pay-per-performance model this would lower risk of participation both for the supplier firm and for the individual sales representative.

At the moment people are thinking one-week campaigns, because that’s how it has been historically. Instead you have to think outside the box. What is the strategy, how do you run campaigns, how do you evaluate campaigns, well you do it based on the objectives you want to reach. It might be one week of sales, or it might be to extend the effect to the category, get new customers that will increase your sales in the long term. Generally speaking, suppliers don’t have strategies like that for what they do. (Marketing manager Campaigns, ICA)

Though the large consumer brand giants like Unilever and Procter & Gamble would be important to get onboard, ICA saw that the large potential gain lay in
the long tail of small suppliers. Of all 20,000 products carried in ICA’s range only a limited number are supplied by firms who have the financial strength and marketing incentive to cover the cost of participation in one of the direct mailings or TV campaigns. The personalization project would democratize co-op advertising in the sense that even though the total number of mailed coupons did not increase the carrying capacity of potentially different product offerings increased from 10 to 20,000,000. And since targeting was so much more narrow, customer response, and consequently supplier return on investment would be so much higher than in the past. As the financial entrance barrier to co-op advertising was eliminated a whole new range of products and suppliers became candidates for participation, which was exactly what ICA needed in order to produce offerings with high personal relevance to each customer.

8.3.2 Communicating value to suppliers and ICA retailers

In order to sell the new marketing channel, the head of the CRM project, the marketing director, along with ICA’s Deputy Managing Director, preached the message of customer orientation to suppliers, urging them to participate in the 2008 test free of charge. This step was successful and a broad base of suppliers was included in the data bank that fed product pictures and texts to the coupons.

However, in September 2008, the yearly supplier negotiations were about to commence and the CRM channel had to be sold for a price. Armed with the evidence for increased brand loyalty from the test, combined with academic research, the purchasing and campaign teams had the formidable challenge to get as close as possible to 100% of suppliers to become paying participants. Yet, the marketing department of ICA realized this was not an easy task. SA/VA had as a collaborative system between suppliers of consumer goods and retailers worked with a similar structure and logic since the 1960’s. Products were exposed along with an attractive price and suppliers paid for the media exposure.

This industry has been working the same way since the 60’s. To be a bit harsh. You might say that we started with TV during 90’s, but really, in terms of marketing we only took co-op advertising from print to a new medium called TV. It is exactly the same thing, we are sitting there negotiating about Findus meatballs. The food retailing industry knows this, and the suppliers know this. They are raised with this. Everybody who has studied at university has heard about it at some point. And that’s the way it works. It isn’t any harder than that. (Marketing manager CRM, ICA)

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24 2,000,000 mailings * 10 coupon slots = 20,000,000 coupons
It was known as an industry-wide standard for how retail campaigns were financed – a lucrative source of income for many retailers and an institutionalized way for suppliers to make the retailers push their products, to make stores build up inventory of their products, to give more shelf space – indirect effect that often proved to be more attractive than the actual media space suppliers paid for (e.g. Jonsson, 2004).

But if you don’t perceive any return on investment why do you keep buying our channels? The suppliers say – if I’m in your media channels then I have a legitimate reason to send out sales reps, speak for our product, take a pre-order, set up point-of-purchase material, put a sign on the shelf, I can automatically access the best in-store exposure at the end of the aisles, in essence my sales corps can do a better job in the stores. It’s the gate to the stores. (Marketing manager Campaigns, ICA)

Whereas SA/VA had been based on a collective agreement within the entire retail industry, ICA was trying to launch personalized offerings alone as a new type of targeting, a new payment model, a new planning model and a new way of perceiving the value and effect of campaigns. ICA was now smoothing out campaign peaks in exchange for a yearly contract which would spread promotion evenly throughout the year. This would as a consequence eliminate the need for repeated negotiations with supplier representatives.

For the individuals working with supplier sales, the change might produce effects also on a very personal level. There are plenty of traditionalists in the supply chain. They might think, what the heck, I might lose my job on this – my job is to do the negotiation of product and price for each campaign period. (Marketing manager CRM, ICA)

While the retailers had been fairly skeptical towards change in the past, the evidence from the tests in Uppsala and Östergötland gave such clear and positive signals that this time, retailers were eager to get started. The technology had worked without major problems and customer response was beating all expectations. How could increased sales ever be a bad thing? However, there might be effects of the system that may not be equally well received in the long run. Again, it referred to the institutionalized SA/VA system and its logics, in which ICA’s ‘market places’ had become a money making machine that gave a cash flow back to retailers. What would happen if the new channel was such a success that suppliers would decrease spending in ICA’s other marketing channels? Could a vague benefit such as increased customer satisfaction and loyalty really up-weigh the loss of real supplier money?

…wait a minute. Will all those millions coming from suppliers decrease? That’s when we get a conflict that is internal within the corporation, with the retailers, but also external with the suppliers. This marketing apparatus seems very effective. But on the other hand we have retailers who demand that we should continue with traditional
marketing since it is a good source of revenue for them. Now, there’s a conflict of interests… a huge one. (Marketing manager CRM, ICA)

8.3.3 From sales promotion to media house services

So really, what ICA was up against was not only a new customer oriented paradigm of marketing, it was also dealing with counterparts who had little interest or experience to plan and assess the value of media. ICA felt that there was both the need and an opportunity to educate the suppliers in using media. In other words ICA realized that if they could make suppliers acknowledge how to create additional value for themselves, ICA could capitalize on their customer database and their accumulated knowledge within buyer behavior. They had the tools to set up a media agency operation with unique intelligence resources, and they figured they could not only sell this to suppliers’ sales representatives and their promotional budgets, but eventually make the brand managers of fast moving consumer goods firms (FMCG) shift their media budgets from traditional media towards ICA.

Indeed the possibilities were there. ICA could run customers’ past purchasing frequency and make media planning suggestions based on recency planning (finding the right interval between campaigns). They could teach the suppliers to use a variety of media in the best sequence in order to build awareness, loyalty and sales, and they had instant feedback for each target group to analyze and improve media practices. To some extent the mutual understanding was already there. Larger suppliers had increasingly started employing teams of analysts and ICA recognized that they had found dialogue partners with which they could learn together. This was an important shift away from the traditional buyer-supplier relationships that used to be built on tough negotiations and hard bargaining.

Now the question is “How do we drive our market forward?” I know you have money, but the question is how we can spend them the best way so you sell more, you feel good about that, and I’m happy because ICA sells more goods. I can help you be

It should be noted that the data used for analysis is always depersonalized and used on an aggregate level. It is thus the trends or patterns in what consumers do as collectives or groups (not as individuals) that makes it useful as marketing input.
telling you how not to waste your money. And I’m sure you appreciate that too. (Marketing manager Campaigns, ICA)

Eventually, the CRM team envisioned that with a portfolio of communication channels that were directly linked to purchasing data, ICA would build capability to give accountable and media neutral advices to their suppliers about how to allocate not only their budgets for sales promotion, but also their media budgets. ICA was in other words strategically moving towards becoming not only a retailer of consumer goods but also providing product suppliers the services normally related to media firms, media agencies, and audience measurement institutes.

8.3.4 The customers, the news media, and the public debate

ICA wanted to position the personalized offerings as a reward to their loyal customers – to show that they were able to learn from the relationship with each and every customer and give offerings that would be perceived as more attractive and more relevant.

It is easy to get blinded by the technical opportunities … I mean that the technology doesn’t make the basic question go away. Like, ohh, wow, now we have 17 000 new recipes on our website. But this abundance doesn’t per definition make it better or more valuable to the consumer. The challenge is to use the new stuff the right way, and not lose focus. (Brand manager, ICA)

At least the customer response from the pre-testing phase had been very positive. Direct calls and e-mails witnessed about an overwhelming majority of consumers that applauded the initiative. Retailers were equally delighted to report about all the praise they received in their stores. The few negative responses were all personally followed up by the CRM team and most of them concerned practicalities, such having products offered that the customer could not recall buying.

But that did not mean that media was going to let ICA off that easy. With ICA exposed to a PR scandal concerning manipulation of expiration dates on packed meat in December 2007, and an even more recent public uproar on a new legislation that would decrease online privacy\textsuperscript{26}, ICA was preparing for the worst.

I expect it to be noisy for a couple of weeks, ranging from consumers calling TV and newspapers, and media doing their own coverage, but based on the customer response

\textsuperscript{26} FRA-lagen, popularly named after the Radio Surveillancy Authority (FRA) that was to be given rights to monitor personal computer traffic and messages sent over the internet.
In 2003 ICA had made a minor attempt to target offerings based on behavior. The opportunity for ICA to conduct marketing based on shopping data was covered by the general terms for the customer card, and letters had been sent to their 10,000 most loyal customers informing that ICA was intending to study their purchasing behavior more closely. Accordingly, ICA sent promotional coupons for baby diapers to 120,000 customers who recently had purchased items in that same product category (Norberg, personal interview, p14), but was taken off guard by the debate that followed. A press release from the Swedish Data Inspection Board (Datainspektionen) stirred up critical voices among consumer organizations and the tabloid press immediately jumped on the idea that this was an intrusion in people’s privacy (e.g. Peruzzi, 2003). Despite being carefully prepared with both legal contracts and customer information, it appeared that ICA was facing difficulties to turn focus to the customer benefits of the system.

The mistakes were not going to be repeated, and ICA sent out press releases before tests were commenced in May 2008. To the surprise of ICA, they passed largely unnoticed. A national news program ran an eight minute story where consumer organizations got to voice their critical opinions and consumers were interviewed in store. The next day ICA was waiting for the media storm to catch on, but most printed news media just quoted the press release and the story faded quickly. Over the whole summer, media was quiet.

I thought that summer temporaries who had nothing to write about would have found this story perfect (Marketing manager CRM, ICA)

Awaiting the national launch in October 2008 ICA was expecting some attention, but they also felt that they had convincing evidence from the results of the tests that supported their case. While one of the most frequent comments in customer surveys was a wish for more relevant offerings, ICA did not take for granted that all customers were ready for too big changes at the time. Therefore the introduction included simple features that in many aspects resembled the traditional communication.

We cannot move too quickly with this one. Especially from one particular aspect. It is not the IT and we can always employ more people. But first and foremost the customer! You mustn’t feel that this is pushed upon you. This has to be done tactically and smoothly and the communication has to be done perfectly one month at the time until we have established trust. When the customers feel that this is good for them, when trust is solid, then we might add more features. I think that a negative debate in this situation would cause an incredible amount of damage to the ICA brand (Marketing manager CRM, ICA)
What was repeatedly communicated in the mailings was that these offerings were based on the customer’s own purchasing pattern, and that it was a way for both ICA and the product brand to say ‘thank you for shopping our products’. In all texts it was emphasized that the process was de-humanized, with a computer making mechanical calculations, rather than a group of analysts surveilling what you put in your shopping basket (Marketing manager CRM, personal interview, 2008). From the 2003 debacle, rich information about was available on the web site ica.se, along with possibilities to either customize channels of delivery or opt-out of the entire program with a few clicks. Negative customer responses were immediately followed up with phone calls or mails. The national launch in October 2008, gave indeed new life to the debate about personal privacy, and ICA held a perhaps surprisingly low profile in communicating the customer benefits of personalization and behavioral targeting. Media mostly chose as expected to take a negative slant of the story, and the same consumer organizations as in 2003 voiced their concerns. However, as ICA had hoped, the customers came to ICA’s rescue. Most reader responses to the articles applauded the initiative and defended ICA. The negative minority had often not grasped the driving force behind loyalty cards. To them it was a revelation that a large number of companies actually collected purchasing data, and they were often mocked in online posts by their more informed peers.
9 How practitioners articulate the value of using advertising media

9.1 Introduction to analysis

The course of selecting and evaluating advertising media within ICA’s marketing communications processes (as described in chapters 5 through 8) involves practitioners from different professional communities; ICA’s marketing managers, media agency specialists, TV network representatives and editorial staff (see Figure 32). Being a practitioner and earning membership in a community of practice involves learning the specific rules (what to do) and codes (how to know) of the game (Lave & Wenger, 1991). Thereby, membership ‘includes acquiring not only codebooks of the practice but the ability to decode them properly’ (Duguid, 2005, p. 113). Communities develop a local knowledge of the value and purpose of resources and activities that is sticky to their field of practice. Seen through the lens of each of these communities of practice, the benefits that advertising media provide are observed, interpreted, and valued differently. Therefore, the marketing managers in the retail firm, the media agency’s advisors, planners, and buyers, the TV network sales representatives and the custom publisher editorial staff can be viewed as distinct groups of actors whose role is to reproduce value through their professional practices. The way ICA’s media planning, purchasing and execution is played out, depends on how these communities meet and coordinate their activities and their understandings of value.

The choice here to let professional communities follow organizational boundaries simplified the handling of interview data, and was motivated by the notion that members of these organizations work closely together and shared everyday routines and organizational conventions (see Van Maanen, 1984). Each of the three cases (TV advertising, Custom Publishing, and CRM) represents a somewhat different constellation of practitioners. The TV case (chapter 6) describes how media was planned by relying on the technical tools and practices of the media agency to translate and execute the objectives that ICA’s marketing managers and the advertising agency had developed. Interaction with the TV network practitioners was thereby largely limited to the negotiations. In the Custom Publishing case (chapter 7), the interaction between editorial staff and marketing managers was direct and both communities were at least to some extent participant in each other’s practices. In the CRM case (chapter 8), process of forging customer data and direct
marketing into a new communications tool was essentially an internal process of ICA’s marketing and IT teams. Other important stakeholders such as supplier representatives were presented with a ready-made package which they had little chance to influence.

Figure 32 Communities of practice in ICA’s media planning processes

The analysis is conducted on the level of participating practitioners in their communities of practice and discusses how their behaviors and choices relate to value creation in ICA’s marketing communications process. Chapters 9 and 10 depart from the research questions (section 1.4, p.8) of this study and describes i) what understandings of value the practitioners brings into the media planning and purchasing process, and further explores ii) the dynamics of these understandings when different practices settles on how to co-create value in action. If the underlying purpose of business activity is to create value, but there are different parallel understandings of it, then the work of organizing marketing communications means orchestrating both minds (value construction) and actions (value creation) in a process of value formation (Figure 33). Chapters 9 and 10 aim to shed more light on these complexities.

In the introduction of this study (section 1.1, p.1), value was given the working definition of ‘socially constructed desires, preferences, or satisfactions’ for or from ‘something’. This ‘something’ has been portrayed in more rational terms as benefits, as presented by the cognitive stream in marketing literature (see section 3.6, p.46) (e.g. Woodruff, 1997), but also more esoteric experiences of joy and pleasure (Holbrook, 1999) in the interpretive stream. As discussed by Overby et al. (2005), our preferences for both benefits and experiences can be seen as results of our higher order socially and culturally shaped understandings. Chapter 9 follows in the tradition of these studies to craft a framework that can be used to compare understandings of value across communities. Section 9.4 (p.171) takes a closer look at how the identified categories correspond to prior studies.

The concept of value formation (e.g. Grönroos, 2007) was introduced as a combined process of understanding value while acting to create value. As discussed in chapter 1 (also shown in Figure 32), value formation can thereby
be seen as a more practice-theoretically elaborate conceptualization of how value is comes about. This encapsulates both the physical procedures and processes of ‘value creation’ and the mental process of constructing images, theories and understandings about value – which is here referred to as ‘value construction’. The analysis in chapter 10 goes further into the issue how construction (as discussed in the interpretive and cognitive sections 3.6, p.46) and creation (as discussed in the resource-based perspectives, section 3.5, p.41) of value are coordinated in a process of value formation where understanding is embedded in action. Since Practice Theory (section 2.1.4, p.16) suggests how understanding and activity are interconnected, it has the potential also to untangle the dynamics of value formation.

Figure 33 Value creation, construction and formation

9.2 Capturing understandings

Chapter 9 is specifically devoted to describing what the different communities of practice understand as constituting the value of advertising media, and moreover how they differ in these understandings. In order to capture their understandings, this study has focused on interview data with people that personally represent the supplying media firms, the mediating agencies, and the advertiser in the media planning and purchasing process. Accordingly, the value that practitioners assign to advertising media is interrelated with how they intend to make use of it in practice. Therefore, if the aim of marketing managers is to organize and guide marketing processes like in the three cases studied here, it is of central interest how differences in understandings are identified and managed.

The general structure of the chapter is illustrated in Figure 34. The scope of analysis was introduced in chapter 2 (Figure 3, p.26) and this matrix-like structure will guide chapters 9 and 10. Essentially, what is to be described is whether people in media agencies or custom publishing operations think about the value of advertising media in other terms than a marketing manager on the
advertiser side. In order to address the issue, we need look at both what benefits and experiences the practitioners talk about and try to interpret the more subjective aspects of how they think and feel about them (their logic). Since understandings are impossible to observe, this analysis resorts to show how practitioners articulate value, meaning how they, in their own words, describe how the benefits and sacrifices relating to advertising media are prioritized within their practices. I thereby found the term *articulated value* to better label my findings than the more commonly used *perceived value*.

The methods chapter (section 2.3, p.32) describes in closer detail how the coding and interpretation of data was done. The presentation of findings starts here with an introduction to a set of broad *value categories* (or dimensions) in which understandings of value are articulated in the material. After that, each category will be explored to find the different *value themes* (meaning concrete and context-specific phenomena that are considered valuable by the practitioners).

Section 9.3 starts to outline on what dimensions value is described in the empirical material, introducing seven general value categories. This represents the broadest thematic grouping of benefits that the respondents claim to derive from advertising media. The term ‘general’ means that they represent different ways to conceptualize value (e.g. efficiency, effectiveness, and product benefits) rather than industry-specific jargon. In order to put the label ‘general categories’ in a wider perspective, section 9.3 takes the categories and reflects them against earlier academic studies made in both related and unrelated industries.

**Figure 34 Structure of analysis – chapter 9**
Sections 9.5-9.7 go deeper into each of the three in-cases (TV advertising, Custom Publishing, and CRM) and depict the detailed contents of each value category (these contents are named ‘themes’). More importantly, these sections compare how the interviewed practitioners emphasize different themes depending on what community of practice they belong to. Therefore, the responses from the marketing managers at the advertiser-side, are separate from and compared with those of media agency specialists, TV sales representatives, and custom publishing staff. For each case, differences in importance that the professionals interviewed assign to each of the seven categories are discussed in the light of contextual factors. Section 9.8 finally brings together the distinguishing characteristics of the understandings held by each community of practice and highlights the differences between them. What is here discussed as ‘understandings’ is an aggregate interpretation of the practitioners’ articulations of how value appears in the context of their professional activities.

Chapter 9 thereby provides an important fundament for chapter 10. Chapter 10 proceeds to explore how involved practitioners come to agree on value, and how value understandings are configured within the practice. A central task of marketing managers is organizing marketing communications planning in ways that supports value creation, even if it, as shown in chapter 9, means to configure and integrate quite different understandings of value. Chapter 10 will specifically discuss how different ways of looking at advertising media value co-exist, and how alternations in understandings are managed within the process. Looking at how ICA plans, uses, and evaluate advertising media in the three studied in-cases, each case pictures a unique path through which value is understood. For instance, in the TV-case value appear to be planned rather as if it was known in advance. It is a rather formalized process where value is more or less pre-defined and planning is partly outsourced to the media agency. In custom publishing it appeared to be a continuous battle between different editorial practitioners and marketing practitioners. Here, the tensions between different understandings are seen as important elements of the value creation process. The CRM project is however still in a process of development where an understanding of possible benefits and sacrifices are allowed to emerge and be refined in the process. In each case, understanding of value appeared as a semi-staged conversation between communities of practice.

9.3 General categories of value

Through a grounded analysis of what practitioners in the studied case articulated as being valuable, seven broad categories emerged (Figure 35). They relate in turn to effect and output, intraorganizational interests, relationships, processes, audiences, media vehicles, and financial aspects. The categories were derived through clustering coded concepts into meaningful groups (Corbin &
Strauss, 2008) and provided a basis for discussing differences across the three cases. In this process, conceptual saturation was reached when no new categories emerged in the material and existing categories seemed to cover the variation in the existing data. Categories with few coded references were additionally re-checked to see if they really formed separate entities or if they were just variations of existing categories.

Each value category was built from subcategories which in the remainder of this text will be referred to as themes. Their occurrence and relative importance cannot be easily described in general terms, but varies with context. They are in this way intertwined with specific practices, routines and relationships. These dynamics will be investigated and discussed in chapter 10.

9.3.1 Effect & output

In the articulations of preference for effect and output, value resides neither in the product, nor in the process itself. Rather, value is the residual effect that the advertising campaign creates or achieves in terms of for instance higher brand awareness or increased sales for the advertiser. While the interest in making advertising and media agencies more participative in overall customer objectives has been voiced, the agency response has been hesitant. Some of the worries involve the concept of ‘effectiveness’ as relative to a goal that may be more or less feasible, others look at the problem of measuring and valuing creative work and its qualities by economic standards. In the study, effect and output factors were highly present in the interviews but varied quite sharply in occurrence over different professions.
9.3.2 **Intraorganizational value**

Media buying and planning is often depicted as a rational science based on careful collection and evaluation of quantitative data (Bogart, 2000). Nevertheless, there are dimensions of value expressed in the interview material that do not conform to marketing communication theories’ representations of how advertising media should be assessed. For instance how management want themselves, their unit, and their organization to be portrayed internally and externally influences their choice and priorities in advertising media, and communication efforts may be aiming at more stakeholders than the external target group. Such decisions to leverage advertising media to promote corporate values, persons or organizational units on the basis of a political agenda are often carefully planned, however outside of the official media planning process. In effect, what is here labeled *intraorganizational value* do neither include solely subjective preferences, nor is the use of them necessarily in conflict with rational managerial reasoning.

9.3.3 **Relationship value**

In order to get well working business processes that coordinates several external partners, the need for good relationships was repeatedly voiced. This involves all parties and relationships – formal and informal, personal and organizational. More trust in each other’s willingness to solve any arising problems or conflicts results in a more flexible and better working advertising process. It does however not mean that more interaction always is seen to be to the better and in some cases the sacrifices for maintaining relationships were regarded to exceed the benefits. When discussing the benefits of well-functioning relationships, respondents often come back to the issue of having shared understanding for each other’s goals and mutual gains from the process. Thereby, a shared frame of reference and understanding of value is fostered through mutual cooperation.

9.3.4 **Process value**

Process value refer to the articulations that are associated with the work required in order to plan and make use of advertising media. In the studied case, these often tedious tasks includes various stages of for instance planning, negotiation, persuasion, administration and production. These functions require both investments in equipment, education, information as well as allocations of time and effort to media planning and purchasing from. When adding these dimensions to the meaning of value in marketing communications, focus is shifting from the product characteristics and the price tag of audiences to include a range of efforts associated with getting the the most out of the process in the most efficient manner. Process value thereby embraces the
value-in-use concept (Anderson & Narus, 1998) and regards value as including also the tools, services and time needed to get the marketing communications process in place.

9.3.5 Audience value

The category ‘Audience value’ was one of the earliest to emerge in the coding process. Here values are seen to reside in the product itself rather than for instance in the benefits produced. Even though there is no consensus on what the advertising media product actually is, the respondents (especially those dealing with TV advertising) referred to the product as being best defined as ‘advertising contacts’ (TV sales director 1), ‘audience contacts’ (TV sales director 2) or ‘audiences’ (TV analyst 1). By defining products this way, valuation largely becomes an exercise of counting audience eyeballs. Accordingly, measures such as the **reach** of a certain medium (the number of people or share of an audience population that are exposed to the advertising vehicle), and contact measures such as **gross ratings points** (the number of audience exposures) are standardized ways to assess value or determine the price of products.

However, not all audiences are seen to be equally valuable but depending on the product advertised and the purpose of the campaign. These qualities are most often represented by segmentation data, meaning demographic, psychographic or behavioral information about who the audience is and how they match the desired target audience. One measure of these is **TRP** – target ratings points – which is the number of audience contacts that a medium delivers within the age and gender boundaries of a campaign. In summary, the category places the meaning of value in how many people are reached by an advertising medium and how well these people matches the target audience sought.

9.3.6 Media vehicle value

When moving from audience value to media **vehicle value**, the advertising offering is dressed in the colors, impressions, technical and emotional features of the creative context that enhance the experiences of the audience. In the category **media vehicle value**, issues that cannot easily, or at least convincingly, be assessed in quantitative terms, are collected. In the interpretive work of this study, this category was long called ‘qualitative product characteristics’. This was the name often used by the media agency for issues that they could not compute, but really, the common denominator of the category is that the benefits are seen to reside in the media vehicle itself, rather than in the audiences consuming it. It could refer to the media environment in which the commercial message is delivered. Depending on how fit the medium is to embed the commercial message the audiences experience and the impact of the
How practitioners articulate the value of using advertising media

Communication is thought to differ. Therefore, context matters and some media contexts are perceived to be more valuable than others. Other aspects of media product factors are media’s ability to evoke engagement and activity in the audience and their flexibility to adjust and integrate commercial messages in the most beneficial way. In summary, the category clusters articulations of how suitable the selected advertising vehicle is to engage, evoke moods or associations, or in other ways create contexts in which the message and/or the advertised brand, come across as more relevant and likeable.

9.3.7 Financial/monetary value

Monetary interpretations of value are mainly associated with the price paid or received for a product. This could be determined by the market, through negotiation, or by other factors. However, in the process of media planning and purchasing which involves large monetary investments there are also other factors involved such as bank interest rates and price risk. It was felt that the category financial value was the best way to cover the dimensions of monetary benefits and sacrifices. The analyzed material shows that for instance negotiated rebates are not only of financial value for the buyer, but is also included in the incentive structure for the intermediaries. Financial targets thereby forms the basis on which media agencies competes for new clients. In summary, according to respondents that assign high importance to financial/monetary aspects, value cannot be said to reside directly in the product but rather to live a life as the monetarily quantified dimensions that accompany the process.

9.4 Comparison of value categories with prior studies

The identified value categories have many similarities to earlier grounded studies of what constitutes value (e.g. Ulaga, 2003). In other words, product features (here audience and media value), process efficiencies (including supplier competence), financial aspects, relationship (and dialogue) can be spotted also in typologies of other industries. Compared to Ulaga’s study of manufacturing industries the differences include the identification of emotional benefits in the valuation scheme. In creative industries, like the advertising context of this study, the dimensions of quality or effectiveness of an offering seem to contain dimensions which are less easily quantified, which leaves room for more personal judgment. Further, this study acknowledges that there are more dimensions of cost than the product and process costs identified by Ulaga. For instance the cost of managing and maintaining supplier relationships with TV networks was seen by the advertiser as exceeding its benefits. However, in the Ulaga (2003) study, the value of supplier knowledge in product
development, and in improving the productivity of existing (usage) processes have a central position. These aspects are notably missing when the respondents in this study talk about benefits and sacrifices in the employment of advertising media.

Applied to the communications industry, the seven categories also covers the dimensions that advertising research found through factor analysis (King & Reid, 1997). In comparison with King and Reid’s study of media agency professionals, the qualities of the audience, the media vehicle, the performed services, and the campaign output, are all largely overlapping. However, this study adds the aspects of intraorganizational value, as well as the notion of relationship value. As will be shown in later sections, these differences may have to do with King and Reid’s empirical limitation to a single professional context – media agencies.

Among the seven categories, there is none specifically dedicated to costs and sacrifices. Whereas some studies of customer value classify costs and sacrifices as a separate and unique dimension (e.g. Bovik, 2004), it has been my choice to build each value category from the more holistic ways in which practitioners articulate value in each category. That is, process value can be articulated either as increased administrative efficiency, or it can be manifested as bad communications resulting in extra work. Likewise, a media product benefit can be expressed as a beneficial media environment that increases the impact of the advertisement, or it can come as an inconvenient placement that damages the advertised brand.

Whereas studies in communications research (e.g. King & Reid, 1997) or in marketing (e.g. Lapierre, 2000) often have regarded value as being built from generic building blocks, this study takes interest in the social construction of value. For that reason, the following sections are important since they lay out the value themes underlying each value category, and each value theme is discussed within its case context. It will further provide the opportunity to lay out how understandings differ across practices and across media types.

9.5 Articulations of value: Themes in TV advertising

Throughout chapter 9 the themes underlying each value category will be explored as well as how each professional community relates to them. To assist comparison and overview, the strength and preference with which each community articulated value has been summarized in table format. The procedures for data analysis were discussed in the methods chapter (section 2.3.2, p. 33). Starting by looking at the TV case (chapter 6), there are three main professional communities directly involved in the media planning and purchasing process – the advertiser and their marketing communications
practitioners, the media agency with buyers, planners, and project managers, and the TV networks with sales representatives and analysts. A comparison across the studied professions revealed that the marketing managers on the advertiser-side, the media agency, and the TV networks showed similarities but also quite striking differences in how they expressed the components of value. Further, the TV network interests and arguments are strikingly different from how value is expressed by the media producers in the other two studied cases – Custom publishing and CRM. In the TV case, the advertiser has a broader and more complex way of describing the benefits and sacrifices of advertising media investment, particularly emphasizing process and output. As shown in Table 7, in the words of the marketing managers (the advertiser column), most value categories are expressed with medium or strong articulations, whereas the TV networks and media agency are more deep, narrow, and closer to the media planning text book definitions, meaning that they primarily emphasize audience value, media vehicle value, and financial aspects. The practitioners at the TV networks and media agency are overall more instrumental in their understanding and focus primarily on a few aspects that are institutionalized and controllable in the established measurement systems. Media sales representatives in particular want to keep value isolated to their product as a stand-alone entity; a clean conceptualization of value that keeps media conveniently separate from how their product is used, by whom, and what effects it actually produces.

<table>
<thead>
<tr>
<th>Value category</th>
<th>Advertiser</th>
<th>Media Agency</th>
<th>Media firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 : Effect &amp; output</td>
<td>Strong</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>2 : Intra-organizational value</td>
<td>Medium</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>3 : Relationship value</td>
<td>Medium/Low</td>
<td>Strong</td>
<td>Strong</td>
</tr>
<tr>
<td>4 : Process value</td>
<td>Strong</td>
<td>Strong</td>
<td>Low</td>
</tr>
<tr>
<td>5 : Audience value</td>
<td>Medium</td>
<td>Strong</td>
<td>Strong</td>
</tr>
<tr>
<td>6 : Media vehicle value</td>
<td>Strong</td>
<td>Low</td>
<td>Strong</td>
</tr>
<tr>
<td>7 : Financial/monetary value</td>
<td>Medium/Low</td>
<td>Strong</td>
<td>Strong</td>
</tr>
</tbody>
</table>

9.5.1 Effect and output themes in TV advertising

One could argue that neither process skills nor product resources produces any value themselves, they only aggregate costs and it is not until the TV spot is broadcasted that any customer value can be derived. Effect and output are frequently mentioned in the interviews, but almost exclusively on the advertiser side (see Table 8). The two most important parts of these are communication and sales goals. From this point of view, advertising is an investment that has to
pay back either in terms of communication goals like increased brand equity or in bottom-line product sales to consumers or co-op media sales to suppliers.

Table 8 Effect and output themes in TV advertising

<table>
<thead>
<tr>
<th>Effect &amp; output</th>
<th>Advertiser</th>
<th>Media Agency</th>
<th>Media firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 : Effect &amp; output</td>
<td>Strong</td>
<td>Medium/Low</td>
<td>Low</td>
</tr>
<tr>
<td>1.1 : Communication effects</td>
<td>Strong</td>
<td>Medium/Low</td>
<td>Low</td>
</tr>
<tr>
<td>1.2 : Consumer satisfaction</td>
<td>Medium</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>1.3 : Sales and behavioral effects</td>
<td>Strong</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>1.4 : Media agency effects</td>
<td>N/A</td>
<td>Low</td>
<td>Medium</td>
</tr>
<tr>
<td>Overall</td>
<td>Strong</td>
<td>Medium/Low</td>
<td>Low</td>
</tr>
</tbody>
</table>

For ICA, the brand tracking instrument had become central to their way of assessing and articulating the value of advertising in general and TV advertising in particular (see section 6.2.10, p.126). Alongside the advertising concept that had run since 2001 (section 6.1.1, p.98), ICA used weekly telephone polls to track the branding effects of the TV ads among consumers. Conclusions drawn from the compiled reports provide important input to their decision process. The whole TV concept was built around a branding philosophy, but due to the frequent measurement and good supply of decision data, communication effects (theme 1.1 in Table 8) became one of the most important ways in which marketing managers expressed the value that ICA derived from TV advertising. Wordings from the brand tracking included concepts such as ‘advertising recall’ and ‘brand likeability’. The marketing managers did, however, express that the centrality of communication effects in their practices was not uncontested within the organization. The organizational structure of ICA often put the marketing managers’ emphasis on communication effects in conflict with the community of retailers who saw product sales to consumers and advertising media sales to product suppliers (theme 1.3 in Table 8) as absolutely central to ICA. In essence, ICA’s marketing philosophy ‘branding by selling’ (see section 5.1.5, p.92) implied a merger between these two understandings of value. As described by the marketing managers (section 6.2, p.102), communications planning was not all about reaching communication goals and their practices were constrained by a number of contextual factors that made the process rather ‘mechanistic’.

The centrality of communication output and sales results to the value of TV advertising was, however, not shared by media agencies and TV networks. As shown in Table 8, Effect and output as a category was weakly associated with these two communities where practice was more than anything centered on trading advertising media commodities. According to this logic, TV networks and media agencies were currently not willing to take responsibility for campaign results that they regard to be outside of their control and rather
dependent on factors such as the creativity of the advertisement or the attractiveness of the promotional offering.

The media agency explains their task as interpreting how many exposures that should theoretically be enough to achieve desired effects, but whether the effects actually are achieved is a different story. This ‘mathematical’ idea about value creation was also reflected in their planning practice (e.g. section 6.2.6, p.118). Whether people recalled the campaign, liked it, or bought the products, was seen to be an issue mainly for ICA and their creative agency.

You can have a smart and good media plan, but if you say the wrong things then it all falls short. The content of the advertisement is more important than where it is shown. A good ad with a good message will get through anywhere. Of course you can buy targeted advertising more or less expensive, but the creative agency has more saying in this. I have no problems with that. (Media Advisor, IUM)

Indeed, the creative agency, King, had more strategic influence on the overall direction of the advertising campaigns, but they also had to take more responsibility for the overall performance and effects it generated. When tracking figures slumped during summer 2008, King became responsible for repairing the damage.

Media sales representatives mainly met ICA in the yearly negotiations described in section 6.2.8 (p.122). They recognized that in ICA’s eyes a ‘good supplier’ is one that helps them to maintain communication output, such as brand awareness and likeability, on high levels. Some saw this as a crucial opportunity to sidestep the media agency and develop more valuable solutions in direct dialogue with the advertiser. Most of them were however content with refraining from getting involved in questions of ‘usage’ or ‘gains’ of their advertising resources. Taking a stake in the effectiveness of their product would mean potential value creation, but also an increased business risk. In essence their practice was seen to be in trading advertising media, not to create advertiser value.

I don’t really believe in an effect based pricing model for us. Then we will turn into a venture capital company. We will be the bank for somebody else. And I believe we should concentrate on making good TV programs and sell that audience. Then, under certain circumstances we could make an exception. If it was only about getting more people to the store, then I think we could do this type of deal with some retail chains. But we could never take responsibility for what happens inside the store. (TV Analyst 1, TV4 Group)
Since customer effectiveness is not of central interest for media firms or agencies, there are growing suspicions that there are instead other effects sought. The media representatives were quite quick to point out a trend among media agencies to make media selections that overlapped their own sphere of interest (here called ‘media agency effects’ – theme 1.4 in Table 8). This can be a tendency to favor media selection that reinforces the agency’s brand position as being for instance more creative or more research driven. TV network representatives claim to frequently observe media agencies choosing seemingly inferior solutions that increases their transacted volume or invoiced consultancy hours, or in other ways pays off in their incentive structure.

9.5.2 Intraorganizational value themes in TV advertising

Intraorganizational benefits contains value articulations that do not fit into the traditional framework of media planning and purchasing practice. As described at various points throughout the case descriptions, media planning was also subject to internal politics within ICA. Marketing managers were both taking advice from retailer representatives in the planning phase (section 6.2.1, p.105) and they were also relying on the participation of store owners and staff in order for the organization to live the brand.

One important task of the creative format ‘the store’ was originally to develop and strengthen the internal ICA spirit. Whereas that part was considered successful, it was still a challenge to get the stores active, engaged, and seeing the benefits of participating and carrying out the three or four yearly national campaigns (theme 2.1 in Table 9). The TV ads thereby served as huge internal bulletin boards for the work and objectives of the national marketing department (theme 2.3), which had a role in leading the campaign execution into other channels.

One example is the ‘Eating out’ campaign (section 6.2.3, p. 110) which relied on the local knowledge of ICA store owners all over the country. ICA’s marketing management did therefore not regard ICA shoppers as their only target audience in their complex environment, but the TV advertisements were also communication tools to involve the whole organization in brand building activities (theme 2.1 in Table 9). However, there is no established praxis for integrating for instance internal audiences in the overall media plan and realizing such benefits from TV advertising often relied on personal initiatives from individual marketing managers.

Media agency practitioners had difficulties to account for intraorganizational benefits. This was not a task that had been formally placed on the organization and the agency specialists were largely ignorant about ICA’s internal politics. In

The best strategies are often written in retrospect. So having the guts to try is what counts. (Marketing director, ICA)
short, it was difficult to see how this fitted into their practices and how such managerial whims were to be run through their media selection software programs.

During the execution phase of the communications process (section 6.2.3, p.110) the agency practitioners were reluctant to endorse suggestions that weren’t verified by numbers or supported by scientific evidence. Such value could simply not be supported in agency practice. So in a sense it was true that there was a set of benefits where the decisions lay outside the scope of recommendations of the media agency and thereby relied on the initiative of ICA’s marketing managers. Other examples of this could be specific appearances where ICA felt it would suit their brand to associate it to a certain brand community of viewers and advertisers (theme 2.2). Similar benefits could be traced to both media agency staff and TV network representatives who saw that having ICA as an important client gave a boost to their personal prestige at the same time as it sent a signal to other potential clients (theme 2.4).

Table 9 Intraorganizational value themes in TV advertising

<table>
<thead>
<tr>
<th>2 : Intraorganizational benefits</th>
<th>Advertiser</th>
<th>Media Agency</th>
<th>Media firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1 : Internal marketing</td>
<td>Strong</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>2.2 : Media brand and membership</td>
<td>Medium/Low</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>2.3 : Recognition and publicity</td>
<td>Medium/Low</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>2.4 : Signaling value of client</td>
<td>N/A</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Overall</td>
<td>Medium</td>
<td>Low</td>
<td>Low</td>
</tr>
</tbody>
</table>

Media sales representatives at the TV networks stressed ICA’s media market skills, meaning that they noted that ICA’s marketing managers knew the proper language for media planning used by agencies and TV networks. However, advertisers in general were seen as being less familiar with media selection techniques and practices, having neither the training nor the proper tools to make qualified decisions and therefore being much more receptive to emotional arguments. Accordingly, some TV networks claimed to try to appeal to the personal prestige of marketing managers by selling them a piece of the TV glamour. That being said, it seems like especially the TV network representatives over-estimate the emotional irrationality of the advertiser, and they under-estimate the flexibility of media agencies.

You can always count on it, but there are no mathematical truths in media. There is no absolute right or wrong in communication, because if there were then everybody would do exactly the same thing. So it is a matter of personal judgment. Like ICA’s marketing director, he is doing his ‘fewer but fiercer’-thing. You know he comes from McDonald’s and is used to very large campaigns. And he brings that in to ICA, and
it is exactly what we have been saying for years. I think it is great, but on the other hand it is like any marketing director out there – you have an agenda, and you can only do a certain number of things, so it comes down to priorities and personal preferences. (Media advisor, IUM)

In short, what network representatives sometimes interpreted as irrational and uneducated behavior by marketing managers, could rather be qualified choices relating to the advertised brand, and marketing towards internal audiences. These choices made by the advertiser were, however, not based in traditional audience measurement metrics or media planning praxis. How do you for instance decide how many consumer exposures can be sacrificed in return for getting one more storeowner dedicated to carry out the campaign in-store? In the absence of an established praxis for handling such questions it eventually came down to a matter of personal judgment, and some marketing managers may be more willing than others to take decisions based on intuition. As ICA’s experienced marketing director pointed out in the media planning process, even the most objective and fact-based aspects of decision-making comes down to a matter of believing in something.

9.5.3 Relationship value themes in TV advertising

One of the most complex categories is the value of personal and organizational relationships. This includes a set of themes ranging from professional dialogue and information sharing across organizations (3.1 in Table 10), trust and a feeling of working in each other’s best interest (3.2) to personal, social bonds (3.3).

Table 10 Relationship value themes in TV advertising

<table>
<thead>
<tr>
<th>3 : Relationship value</th>
<th>Advertiser</th>
<th>Media Agency</th>
<th>Media firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 : Dialogue, shared information</td>
<td>Medium/Low</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>3.2 : Trust, mutuality in gains, flexibility</td>
<td>Medium/Low</td>
<td>Strong</td>
<td>Strong</td>
</tr>
<tr>
<td>3.3 : Social friendship, representation</td>
<td>Low</td>
<td>Strong</td>
<td>Strong</td>
</tr>
<tr>
<td>Overall</td>
<td>Medium/Low</td>
<td>Strong</td>
<td>Strong</td>
</tr>
</tbody>
</table>

Among media agency and TV network practitioners, relationships were seen as absolutely critical to success. As seen in Table 10, this particularly meant various aspects of social and organizational trust. As shown in the description of the media negotiation (section 6.2.8, p.122), relationships as valuable resources play a sometimes ambiguous role. Whereas negotiation and bargaining over price and quantity were promoted as the core competence of
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the organization, these skills were not necessarily central in every-day practice. In fact, negotiation only occurred once, or a few times a year, and in between these occasions good relationships between agency and network practitioners were important for everyday operations. Therefore, on the one hand it was in the interest of the agency to limit the TV networks’ knowledge about ICA’s objectives and preferences in order to improve their bargaining position (theme 3.1). On the other hand, it was important to have a mutual collaborative atmosphere in the daily work (theme 3.2 and 3.3). As the media advisor explained, it was a feeling of being colleagues with shared interests at the same time as they were sitting at each side of the negotiation table (section 6.2.8, p.122). To the media planner and media buyer in particular, their relationship with the network practitioners was seen as a critical to their activities. In order to do their every-day job they were relying on the information that media provide, on the dialogue with the broadcasters’ back-office departments, and on their mutual willingness to solve arising problems. In this climate, a unique culture was developed where agencies and media see each other as not only antagonists but actually as industry colleagues where it is not uncommon to switch job positions between the sides.

The same story was told by the TV networks who claimed to deliver better service, offer better deals, and generally prioritize clients (media agencies in particular) who treated their mutual business relationship as a two-way street. Though it was not easy to pinpoint the exact benefits that came from good relations, it was in various ways voiced that trust and search for mutual gains rather than pure confrontation improved the outcomes (theme 3.2). Several informants witnessed about the custom procedure for media and agency people to greet each other with hugs in business meetings and even develop private friendship. As one TV sales representative reflected (section 6.2.8), this need for trust probably had its origin in the TV advertising offering not at all being as easily quantified and commoditized as agencies and TV networks sometimes wanted it to be portrayed.

The whole advertising and media industry is built pretty much on hot air and empty sayings and... It is quite difficult to prove the facts in what you claim. Then I believe trust and confidence in your collaborations partners become even more important. Many deals are based on relationships, since you can’t always prove which option is the better and which is the worse. When ICA’s purchasing department buy food it might be easier to benchmark and compare. Then you can have a more clinical relation to your supplier. (TV Sales Director 1, Viasat, section 6.2.8)

Whereas ICA was known to push their consumer goods suppliers hard, they were not known as a particularly confrontational force on the advertising market. Some of the marketing managers showed personal interest in advertising scheduling and network program ratings. However, they were still not particularly interested in developing their business relations with TV sales
representatives (themes 3.1 and 3.3). The value of having good media relations was recognized, but due to their priorities, they were rather uninterested in devoting extensive time and energy to business meetings regarding media issues. Instead, this issue should as far as possible to be outsourced to, and filtered through, the media agency. The network representatives found ICA’s marketing managers equally difficult to lure to the social events or TV galas hosted by the networks. Instead the marketing managers saw the media agency as a convenient filter for TV network communication, and in fact, even the agency had relatively little insight or participation in ICA’s overall communications planning process.

The effect of this is that relationships in the advertising media sector were built on social connections and on general and practical day-to-day information exchanged between TV networks and agency. However, there were very few insights coming either to or from the advertiser that served to constructively improve the value formed in their marketing communications practices. This leads to the benefit of information sharing through relationships (theme 3.1). Both the media agency IUM and TV4 Group had a more than decade long business relationship with ICA and some of their representatives had been working longer with ICA than had the vast majority of employees on ICA’s marketing department. Whereas the relationships had a strong foundation on mutual trust and respect, it did not seem like the information exchange between the TV networks and the agency on the one hand, and ICA on the other, was perceived to be valuable for ICA. The TV networks described it as necessary to keep advertisers updated and involved in the TV medium and its possibilities. On the other hand, ICA were trying to avoid the network representatives because their information mainly seen as a desire to increase business and make additional sales in TV, sponsorships or cross-media arrangements. Accordingly, despite in some cases more than decade-long personal experiences of ICA as their client, the media representatives had limited concrete knowledge about the advertiser’s goals and objectives. While one network saw the deepening of their knowledge and involvement in advertiser objectives as a key to future business, others had passively accepted their practical role as key account managers to sweet-talk the advertiser and occasionally invite them to media happenings.

Interviewer: Is it desirable for you to have more insights about ICA’s communication objectives?

Network Analyst 1, TV4: No, I don’t think so. Not unless we are expected to do a better job than the media agency. And I don’t believe that. It is simply too complicated. They are supposed to have that role, and if they were to invite us to such a discussion then my first question would be — ‘this must be within your capability, why are you inviting us, there is something suspicious about this.’
In the relationship between agency and medium there were mixed feelings about the value of sharing information. Whereas the information exchange on a daily basis was necessary for the two parties to do their jobs, it was in the interest of the agency to delimit media’s knowledge of certain decision-making variables in order to get an upper hand in the negotiations. The result was again, that media’s opportunities to actively assist advertiser value formation, whether they wanted it or not, was hampered.

9.5.4 Process value themes in TV advertising

Process value, including how efficient the media planning and purchasing process is administered, how audience figures are monitored and delivery is controlled (themes 4.5 and 4.6 in Table 11), is considered by all three communities to center around the media agency’s activities. Traditionally this is at the core of what the agency does in the day-to-day work of executing the media plan, and the media agency had earned the respect of the TV networks for their media product knowledge along their skills and competent behavior at the negotiation table (theme 4.7). This also meant that the process value of TV advertising was not so much seen to reside in the strategy-making and planning activities as in the practical logistics of getting the right TV spot at the right place at the right time (theme 4.6).

Table 11 Process value themes in TV advertising

<table>
<thead>
<tr>
<th>Theme</th>
<th>Advertiser</th>
<th>Media Agency</th>
<th>Media firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1: Insight and research</td>
<td>Low</td>
<td>Strong</td>
<td>N/A</td>
</tr>
<tr>
<td>4.2: Process development</td>
<td>Low</td>
<td>N/A</td>
<td>Low</td>
</tr>
<tr>
<td>4.3: IMC &amp; cross-medium coordination</td>
<td>Strong</td>
<td>Low</td>
<td>N/A</td>
</tr>
<tr>
<td>4.4: Innovativeness</td>
<td>Low</td>
<td>Low</td>
<td>N/A</td>
</tr>
<tr>
<td>4.5: Know-how</td>
<td>N/A</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>4.6: Process logistics &amp; control</td>
<td>Strong</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>4.7: Negotiation skills</td>
<td>N/A</td>
<td>Strong</td>
<td>Low</td>
</tr>
<tr>
<td>Overall</td>
<td>Medium</td>
<td>Strong</td>
<td>Low</td>
</tr>
</tbody>
</table>

Since both the advertiser and the media representatives regard the agency to perform a qualified job in this area neither side want to change this. Besides, in many respects media planning and purchasing involve tedious administrative and logistic tasks that both the other parties want to avoid getting on their own tables (theme 4.6). The TV networks also conduct process tasks when scheduling ads and conducting research (theme 4.1), but this is merely seen as functions necessary to establish a sufficient quality in the product delivery
rather than adding any new value. Back-office services are used as an argument by broadcasters mainly towards media agencies, but it is not recognized as a service that increases the buying party’s willingness to pay. Whereas the TV networks had largely given up on trying to sell analytical services and audience research, the media agency saw this as an important quality feature in their product offering (theme 4.1).

Perhaps the most interesting part is our advisory services. What is quality there? Well, insights, understanding of our customer’s industry, market, target group. It is about being one step ahead of the media. Understanding trends and capitalizing on them, being on the forefront or at least on par with how consumers change their behavior. (Media Advisor, IUM)

This was in line with a broad trend among media agencies that saw shrinking profit margins on administering media and thereby wanted to expand on consumer research or on the creative side which were less commoditized, less transparent and possibly more value adding. Their problem, however, was that ICA too had a sophisticated department for consumer insight with capabilities and data access that widely overshadowed the media agency (see also the case on CRM). Besides, ICA had separated the more strategic area of ‘consumer insights’ from research on ‘media trends’. The former was conducted by ICA’s own people in collaboration with the creative and strategic agency, King. As shown in the first phase of the communications planning process (see section 6.2.1, p.105), media trends thereby became a quite isolated field of research with low strategic impact and status within ICA. Accordingly, the media agency practitioners were quite alone in their understanding of insight and research as a highly valuable aspect of advertising media planning (see the ‘overall’ articulations in Table 11). Perhaps the main problem was that ICA’s marketing managers neither felt that the insights from the media agency were specific enough, nor that they provided any clear connection between audiences and consumers, relating what they saw on TV to how they behaved in store. There were in other words large benefits in research and insights, but the analytical service provided by the media agency was seen as too superficial and abstract to have any significant impact on ICA’s business processes. In summary, the work that the agency conducted in terms of administrating, monitoring and analyzing was seen as important and necessary, but still not particularly valuable in the eyes of TV network representatives and the marketing managers. The agency’s negotiation skills were seen as central in the agency’s own understanding of how to create value, but from the advertiser’s point of view these transactions were not creating any new value, just minimizing costs (see also section 9.5.7 Financial/Monetary value themes in TV advertising).

Instead, ICA’s marketing managers had other strong priorities. When it came to the process of making TV advertising happen, an increasing concern from the advertiser’s side is the need for further integration and coordination of
How practitioners articulate the value of using advertising media

the marketing communications process (theme 4.3 in Table 11). In the past, there had been limited dialogue between the creative agency and the media agency, and neither of them had any substantial collaboration with ICA’s internal agency JMC (Joint Marketing Centre, responsible for the ICA website and in-store communication). From this perspective, TV planning and purchasing was conducted as an isolated practice where the media agency had neither mandate nor incentive to consider what went on in other parts of ICA’s advertising media portfolio. Further, ICA’s own internal processes were known to have developed their own ‘mechanics’ and logics (see section 6.2, p.102) to an extent where it was increasingly difficult to make them work together on the tactical level. So whereas marketing managers were not all too interested in the process logistics between media agency and TV networks, the campaign logistics between product suppliers and ICA in order to fill the TV spots with product offerings were central to the branding-by-selling philosophy (see section 5.1.5, p.92). Hence, integration was a high priority on the ICA’s agenda, but these aspects were neither understood nor actionable for the other parties.

Innovation (theme 4.4 in Table 11) was a value theme that was articulated in vague terms on all sides. There were little incentives or efforts to really change or improve the media planning process. ICA felt that they had stumbled upon a goldmine in 2001 with their creative concept ‘The store’. From this day, TV had been a central pillar in their use of advertising media for national campaigns, and innovation in the use of media was seen more as a risk than an opportunity. From the advertising agency’s perspective ‘creativity’ in the marketing communications process (see section 6.2.4) thus primarily concerned interpreting new strategic objectives into the fixed rules of the creative concept using a limited media toolbox that always departed from national TV. As described in section 6.2, two different marketing communications managers describes the numerous constraints of the communications planning process in ways that make innovation something that they regard rather in the medium or long-term perspective. ICA also felt that their media agency had undisputable strengths in the area of traditional media, particularly TV, and additionally IUM and IUM had refined their working relationship over more than decade which made the practicalities of the process run smoothly. Therefore, any potential weaknesses in new media, creative development, and process innovation were regarded of relatively lower priority.  

27 That being said it should be noted that IUM won a prize as the most creative Swedish media agency in 2008.
9.5.5 Audience value themes in TV advertising

If there is one category where the different professions share a common language for discussing the value of media, it is by using ratings data to explain the pattern of audience exposure that a certain channel offers. As several other studies have concluded (e.g. King & Reid, 1997; Nowak et al., 1993), audience value, directly relating to the reach of the advertising media product, is a fundamental currency. Thereby, advertiser, agency and media firms all agreed that target ratings points (TRP), or the number of advertising exposures delivered within a demographic bracket, was an important component that defined the value of advertising media (theme 5.5 in Table 12). That being said, the three parties have somewhat different thoughts and feelings about the blessings of their common language.

Table 12 Audience value themes in TV advertising

<table>
<thead>
<tr>
<th>5 : Audience value</th>
<th>Advertiser</th>
<th>Media Agency</th>
<th>Media firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1 : Audience quality</td>
<td>N/A</td>
<td>Low</td>
<td>Medium</td>
</tr>
<tr>
<td>5.2 : Audience share</td>
<td>N/A</td>
<td>N/A</td>
<td>Medium</td>
</tr>
<tr>
<td>5.3 : Day-part split</td>
<td>N/A</td>
<td>Medium/Low</td>
<td>N/A</td>
</tr>
<tr>
<td>5.4 : Reach, frequency, GRP</td>
<td>Low</td>
<td>Low</td>
<td>Medium</td>
</tr>
<tr>
<td>5.5 : Reach, frequency, TRP</td>
<td>Strong</td>
<td>Strong</td>
<td>Strong</td>
</tr>
<tr>
<td>5.6 : Warranties - risk</td>
<td>Medium</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Overall</td>
<td>Medium</td>
<td>Strong</td>
<td>Strong</td>
</tr>
</tbody>
</table>

Some TV network representatives stressed the additional benefits of having large ‘audience share’ in order to quickly build campaign reach rather than duplicating exposure (theme 5.2). Others emphasize the attractiveness of certain demographics that they can charge higher prices for (theme 5.1). Some addressed a more structural problem with the product definition. TV channels offer advertisers the opportunity to pay only for specific geographic and demographic segments, while the TV networks only can delimit advertising exposure by geography. In other words an advertiser who only purchases men ages 15-29 still receive any viewer who falls wide of the demographic specification for free. The TV networks argue that prospective customers to a retail store are found everywhere why there is also value in GRPs (gross ratings points) outside the core target group (theme 5.4).

Media agency representatives largely subscribe to identical ideas for valuing audiences and it was illustrated in the case descriptions (sections 6.2.5-6.2.9) how the media agency geared their activities throughout the media planning and purchasing process towards this value category. In other words, they interpret their goals for a campaign as meeting a given reach and frequency
target over a defined time period (theme 5.5). Their budget is a given pot of TRP’s that the agency planners and buyers have to allocate to the best of their abilities, and the fewer TRPs spent, the better the performance of the agency. For this reason they were not overly interested in embracing alternative interpretations of value as long as it doesn’t help them look better performance-wise.

Having a long relationship with the media agency and the TV networks, the advertiser fully understands and speaks the language of audience data. Yet, their acceptance doesn’t come without some skepticism. There is also a growing concern that the limited view on advertising value employed in media planning praxis is increasingly detached from their business processes where marketing communication is supposed to play an important role.

*It (TRP) is only a measure of what you purchase, meaning that it is not value creating anywhere else than in my cost budget. My revenue targets really have no connection to the reach figures* (Marketing communications manager 2, ICA).

### 9.5.6 Media vehicle value themes in TV advertising

If the media vehicle itself didn’t have any value, the buyer would be indifferent to the program environment as long as the requested number of audience exposures was delivered. Whereas this was the bargaining position of the media agency, the advertiser in this study had taken more interest in the media context. Throughout the TV planning and purchasing process, they were also far more likely to bring up the subject than for instance their agency. The marketing managers wanted their campaigns to make a larger splash, to have greater impact, and believed that one way to achieve this was to be visible around large campfire formats on Friday and Saturday evenings (see section 6.2.5).

<table>
<thead>
<tr>
<th>6: Media vehicle value</th>
<th>Advertiser</th>
<th>Media Agency</th>
<th>Media firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1: Audience engagement &amp; impact</td>
<td>Medium</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>6.2: Creativity, collaborations</td>
<td>Medium/Low</td>
<td>Low</td>
<td>Medium</td>
</tr>
<tr>
<td>6.3: Media type characteristics</td>
<td>N/A</td>
<td>Low</td>
<td>N/A</td>
</tr>
<tr>
<td>6.4: Brand environment</td>
<td>Strong</td>
<td>Medium/Low</td>
<td>Strong</td>
</tr>
<tr>
<td>Overall</td>
<td>Strong</td>
<td>Medium/Low</td>
<td>Strong</td>
</tr>
</tbody>
</table>

When attempting to put a price on a certain program environments, the TV networks have packaged this as what they call ‘specifics’. Instead of selling RBS (‘run-by station’), meaning a specified number of audience contacts where TV
network conducts the advertising scheduling, ‘specifics’ allow the buyer to select the advertising placement. A price premium of around 10% was added for the option to pick the program context and the commercial break in which the advertisement should be placed, and another 5-10% for the ‘requested placement’ within the commercial break – first or last (see section 6.2.9). Among their advertising customers they had seen an increasing willingness to pay for what they called ‘premium environments’, meaning a way to capitalize further on the brand of a channel or a TV show and the contextual experience it created for its audiences (theme 6.4 in Table 13). This had brought up specifics as an important aspect in the negotiation that the networks could leverage to increase the perceived customer value in the deals. Another way that the TV networks attempted to include new aspects of value in their offering was to develop the creative capabilities to initiate customized collaborations with advertisers around their programs (theme 6.2). Whereas this also was seen by the network representatives as a constructive way to initiate a dialogue with the advertiser and their advertising agency, the response especially from the media agency was not overly enthusiastic. Besides being an attempt to sidestep the agency, the value of those investments was not accountable according to agency praxis. This unwillingness to discuss alternative interpretations of the audience currency caused some irritation on the media side.

Since we do manage to come to an agreement year after year, at some point we seem to establish a shared understanding of the value of our offering. But of course this differs between agencies. Some of them are really deep into their spreadsheets, and do not even see what programs we are talking about. Young people straight from university who are really great at Excel claiming that they need x number of TRP… with a row of decimals at the end. We just don’t buy that type of argumentation (Media sales representative 1, TV 4 Group).

As shown in the discussions during the media planning process (section 6.2.5, p.114), and in the negotiation objectives (section 6.2.7, p.119) ICA’s marketing managers were eager to try out new dimensions of value in TV advertising. In particular, they were emphasizing the value of program contexts as brand environments and how this related to the audience’s engagement and moods while watching the advertisements (theme 6.1 and 6.4 in Table 13).

Take for instance our large campaign on ‘ecology’ – we know that this issue engages many families. So when are families gathered around the TV? That’s around the Friday and Saturday entertainment formats. And then I believe our message will be received differently. Or other contexts that are large, serious and important – that’s where we want to be, in that mood, in that mindset. And then I also think it is money well spent to pay a little extra to make sure we are there (Marketing director, section 6.2.5, p.114)
The media agency did however not share ICA’s interest in investigating audience moods. The media advisor repeated that buying specifics was expensive, that the campaign would either be much more costly, or they would have to sacrifice reach or frequency elsewhere in order to stay within budget (see section 6.2.5, p.114). Further, he claimed that there was no scientific evidence that gave support to the benefits of media context, and this was confirmed by their own earlier experiences from other customers. In short, specifics were generally not worth their price. Nevertheless, the agency practitioners used specifics in their purchasing tactics to create more audience value such as TRP (Table 12) rather than media vehicle value (Table 13). When setting the price of a specific the broadcaster may have underestimated the potential reach of a show, meaning that the agency sees an opportunity to reach more audiences than they paid for when buying a specific program environment. Likewise, since the pricing of a specific commercial break is set based on the average audience figure of that break, a ‘requested placement’ is regarded valuable only if the agency see an opportunity to beat the average audience by more than the price premium. It was therefore part of agency praxis to act as market analyst and scan newly released program schedules in the hunt for undervalued shows.

This was also the way that the media agency eventually used specifics for their client, ICA. The agency media buyer placed the ads where his instinct told him that he could get the best deal on ICA’s target audience (section 6.2.9, p.124). Again, this made perfect sense in the agency logic where the objectives were defined in terms of audience value, represented by reach and frequency data.

9.5.7 Financial/Monetary value themes in TV advertising

The financial value category includes all aspects of monetary articulations of value. The most important part of this is the price tag on what is bought. In this context, ‘price’ had two important parameters – the listed price per target segment set by each TV network (theme 7.3 in Table 14), and the rebate for each advertiser (a percentage discount on the list price) reached through negotiation (theme 7.2). For the media agency cost efficiency (cost per target audience contact) was at the core of their offering (theme 7.1). Therefore negotiation, price reduction, and having an eye for the best deals on the market are central tasks in their field of practice, which showed in the various activities they conducted throughout the planning the purchasing process (see sections 6.2.5-6.2.8). It is with evidence of cost efficiency they compete for new clients, it is on these parameters that their performance is evaluated by external media auditors, and it is on such value dimensions that their incentive structure is built. Accordingly, the agency value themes in this category showed both breadth and richness in variation.
Marketing communications manager 2, ICA: We expect from them to give us the most that we can possibly get for the pile of money that we have allocated to TV.

Interviewer: When you say ‘the most possible’ – of what?

Marketing communications manager 2: Well, in TV it is about TRP. We say we want a certain campaign weight. Solve this and the more money that is left in the pile, the more you get. End of story.

Table 14 Financial value themes in TV advertising

<table>
<thead>
<tr>
<th></th>
<th>Advertiser</th>
<th>Media Agency</th>
<th>Media firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 : Financial/monetary value</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.1 : Cost efficiency</td>
<td>Medium/Strong</td>
<td>Strong</td>
<td>N/A</td>
</tr>
<tr>
<td>7.2 : General discount rates</td>
<td>Low</td>
<td>Strong</td>
<td>Low</td>
</tr>
<tr>
<td>7.3 : Market price</td>
<td>N/A</td>
<td>Low</td>
<td>Strong</td>
</tr>
<tr>
<td>7.4 : Stock and sales target</td>
<td>N/A</td>
<td>N/A</td>
<td>Medium</td>
</tr>
<tr>
<td>7.5 : Purchasing risk</td>
<td>N/A</td>
<td>Medium</td>
<td>N/A</td>
</tr>
<tr>
<td>Overall</td>
<td>Medium/Low</td>
<td>Strong</td>
<td>Strong</td>
</tr>
</tbody>
</table>

The TV networks have a quite commoditized view on their product offering where they often refer to the given ‘market price’ of certain demographics (themes 7.3 and 7.4). Since the market price often is less than half of the official list price, one of the competencies of the agency is to know the ‘real’ price level and anticipate the eagerness of the TV network to reduce their stock at yet lower prices.

Due to the agency’s interest in cost efficiency, purchasing risk has become an issue (theme 7.5). Audience ratings over-delivery is a speculation game that engages most media agencies, but under-delivery would make them look bad and may even incur penalties stipulated in their contracts with advertisers. Most TV networks have therefore some warranties built into their offerings where they guarantee compensation for underperforming programs in varying forms and with varying conditions. From the other side, the agency takes the credit risk towards the media firm if the advertiser does not pay their bills. As one agency representative explained, it doesn’t really make a difference in the case of ICA, but in the case of smaller, more unskilled, and financially more unstable advertisers, it may be a great advantage both in terms of risk and administrative efforts to deal with an agency as an intermediary.

As shown in Table 14, the marketing managers did not give the financial aspects of value the most prominent position in their articulations of advertising media value. Naturally, it was seen as important to get a good price on the media they purchased and get the most for their fixed budget (Table 14, theme 7.1). However, their whole argumentation around discount rates and cost efficiency showed that these were not regarded dimensions of value in themselves. In other words, audiences were not regarded to generate any
benefits until they were employed as resources in advertising execution (see also section 9.5.5). In ICA’s preparation for TV negotiations (section 6.2.7) it was described how the managers were abandoning their previous strategy to make large purchases and larger rebates with TV4 as single supplier in favor of a more balanced mix of channels. This could be seen as another step away from mere cost efficiency and discount rates based on audience quantity as indicators of value towards an increased interest in effectiveness.

9.6 Articulations of value: Themes in Custom publishing

The customer magazine Buffé is indeed a quite different case from TV. Whereas the role of media in TV advertising mainly is regarded as a means of distribution, the processes of custom publishing involves a large share of creative production. In this regard, the role of the medium as a delivery system for ICA’s brand messages cannot be separated from its role as an editorial context. At a first glance it shows that the Buffé case consists of a narrower set of value themes. All major value categories are represented, but the variety of themes within them is not as large, making them less multifaceted. This may be a cause of the fact that the number of people involved in production is fewer, and the involvement of fewer firms and professions means that there is less variety of interests. Further, more collaboration and direct dialogue during the process makes the media firm more tightly connected to the advertiser.

Table 15 Value categories – custom publishing

<table>
<thead>
<tr>
<th>Category</th>
<th>Custom publisher</th>
<th>Advertiser</th>
</tr>
</thead>
<tbody>
<tr>
<td>1: Effect &amp; output</td>
<td>Strong</td>
<td>Strong</td>
</tr>
<tr>
<td>2: Intraorganizational value</td>
<td>Medium/Low</td>
<td>Medium</td>
</tr>
<tr>
<td>3: Relationship value</td>
<td>Medium/Low</td>
<td>Medium</td>
</tr>
<tr>
<td>4: Process value</td>
<td>Strong</td>
<td>Strong</td>
</tr>
<tr>
<td>5: Audience value</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>6: Media vehicle value</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>7: Financial and monetary value</td>
<td>Low</td>
<td>Medium/Low</td>
</tr>
</tbody>
</table>

A quick overview (Table 15) reveals that again, the advertiser’s marketing management practice includes the broadest understanding of value, articulating all value categories as equally or more important than the editorial staff on at the custom publishing organization. However, the overlap between the interests of the media community and the value articulations of the marketing managers at ICA is much larger than in the case of TV advertising (see Table 7). In other
words, what the editorial staff considers important is also mirrored on the advertiser side.

The value interests of the custom publisher in the Buffé case is strongly anchored around end consumer satisfaction, meaning if the readers like the magazine. ICA’s representatives are more likely to talk about effects in terms of marketing language, and whether Buffé eventually resulted in increased brand equity and in-store sales. The strongest differences between the value perception of representatives from the advertiser and the media side are found in the process factors and the question whether it is valuable to coordinate Buffé in the communications mix. Some notable findings further include the little interest from the media side in financial value and audience value (categories 5 and 7 in Table 15) which dominated the media side in the TV case.

9.6.1 Effect and output themes in Custom publishing

The evaluation of communication effects (theme 1.1), sales effects (theme 1.3) or other outputs (such as customer satisfaction in theme 1.2) produced by the magazine Buffé did not nearly follow the same structured approach as the brand tracking in the TV advertising case. Despite that the investment was fully comparable with the cost of TV advertising – more than two million copies produced and distributed each month – readership surveys were at the best done semiannually and with the absence of a media agency, there was less focus on the cost side of things. Printing and publishing contracts were of a long-term character and the purchasing tasks did not a have a center position. Generally, focus was rather on broad, long-term gains (see the discussion on Buffé’s objectives in section 7.3, p.132) and marketing goals were rarely operationalized further.

Table 16 Effect and output themes – Custom publishing

<table>
<thead>
<tr>
<th></th>
<th>Custom publisher</th>
<th>Advertiser</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 : Effect &amp; output</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1 Communication effect</td>
<td>Low</td>
<td>Strong</td>
</tr>
<tr>
<td>1.2 Consumer satisfaction</td>
<td>Strong</td>
<td>Strong</td>
</tr>
<tr>
<td>1.3 Sales and behavioral effect</td>
<td>N/A</td>
<td>Strong</td>
</tr>
<tr>
<td>Overall</td>
<td>Strong</td>
<td>Strong</td>
</tr>
</tbody>
</table>

Buffé had been published for more than 15 years, but there was not any unanimous answer as to what the investment was going to result in. Established in a time when customer loyalty was the buzzword, it had over time gradually been adopted also in the branding strategy of ICA. As pictured in section 7.7 (p.139), marketing management was not alone in its interest in Buffé, but rather a number of communities of practice within ICA had different understandings.
of what value Buffé did and should produce. The result was that communication effects were seen to range from increasing and rewarding customer loyalty, to building the ICA brand, and to inspire and drive interest in food and cooking (theme 1.1 in Table 16). Some people saw it as a pull marketing tool driving the product range carried in the stores, by increasing customer interest in culinary novelties (theme 1.3). Others noted the importance that offerings from suppliers created sales (theme 1.3). The branding specialists saw Buffé as a channel that actually did deliver value to customers, and not merely make promises like most ordinary advertising. The marketing managers additionally saw Buffé as a tool that could strengthen the national campaign themes – Home cooking, I love Eco, Eating out. It seemed as if every respondent on the advertiser side had their own angle on the desired values from the customer magazine. The effects of Buffé were articulated as being important, but also multifaceted and diffuse. The ways that the objectives were defined (see section 7.3, p.132) and evaluated (section 7.7, p.139) left further room for these different interpretations and ICA’s project manager for the custom publishing operations appeared to have a tough job to align the different understandings into a clear direction for Buffé.

On the media side, Forma Publishing who produced Buffé, proved to be far more initiated in the marketing goals of ICA than any of the TV networks. Regarded as a complement to the TV campaigns, Buffé’s editor-in-chief was invited to provide input and ideas as to how the different magazine issues could match and strengthen the campaigns. This way the media side was engaged not only in fulfilling the goals but also in defining them. Nevertheless, the editorial staff refused to see the magazine as a campaign tool. When it came to evaluation, what mattered to them was whether the magazine was read, whether customers liked it, and whether they used it when cooking at home (theme 1.2). For them, focus remained on making a good magazine about food and cooking that made their readers happy. Therefore, they tried to resist commercialization of the content, special interests of suppliers, and anything that would decrease Buffé’s editorial independence.

9.6.2 Intraorganizational value themes in Custom publishing

Nobody seems to claim that they gain personal status from working with Buffé. The process is to a large extent internal, custom publishing gains little publicity in trade press, and it has little of the glamour associated with large network TV shows. Since the production process is largely disconnected from the campaign process, there is however quite a large space open for individual initiatives and interests. This way the editor-in-chief has taken several fights in order to produce the magazine that he likes. Gut-feeling and intuition thereby becomes a central part of the production process, and there are no claims to rely on ‘science’.
Table 17 Intraorganizational value themes – Custom Publishing

<table>
<thead>
<tr>
<th>2: Intra-organizational benefits</th>
<th>Custom publisher</th>
<th>Advertiser</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1 Internal marketing</td>
<td>Medium/Low</td>
<td>Medium</td>
</tr>
<tr>
<td>Overall</td>
<td>Medium/Low</td>
<td>Medium</td>
</tr>
</tbody>
</table>

Store owners, suppliers and other interest groups constantly try to influence the content, but ICA has gradually recognized the value of keeping Buffé an independent marketing tool (theme 2.1 in Table 17). The project managers accordingly do their best to take this fight and filter internal attempts to influence the content and direction of the magazine. This way, it is perceived that the independence of Buffé works as a tool to not only inspire customers but also ICA’s own employees and store owners. Whereas independence and decisions based on gut-feeling is seen as a prerequisite in this process, balancing personal preferences of the editor-in-chief have however become a challenge as the interest has increased to further integrate Buffé in the overall marketing plan. In essence, since its start (see section 7.2, p.130), Buffé has been regarded, not only as a source of inspiration for customers, but as an internal tool to inspire co-workers with new cooking trends and food influences and to challenge ICA retailers to extend and renew their product assortments.

9.6.3 Relationship value themes in Custom publishing

Relationship value causes mixed emotions among both marketing managers on the advertiser-side and the editorial staff at the custom publisher. It was shown in the case description (section 7.4, p. 133) how a dialogue between marketing management and the editor-in-chief was seen as important in order to align Buffé with the overall communications strategy (theme 3.1 in Table 18). At the same time, the independence of Buffé and the separation of editorial practice from marketing management practice was seen as an important principle in order to create a magazine that pleased the readers (theme 1.2 in Table 16). Since Forma Publishing and Buffé’s editor-in-chief have a history within the ICA sphere, it was almost taken for granted that the dialogue between the parties is open. From this perspective, it was not an issue whether there would be any hidden interests and lack of trust between the parties – in many ways Forma was treated like a partner. The concern was rather the opposite, that too close links between the editorial staff and ICA’s various stakeholders would produce a magazine that was more guided by ICA’s internal interests than the best interest of its readers. Therefore, it was seen as positive development when Forma was divested and the production of Buffé further separated from ICA. Nowadays, the dialogue was conducted either in the ongoing contact between the editor-in-chief and the project manager on the ICA side, or in the monthly editorial board meetings when a panel of representatives from various
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departments at ICA (Information, Marketing, Health & Environment). On a yearly basis the editorial plans were presented for the marketing communications director and matched with the overall campaign plans.

Table 18 Relationship value themes – Custom publishing

<table>
<thead>
<tr>
<th></th>
<th>Custom publisher</th>
<th>Advertiser</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>3 : Relationship value</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3:1 Dialogue, shared information</td>
<td>Medium/Low</td>
<td>Medium</td>
</tr>
<tr>
<td><strong>Overall</strong></td>
<td>Medium/Low</td>
<td>Medium</td>
</tr>
</tbody>
</table>

Forma publishing was in many respects given the opportunity to produce the best magazine based on their abilities and understanding of ICA. A prerequisite for this was that there was a shared understanding of what ICA valued and what words and concepts actually meant. It was felt that Forma indeed had gained this knowledge over the relationship history. Further the relationship gave a smoother production process, easier problem solving and less monitoring from ICA’s side.

*I think it would be a tough step to make if we were to change supplier. Buffé knows us, and they know exactly what we want, what we mean when we say 'joy for food' for instance. That could be given an incredible variety of meanings.* (Project Manager 2, ICA)

With less influence from ICA’s internal fractions, Forma could focus more on the readers, and the editor-in-chief indeed took the opportunity to rank his magazine as a higher level unit within ICA than the tactical campaign plans being shaped at the national marketing department. ICA’s marketing managers on the other hand had ‘fundamentally different views’ on the role of Buffé in the marketing communications planning process (Marketing Communications Manager 2, 2008). However, the marketing department also recognized that the value produced from Buffé in terms of reader satisfaction probably benefited from these types of conflicts. Here, the long and relatively close relationship between ICA and Forma, the editor in chief and the project managers on the ICA side, allowed the media representatives to disagree with ICA’s view on execution and come with proactive suggestions on what custom publishing could add to the campaign planning on a tactical level. A value creating relationship (theme 3.1) should therefore allow for tensions and disagreement. Within the relationship between ICA and Forma, the marketing managers concluded that their own inability to understand fully how to satisfy readers, along with Forma’s limited understanding of ICA’s communication objectives, could be turned to their advantage. The different understandings and priorities of the two professional communities was healthy as long as the arising conflicts led to better thinking and superior solutions in the end.
9.6.4 Process value themes in Custom publishing

Much of the practical magazine production had been routine for so long that nobody saw further need for fine-tuning or efficiencies. Rather the challenge was to keep the magazine vital and the staff hungry for improvement after more than a decade with the same editor, the same format, and the same concept. Therefore, ICA liked the fact that new graphical designers and other staff members had been shifted at Forma. The continuous challenging of everyday practices and established designs was seen as important and innovativeness in the meaning of looking at the product and process with fresh eyes was a value that ICA desired (theme 4.4 in Table 19).

Table 19 Process value themes – Custom publishing

<table>
<thead>
<tr>
<th>4 : Process value</th>
<th>Custom publisher</th>
<th>Advertiser</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.3 IMC &amp; cross-media coordination</td>
<td>Low</td>
<td>Strong</td>
</tr>
<tr>
<td>4.4 Innovativeness</td>
<td>N/A</td>
<td>Medium</td>
</tr>
<tr>
<td>4.7 Journalistic integrity</td>
<td>Strong</td>
<td>Medium</td>
</tr>
<tr>
<td>Overall</td>
<td>Strong</td>
<td>Strong</td>
</tr>
</tbody>
</table>

What was more controversial was the role of Buffé in the overall portfolio of marketing investment that ICA conducted. It was seen that there was a general lack of integration between the different activities, and coordination and marketing integration were highly prioritized issues among the new marketing directors (theme 4.3). Integration as an aspect of value was however on collision course with the editor-in-chief’s idea of editorial independence as a prerequisite to generate other aspects of customer value such as reward and inspiration to loyal customers. So both sides strongly articulated the benefits of process related themes, however, whereas the view of ICA argued for coordination between advertising media planning and media production, the custom publisher emphasized the importance of separation (theme 4.7).

One step in this direction had been that Buffé took over the responsibility from ICA’s internal agency for producing two pages of advertorial content for ICA in each issue of the magazine. This way the ICA-labeled content blended better into the editorial environment, the quality of the advertorials became higher, and altogether Buffé became a somewhat more tempting product for the reader overall. Both the marketing practitioners on the advertiser side and the editorial staff on the media side noticed and appreciated this change. Whereas this was a step in the right direction, it did not solve the overall problem of how the planning and usage of Buffé could be improved to increase the synergies across media channels. Previously it had been living its own life serving brand values according to a brief mission statement that were set more than a decade ago, but ICA saw major benefits in letting it become a more dynamic and active
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force in the integrated support of branding efforts. The editor-in-chief continued to resist any suggestions that custom publishing should adapt to marketing planning. However, with Buffé’s participation in the Home cooking campaign (see sections 7.5, p.135 and 6.2.4, p.111) it seemed like the marketing department and Buffé found common interests that made a strong combined impact. The editor in chief suggested that Home cooking actually was his conceptual idea which might have explained his willingness to conform to the marketing plan. No matter what the truth is, Buffé and Forma played a major role, they produced several editions on the theme, as well as a cookbook. Nevertheless, it was perceived that the well balanced integration and coordination between the different media channels played a major role in the success of the campaign and it was the individuals involved that made the difference.

9.6.5 Audience value themes in Custom publishing

It was clear from both the advertiser and the custom publisher that the value of Buffé was not often discussed in terms of audience exposure (theme 5.1 in Table 20). The reach of the magazine or the frequency of publication was only part of a wider belief that the magazine produced a set of long-term values that could not be assessed in the number of households receiving any given magazine issue. Of course ICA enjoyed the position as having Sweden’s largest magazine, but the value of audience contacts by mere numbers was primarily articulated by marketing managers when explaining how to sell advertising space in Buffé to external advertisers.

Table 20 Audience value themes – Custom publishing

<table>
<thead>
<tr>
<th></th>
<th>Custom publisher</th>
<th>Advertiser</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>5 : Audience value</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.5 Reach, frequency, TRP</td>
<td>N/A</td>
<td>Low</td>
</tr>
<tr>
<td><strong>Overall</strong></td>
<td>Low</td>
<td>Low</td>
</tr>
</tbody>
</table>

Buffé’s distribution list was derived directly from ICA’s database of cardholders and targeted the upper half of that set in terms of monthly spendings. From ICA’s point of view, they could directly target the magazine to their best customers based on behavior rather than demographics which was the case in TV planning. Nevertheless it proved hard to completely avoid and demographics was used for describing for whom the content of the magazine to be created. The target group of around two million household contained a wide large demographic, behavioral and social variation and shopping behavior alone did not say enough of what kind of style the readers might prefer. Therefore, even though the reach of the magazine was not central to the idea of value, it was difficult for the editorial staff to produce a magazine without
Interviewer: Who is the target group of Buffé?
Editor: Well it is ICA’s best customers. Those that shop for more than 1000 kr.
Interviewer: Can you produce a magazine based on that?
Editor: No, that is not possible of course. So we look at 25 to 40 year olds as some kind of target group. I mean they are older in reality, but everybody would like to be younger…
Interviewer: So do you have a profile reader?
Editor: More or less… and that’s a family with kids around 35 years of age.

9.6.6 Media vehicle value themes in Custom publishing

In the magazine production process (see sections 7.6, p.137), Buffé could be regarded as a communication solution that was tailored for ICA. A cornerstone for the marketing managers on the advertiser side, was their trust in Forma’s competence to produce a media product which in itself both embedded and strengthened ICA’s brand values (theme 6.2 in Table 21).

Table 21 Media vehicle value themes – Custom publishing

<table>
<thead>
<tr>
<th>6 : Media vehicle value</th>
<th>Custom publisher</th>
<th>Advertiser</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.2 Creativity, collaborations</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>6.4 Brand environment</td>
<td>Medium/Low</td>
<td>Medium</td>
</tr>
<tr>
<td>Overall</td>
<td>Medium</td>
<td>Medium</td>
</tr>
</tbody>
</table>

Like a product placement collaboration on TV, the quality of the media vehicle was central to its ability to carry ICA’s brand values in a credible, interesting, and likeable way (themes 6.2 and 6.4). From the media perspective, journalistic quality was central to the product and the team had a genuine interest in the testing new recipes and interacting with readers. Whereas the branding language used by the marketing professionals sometimes differed from the ways things were expressed by the editor-in-chief, it tended to come down to a similar set of conclusions – shared understandings of ICA’s core values that had been developed over years of interaction in editorial councils and more informal meetings (see section 7.6, p.137). If there was one problem with this it was in the event of attempting to more actively manage values that only existed as more or less loosely defined, implicit understandings.
9.6.7 Financial/Monetary value themes in Custom publishing

Financial figures and costs were not frequently discussed. Both marketing managers and editorial staff regarded the value of Buffé in a larger perspective which made it difficult to put a monetary worth on all the benefits it produced (theme 7.1 in Table 22). Buffé incurred a cost that ICA was willing to take, but the value was multifaceted and appreciated by more communities within ICA than merely the marketing managers (see section 7.7, p.139). However, there was a growing desire from ICA’s side to assess the cost side in a more structured way. Being in control of the distribution lists, ICA had over time tried to redline and sort out inactive cardholders (see section 7.2, p.130). Before ICA had the scanner data to do this, circulation had started to escalate out of proportion, but once the computer tools were in place ICA could update the exact target group on a continuous basis. Monitoring customers’ monthly spending and raising or lowering the threshold for receiving the magazine was ICA’s primary tool to manage costs.

Table 22 Financial/monetary value themes – Custom publishing

<table>
<thead>
<tr>
<th>7 : Financial and monetary value</th>
<th>Custom publisher</th>
<th>Advertiser</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.1 Cost efficiency</td>
<td>N/A</td>
<td>Medium/Low</td>
</tr>
<tr>
<td>Overall</td>
<td>Low</td>
<td>Medium/Low</td>
</tr>
</tbody>
</table>

9.7 Articulations of value: Themes in CRM

The CRM project provided a different scenario than TV advertising and Custom Publishing in that both medium and message was created internally at ICA under the guidance of ICA’s marketing managers. The case thereby gives the opportunity to explore what happens when the advertiser act not only as the user of the advertising media offering, but takes full responsibility in designing the producing the media resources. What was striking in this scenario was the interest that ICA now took in how their media customers, the consumer goods suppliers, used and created value for themselves from the new marketing tool. Accordingly, ‘supplier value creation’ became a cornerstone in ICA’s language for discussing the benefits of the project. The success of the new media channel was totally dependent on how suppliers understood its value. Therefore, ICA saw it as a key task to support and educate their product suppliers in how to derive the most benefits from their CRM tool for personalized communication. In other words, ICA saw that they had to start
the CRM value creation process by marketing a new understanding of co-op advertising value.

<table>
<thead>
<tr>
<th>Value Category</th>
<th>Advertiser</th>
</tr>
</thead>
<tbody>
<tr>
<td>1: Effect &amp; output</td>
<td>Strong</td>
</tr>
<tr>
<td>2: Intra-organizational value</td>
<td>Medium</td>
</tr>
<tr>
<td>3: Relationship value</td>
<td>Strong</td>
</tr>
<tr>
<td>4: Process value</td>
<td>Strong</td>
</tr>
<tr>
<td>5: Audience value</td>
<td>Low</td>
</tr>
<tr>
<td>6: Media vehicle value</td>
<td>Low</td>
</tr>
<tr>
<td>7: Financial/Monetary value</td>
<td>Medium</td>
</tr>
</tbody>
</table>

Looking at how ICA’s marketing managers articulated value (Table 23), ‘effect and output’ stood out as the category that was most central in practitioners’ articulations. The product-centered categories (audience value and media vehicle value) were of relatively less interest than in the other cases. Instead, new and strong dimensions of value were introduced. Marketing management saw the CRM project as a business case as much as a communications model, a source of new monetary revenue rather than costs, analytical services, generation of consumer insights, and the role of supplier satisfaction in the process. It was a holistic approach to construct a coherent advertising medium with its own mechanics and logics for value creation.

9.7.1 Effect and output themes in CRM

Effect and output value had a central position within the CRM case. The effect had three stakeholders – ICA, the consumer goods suppliers, and the consumers. For ICA the media channel should produce sales effects (theme 1.3 in Table 24) as well as both emotional and behavioral consumer loyalty (themes 1.1 and 1.3), for suppliers it should produce sales effects and brand loyalty (theme 1.5), and for the consumers CRM should come across as a positive reward to their loyalty (theme 1.2).

In the development of personalized marketing, the consumer stood in the center of attention. If they did not like the personalized direct mail and if they did not use the offerings, the whole project would fail. On the other hand, if suppliers could not be convinced of the value of the project, there would not be enough product offerings to make the computerized personalization work. Focusing on consumer satisfaction and value (theme 1.2) as the primary effect, while getting suppliers to adopt this philosophy on of co-op advertising to the point where they were willing to pay for it, proved a challenge. As described in section 8.2.3 (p.151) the marketing manager responsible for the project was
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convinced that this prioritization of consumer satisfaction (theme 1.2) ahead of supplier satisfaction (theme 1.5) was necessary for the project to succeed. In turn, this made it crucial to communicate new understandings of value – in particular how consumer satisfaction (theme 1.2) was linked to brand effects (1.1 and 1.3) and sales effects (theme 1.3) eventually created supplier value and satisfaction (theme 1.5).

Then you realize that this so much more complex than just getting the technology in place. It changes the entire sourcing process, how suppliers work within campaigns, and how ICA makes money on this system. (Marketing manager CRM, section 8.3.1, p.155)

So in this case, ICA’s own effect interests were based on hunches that this was a good thing for them, but the success relied on proving these benefits to the two other groups of stakeholders. In the Effect & Output category (Table 24), consumer satisfaction (theme 1.2) was the most prominent theme, followed by supplier satisfaction (theme 1.5) and increased product sales (theme 1.3). The discussion on underlying branding and communication goals was quite limited relative to the other three.

Table 24 Effect and output themes - CRM

<table>
<thead>
<tr>
<th>Theme</th>
<th>Advertiser</th>
</tr>
</thead>
<tbody>
<tr>
<td>1: Effect &amp; output</td>
<td></td>
</tr>
<tr>
<td>1.1 Communication effect</td>
<td>Medium</td>
</tr>
<tr>
<td>1.2 Consumer satisfaction</td>
<td>Strong</td>
</tr>
<tr>
<td>1.3 Sales and behavioral effect</td>
<td>Strong</td>
</tr>
<tr>
<td>1.5 Supplier satisfaction</td>
<td>Strong</td>
</tr>
<tr>
<td>Overall</td>
<td>Strong</td>
</tr>
</tbody>
</table>

The dual side of being both customer and supplier of advertising media put ICA in an interesting conflicts of interest. Their advertising media were both marketing communications tools and a revenue generating product portfolio. From this perspective, ICA found itself torn between developing new products based on what could be sold contra what generated customer (consumer goods supplier) value. In the role as media producers, the marketing managers increasingly saw product suppliers as collaboration partners and it was clear that ICA and product suppliers had the same bottom line interest – to increase in-store sales and jointly ‘drive the market forward’ (section 8.3.3).

9.7.2 Intraorganizational value themes in CRM

Whereas the work within CRM had a strong technical dimension and the value was defined in business terms and effects, it was also apparent in the interviews
that it was the interests and beliefs of individuals that had driven the project forward over the years. From the start in the early 90's a few individuals in leading positions had envisioned the bonus points not only as benefit in terms of customer loyalty, but also as the glue that would keep all the stores in the organization together (theme 2.1 in Table 25, see also section 8.1.1, p.142). With the transition into personalized offerings, it was a few managers that again drove the vision. To them this was not only about direct marketing but it was an emerging understanding that was changing the entire structure of co-op advertising and sourcing between ICA and its suppliers (section 8.3.1, p.155). These were not values that could be easily quantified, but rather visions or intuitions that the customer centric philosophy of the CRM project would help shaping a better functioning organization.

*The large suppliers also have a bunch of analysts on their team. They haven’t had that before. Just as we analyze the market, they too have started to question what they do and how they get this going. We have started to go over and meet each other and talk about how we look at the market. What drives a category, how can we make better collaborations.* (Marketing manager Campaigns, section 8.3.3, p.159)

Table 25 Intraorganizational value themes - CRM

<table>
<thead>
<tr>
<th>Advertiser</th>
<th>Medium</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Intraorganizational value</td>
<td></td>
</tr>
<tr>
<td>2.1 Internal marketing</td>
<td>Medium</td>
</tr>
<tr>
<td>Overall</td>
<td>Medium</td>
</tr>
</tbody>
</table>

9.7.3 Relationship value themes in CRM

Since ICA was both producer and customer of media in the CRM case, the idea of relationship value got a somewhat different meaning. Now relationships were focused around the goods suppliers and consumers, and indeed it was envisioned that there was significant value in a more collaborative relationship based on mutual gains. Overall, ICA had seen the media purchasing competencies of their suppliers increase, and it was seen that the hard bargaining of the old days gradually was replaced with a mutual interest in how marketing money are invested wisely. This way, relationships were producing a trust in more long-term gains that stretched beyond the traditional one-week campaign periods. It further assisted the sharing of information about customers and marketing efforts (theme 3.1), and it started to set the tone for a more intelligent and constructive view on co-op marketing (theme 3.2). In other words, relationship value around the CRM project opened up for exploration of new dimensions of value where weekly sales and monetary rewards previously were the only major dimensions discussed in supplier
relationships. Also, as the name CRM (customer relationship management) implies, the customer relationships that were built in and around the project with personalized offerings unlocked new opportunities. The medium became a tool for learning about consumers rather than communicating to them (theme 3.1).

Table 26 Relationship value themes - CRM

<table>
<thead>
<tr>
<th></th>
<th>Advertiser</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>3: Relationships</strong></td>
<td></td>
</tr>
<tr>
<td>3.1 Dialogue, shared information</td>
<td>Strong</td>
</tr>
<tr>
<td>3.2 Trust, mutuality in gains, flexibility</td>
<td>Medium</td>
</tr>
<tr>
<td><strong>Overall</strong></td>
<td>Strong</td>
</tr>
</tbody>
</table>

### 9.7.4 Process value themes in CRM

One of the most notable characteristics of the CRM case referred to process value. In the cases of TV advertising and Custom Publishing the process of planning purchasing and executing had mainly (but not ultimately) been regarded as standardized processes and mechanized tasks that resulted in a product output with a fixed set of benefits. This way, Custom publishing process values were seen as ‘producing the magazine’. TV planning and purchasing was regarded as plugging in data in computers to ‘optimize cost efficient distribution of the ads’ and administrating the logistics. In the CRM case, however, the marketing managers showed a strong interest not only in the technical issue of getting the message distributed to the customers (theme 4.6 in Table 27). What was emphasized in the interviews was that ICA had to develop a language to talk to both consumers and product suppliers in order for them to feel participant in the process. This way the process itself involved co-creating a language for articulating value (theme 4.2).

Overall, in the process, ‘technology’ was always articulated as inferior in position to ‘insight’ (theme 4.1). Technical innovation and the novelty of the solution excited the managers (theme 4.4) but as shown in section 8.3.1 (p.155) the real revolution was not considered to be a technical one, but rather structural regarding how co-op advertising was administrated and what benefits it was seen to generate. It was therefore important to create a technical system that made it possible identify which consumer should have which offering and then deliver it at the right place at the right time (theme 4.6). Nevertheless, it was the insights and analytical conclusions about how consumers behaved and acted on marketing that became the raison d’être for the process itself (theme 4.1 in Table 27). Accordingly, as described in section 8.2 (p. 147) it was the
inquiries about how consumers behaved that shaped the ideas about how to use the system for marketing purposes.

Table 27 Process value themes - CRM

<table>
<thead>
<tr>
<th>Advertiser</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>4: Process value</strong></td>
<td></td>
</tr>
<tr>
<td>4.1 Insight &amp; research</td>
<td>Strong</td>
</tr>
<tr>
<td>4.2 Process development</td>
<td>Strong</td>
</tr>
<tr>
<td>4.3 IMC &amp; cross-media coordination</td>
<td>Medium</td>
</tr>
<tr>
<td>4.4 Innovativeness</td>
<td>Medium</td>
</tr>
<tr>
<td>4.6 Supply chain logistics &amp; control</td>
<td>Medium</td>
</tr>
<tr>
<td><strong>Overall</strong></td>
<td>Strong</td>
</tr>
</tbody>
</table>

As a bonus, ICA could deliver consumer insights that produced benefits in product suppliers’ processes (theme 4.1 in Table 25, see also 3.1 in Table 26). The media planning and data mining process was thereby to be turned from being mainly a cost to possibly a future revenue source that included market research and consultancy services (see section 8.3.3, p. 159). The question of how personalized direct mail could be coordinated with other media in ICA’s portfolio was therefore regarded less important than the use of the consumer insights - its potential to tie the product suppliers’ marketing planning closer to ICA (theme 4.3) and opportunities to base future communication decisions on consumer data rather than audience data.

9.7.5 Media vehicle and audience value themes in CRM

Any value dimensions related to the product, be it the medium or the audience, had a weak position within the value discussion in the CRM case. Overall, as noted several times earlier, the new technology offered new possibilities but it was in no way seen that the technology itself had any value – it was what ICA chose to do with it that mattered.

Table 28 Audience value themes - CRM

<table>
<thead>
<tr>
<th>Advertiser</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>5: Audience value</strong></td>
<td></td>
</tr>
<tr>
<td>5.5 Reach, frequency, TRP</td>
<td>Low</td>
</tr>
<tr>
<td><strong>Overall</strong></td>
<td>Low</td>
</tr>
</tbody>
</table>

The audience quantity in terms of exact number did not really matter from this point of view (theme 5.5 in Table 28). The reach of the medium was restricted to the roughly two million active holders of the loyalty card. This was due to
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The need for scanner data in order to make personalization possible. However, reach was more of a practical limitation and the audience value resided not in the number but in its unique possibility to target cardholders based on their unique behavior. Through the CRM database ICA could target customers, not based on their gender or age, but based on where, when, and what they purchased in ICA stores. At the end of the day, it was not regarded meaningful to put a numeric value on contacts, when what really mattered was whether coupons were redeemed, and whether customers developed their loyalty to ICA and the supplier brands.

Table 29 Media vehicle value themes - CRM

<table>
<thead>
<tr>
<th>Advertiser</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>6: Media vehicle value</td>
<td></td>
</tr>
<tr>
<td>6.1 Audience engagement</td>
<td></td>
</tr>
<tr>
<td>Overall</td>
<td></td>
</tr>
</tbody>
</table>

The context of the media vehicle was not articulated as being of primary importance for the sake of delivering the offerings. The quality of how the communication was written and presented had the purpose of establishing the credibility of the new media channel and ICA’s professional and respectful use of consumer data. This was important for establishing consumer confidence and trust in the new marketing tool, but it was not extensively articulated how delivering the personalized offering in the loyalty mailing, via ica.se, or in-store kiosks, or in other media contexts affected the value of the communication (theme 6.1 in Table 29.)

It is easy to get blinded by the technical opportunities … I mean that the technology doesn’t make the basic question go away. Like, ohh, wow, now we have 17 000 new recipes on our website. But this abundance doesn’t per definition make it better or more valuable to the consumer. The challenge is to use the new stuff the right way, and not lose focus. (Brand manager, section 8.3.4, p.160)

The audience quantity in terms of exact number did not really matter from this point of view (theme 5.5 in Table 28). The reach of the medium was restricted to the roughly two million active holders of the loyalty card. This was due to the need for scanner data in order to make personalization possible. However, reach was more of a practical limitation and the audience value resided not in the number but in its unique possibility to target cardholders based on their unique behavior. Through the CRM database ICA could target customers, not based on their gender or age, but based on where, when, and what they purchased in ICA stores. At the end of the day, it was not regarded meaningful to put a numeric value on contacts, when what really mattered was whether
coupons were redeemed, and whether customers developed their loyalty to ICA and the supplier brands. Table 29).

9.7.6 Financial and monetary value themes in CRM

Also the ideas of financial benefits and costs were based on an understanding of value that looked quite different from that of especially TV advertising. Whereas TV purchasing focused on cost efficiency, CRM saw the monetary side also as an opportunity for new revenues. Compared to ICA standards, the additional initial investment in infrastructure was considered relatively low (section 8.2.2, p.150). The bonus payments to customers was a sunk cost for data that was already taken, and the additional distribution cost was marginal since personalized offerings were primarily bundled in the loyalty mailings together with the magazine Buffé (theme 7.1 in Table 30). In other words, it was an investment that ICA was willing to take and whether it was cost efficient or not could only be determined in the relationship to the total value generated by the project.

<table>
<thead>
<tr>
<th>Table 30 Financial/monetary value themes - CRM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advertiser</strong></td>
</tr>
<tr>
<td>7: Financial/Monetary</td>
</tr>
<tr>
<td>7.1 Cost efficiency</td>
</tr>
<tr>
<td>7.6 New revenue creation</td>
</tr>
<tr>
<td>Overall</td>
</tr>
</tbody>
</table>

Rather than looking at it as simply a cost, ICA saw the opportunities to think about CRM as a project that would generate new revenues (theme 7.6 in Table 30). In the long term this would come from an increase in product sales, but the there was also direct revenues coming from supplier participation. By becoming an intelligent and value creating marketing partner to the suppliers it was projected that the future media offering could range from basic advertising revenues to consumer research and campaign evaluation (section 8.3.3, p.159). The whole vision was based on the belief that by more constructive collaboration between retailer and supplier around the use of customer data, co-op marketing activities would be subject to constant improvement, which in turn would make suppliers allow larger shares of the marketing budgets go through ICA. This is also why performance based pricing towards suppliers was seen as an important ingredient in the business model.

In summary, it was thought that consumers’ perception of value and relevance of the offerings would determine their response to the campaigns and how much additional information they would be willing to share about themselves in the future. That would in turn determine the suppliers’
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willingness to participate in the marketing channel, and ICA’s gains in terms of media revenues and product sales. So at the end of the day, consumers, suppliers and retailer were all in the same boat of co-creating value for each other.

9.8 Comparison of articulated value across cases and practices

Looking across the three in-cases representing three types of advertising media, there are some broad tendencies that can be summarized.

The TV advertising case is characterized by a general emphasis on product centered value categories; ‘audience value’, ‘media vehicle value’, and ‘financial value’. Largely, TV advertising is seen as an object with a fixed market value that is independent of the process or purpose for which it is being used. This view driven mainly by the communities of practice in media agencies and TV networks. Marketing managers who wish to use TV advertising are persuaded to adopt a similar language. At the same time, marketing managers show limited interest and understanding in the value of a wider apprenticeship dictated by suppliers’ understandings. Accordingly, TV advertising is also the case which shows the largest differences in value perception and there is a deep divide between the language that on the one hand the marketing managers use to describe their ideas of value and on the other hand the TV networks and the media agency practitioners.

The custom publishing case shows a strong emphasis from both the advertiser and the media side on ‘effect and output’. Whereas the articulations of value are not as clearly defined, quantified and monitored as in the other cases, all respondents tend to discuss the benefits of the magazine Buffé in terms of consumer effects such as likeability and reward, rather than ‘audience value’ or ‘financial value’ which had central positions in the TV case. Due to more process interaction between the marketing managers and publishing staff, there are also more conflicts and open disagreements. It should however be noted that also the conflicts are seen to create value since their resolution often produce better ideas and more integrated campaigns.

Perhaps surprisingly, the most technically complex case, CRM, proves to be the place where ‘relationship value’ takes the center stage for the advertiser’s attention. When ICA takes on the role as media producer, it seems like their view on relationships changes. From being relatively uninterested in relationships with TV networks, they see their own role as a media producer as proactive co-creators of value in their clients’ (product suppliers’) marketing programs. They also recognize the importance of consumer confidence in their own brand for its usefulness as an advertising medium.
9.8.1 Understandings in marketing management practice

The advertiser side shows the overall broadest articulation of value, spanning across all of the seven main categories. The strongest emphasis is placed on effect and output, while the process value is the theme that most distinctly characterizes the marketing managers and their professional reasoning (Table 31). From this aspect value is being dependent on coordination and synergies between parallel activities and processes. Looking across the three media cases, the advertiser’s perception of value remains fairly stable in its emphasis on ‘effect and output’, and ‘process value’. Even if it is different persons at different positions within ICA that are being interviewed, their responses picture a similar preference for what they find valuable in the use of advertising media (see Table 31). Further, their position does not seem to change whether they have little contact with media side processes as in the TV case, whether they have closer contact as in the Custom Publishing case, or whether media processes are contained within ICA’s marketing process, as in the CRM case.

Table 31 Cross-case comparison of marketing managers’ articulations of value

<table>
<thead>
<tr>
<th></th>
<th>TV advertising</th>
<th>Custom publ.</th>
<th>CRM</th>
</tr>
</thead>
<tbody>
<tr>
<td>1: Effect &amp; output</td>
<td>Strong</td>
<td>Strong</td>
<td>Strong</td>
</tr>
<tr>
<td>2: Intraorganizational value</td>
<td>Medium</td>
<td>Medium</td>
<td>Low</td>
</tr>
<tr>
<td>3: Relationship value</td>
<td>Medium/Low</td>
<td>Medium/Low</td>
<td>Medium</td>
</tr>
<tr>
<td>4: Process value</td>
<td>Strong</td>
<td>Strong</td>
<td>Strong</td>
</tr>
<tr>
<td>5: Audience value</td>
<td>Medium</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>6: Media vehicle value</td>
<td>Strong</td>
<td>Medium</td>
<td>Medium/Low</td>
</tr>
<tr>
<td>7: Financial/monetary value</td>
<td>Medium/Low</td>
<td>Medium/Low</td>
<td>Medium</td>
</tr>
</tbody>
</table>

9.8.2 Understandings in media agency practice

The media agency is only active in the TV advertising process, which excludes any cross-case comparisons. In this case, their preferences much closer resemble the TV networks than does it the advertiser side. This means a strong preference for audience value and financial/monetary value (Table 32). From this perspective, the language used for discussing media value is centered on concepts like ratings points, reach, frequency of exposure, costs, and rebates. Both the media side and the agency side express the strong value of mutual relationship and continuous dialogue, which may give a hint as to why their preferences overlap.
How practitioners articulate the value of using advertising media

Table 32 Media agency articulations of value

<table>
<thead>
<tr>
<th>Media Agency</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1 : Effect &amp; output</td>
<td>Low</td>
</tr>
<tr>
<td>2 : Intraorganizational value</td>
<td>Low</td>
</tr>
<tr>
<td>3 : Relationship value</td>
<td>Strong</td>
</tr>
<tr>
<td>4 : Process value</td>
<td>Strong</td>
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<tr>
<td>5 : Audience value</td>
<td>Strong</td>
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<tr>
<td>6 : Media vehicle value</td>
<td>Low</td>
</tr>
<tr>
<td>7 : Financial/monetary value</td>
<td>Strong</td>
</tr>
</tbody>
</table>

9.8.3 Understandings in TV advertising sales and editorial practice

A comparison between the two studied media communities – TV networks and custom publisher – shows two radically different articulations of value. As is shown in Table 33, the value articulations are almost perfectly reversed in the two cases. So whereas TV sales representatives articulate low interest in the communication effects of their customers’ advertisements, and low involvement in any internal motives of their client, the custom publisher shares these preferences and desires with ICA. On the other hand, the TV representatives strongly articulate value in terms of audience numbers, the qualities of their programs, and the importance of their good relations with media agencies. Neither the TV networks nor the custom publisher showed any initial strong interest in ICA’s desire for cross-media process coordination. Yet for the custom publisher, the process value category was expressed as highly important due to their belief that journalistic and creative independence was a prerequisite in order to create the desired effects and outputs. Being a custom publication, creative objectives and marketing communication objectives of Buffé were integrated in the same process. In the interviews, TV network representatives express a concern that the advertising market (meaning advertisers, agencies, and research institutes) uses a too narrow articulation of advertising media value. Ironically, the studied media practitioners represent the narrowest view on media value of the studied communities of practice. As shown in Table 33 three out of seven value categories are barely mentioned, and if so only in neutral or negative terms.
Table 33 Cross-case comparison of media firm articulations of value

<table>
<thead>
<tr>
<th></th>
<th>TV Networks</th>
<th>Custom publisher</th>
</tr>
</thead>
<tbody>
<tr>
<td>1: Effect &amp; output</td>
<td>Low</td>
<td>Strong</td>
</tr>
<tr>
<td>2: Intraorganizational value</td>
<td>Low</td>
<td>Medium/Low</td>
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<tr>
<td>3: Relationship value</td>
<td>Strong</td>
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<td>7: Financial/monetary value</td>
<td>Strong</td>
<td>Low</td>
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</tbody>
</table>

Indeed, custom publishing and TV advertising sales represent two different communities of practice. Still, it is an interesting observation that in the TV case, the media firm preference mirrors the value articulations of whom they have dialogue and contact, meaning the media agency. In the case of custom publishing, there is no agency involved and the media firm preferences have then shifted to resemble strongly those of the advertiser side (even though the editor-in-chief repeatedly stresses the importance of creative independence from their client in the value creation process).

9.8.4 Challenges for marketing communications management

Overall, it appears as if the understanding of value follows quite neatly the boundaries of the communities of practice. As noted in section 9.8.1, the marketing managers seem to stick quite consistently to their articulations in the three cases that represent quite different marketing communications contexts. On the other hand, the media agency, the TV networks and the custom publisher all seem to have quite specific opinions about what value is regardless of the marketing managers’ articulations. This poses interesting challenges for the management of marketing communications aiming to coordinate actors and integrate communications efforts in larger planning schemes. In order to investigate this issue further, the next chapter will go deeper into the question how the practices in this study shapes how practitioners articulate value and to what extent the formation of value can be managed.
10  The practical logic of value

10.1 Paths of value construction –
interaction, valuation and production

Having described the marketing communications processes of each of the three
studied cases, TV, Custom Publishing and CRM, and explored the differences
in how value is articulated across media types and professional communities,
we now turn our attention to how these variations are embodied in and enacted
through specific practices. A further inquiry is made into how practitioners at
ICA’s national marketing department attempts to manage value creation within
this larger constellation.

In response to Vargo and Lusch’s (2004) picture of economic actors as
resource integrators (discussed in chapter 3), this chapter discusses value
formation as configuration of practices. This elaborates the issue of resource-
integration by bringing the social context into analysis. Practice theory provides
a suitable framework both to identify practices and differences in value
configurations, but even in more specialized studies of practices it has been
noted that there is limited knowledge about the dynamics when different
constructions of reality meet, collaborate, and adapt across organizational
borders (Jarzabkowski & Spee, 2009).

When a new issue of the customer magazine Buffé is crafted, or when
another national branding theme is rolled out on national television, these are
processes that require the enactment of a number of practices. Each time the
TV buyer lifts the phone and makes a specific placement of a TV
advertisement, or when he verifies the actual broadcasting of the ads with the
‘TV Check’ service system, these are actions that are guarded by the routines
and conventions of being a TV buyer. When ICA’s marketing director presents
the advertising plan for the council of ICA store owners, when he briefs the
agency representatives, or invites an external consultant to evaluate the
communication effects, these are all recurring actions that he believes are the
way to do his job. Practitioners and their activities are organized in ‘fields of
practice’, and as shown in Figure 32 (p.164) this study specifically looks at
‘marketing management’, ‘media agency practice’, ‘editorial practice’ and ‘TV
sales practice’ as such instances. Each of them has an arena for their activity
which also forms the locus of their logic (see Schatzki’s 2005 concept of ‘sites’).

Chapter 10 will look closer into the issues how these logics consist of
different configurations of practices. It will be discussed how logics relate to the
articulations of value presented in chapter 9, and how understandings of value
and value creation co-exist in the process of value formation. Section 10.2
introduces the practical logic of value as an empirically grounded typology and
proceeds to introduce and exemplify the various practices identified in the data. Sections 10.3-10.6 discuss the practices of each community within the context of each case, and section 10.7 concludes the analysis with a discussion of the three cases.

10.2 Introducing the Practical Logic of Value as a typology of value forming practices

The connection between practitioners’ specific activities and their wider understandings is at the core of practice theory, but the following analysis applies these ideas specifically as a tool to elaborate the connection between value creation practices and articulations of value. It thereby extends the work of identifying value creating practices conducted in consumer marketing by Shove and Pantzar (2005) Korkman (2006), and Schau, Muñiz, and Arnould (2009), to an organizational context. Whereas Korkman and Schau et al mainly show that social practices have value creating functions also in a marketing-theoretical sense, this study looks at the other side of the coin and acknowledges how social practices shape the way practitioners think about value. Thereby a question is raised about the subjectivity of value formation and the extent to which this inflicts on the marketing communications process. In business marketing it has been noted by Pels, Möller and Saren (2009) that there is a need to explore the coexistence of different marketing practices in firms. However, prior empirical identification of practices has been more of a deductive character, specifically searching for empirical evidence of theoretical constructs (Coviello et al., 2002; Pels, Brodie, & Johnston, 2004). The following chapter presents an empirically grounded response and an alternative perspective on the question of co-existence as seen through the lens of practice theory.

In chapter 9 (Figure 33, p.165), value formation was conceptually introduced as a blend of value construction (understanding) and value creation (activity and procedures). In the further discussion, this will be problematized from the perspective of what this means for resource integration, and co-creation of value. Specifically, value is here proposed to be formed with a practical logic, which means that the practices conducted within each community act as a field of gravity for value and gives value its meaning. This in turn builds on the practice theoretical view of the mind as largely located within the practice (Schatzki, 2001). What is seen as valuable is thereby tied the context of action. In the field of advertising media planning, the practices that marketing communications managers, media planners, editors and others consider themselves performing defines the frame of reference for how they conceive of value. For instance, for the magazine editor, media quality is a central aspect of value whereas a media buyer considers it largely irrelevant.
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In the analysis of interview data (see section 2.3.2, p.33), The Practical Logic of Value emerged as a typology of value forming practices and activities, meaning practices that were defining the views that respondents held about advertising media. This way, the objective was not to study what people ‘did’ in general, but specifically identifying practices and activities that could be directly linked to the value preferences that the practitioners articulated. The practical logic of value contains of three buckets, or types, of practices for Production, Interaction and Valuation. Each community of practice has a different balance in how they combine elements from the three.

![Figure 36 Three practice types](image)

Production practices are value creation procedures aimed at the resources of production. In the every-day procedures that practitioners undertake they are frequently referred to as for instance consumption processes, usage processes, and manufacturing processes. For instance, the custom publishing editor created ideas for future magazine issues, edited incoming articles and hired freelancers. The media planner assessed different advertising placement alternatives and created media plans that allocated the advertising budget cost efficiently, and the CRM staff assessed consumer shopping data. (The concept of production practices will be further elaborated in section 10.2.1, p.212).

Interaction practices are value creation procedures aimed at other practitioners and communities of practice. It involves the modes, methods and procedures for what goes on between parties within the studied value creation system. They include the ways practitioners communicate and may both release and provide the resolution to potential conflicts between practitioners. Meetings, negotiations, workshops, e-mail and telephone calls all are procedures that may be a natural part in the practical jobs of agency planners, advertisers and media
representatives, yet they are rarely mentioned in literature as activities that are included in advertising media planning and purchasing. (The concept of interaction practices is further elaborated in section 10.2.2, p.216).

In valuation practices, procedures are aimed at defining, labeling or framing value as an object of activity. Examples are the processes by which practitioners set goals and objectives, assess performance, and reward behavior. It is ICA’s use of a consultant to conduct weekly brand tracking, it is the way they reward their media agency based on cost-efficiency, or it is the way that they define their branding objectives for the coming year. Valuation practices are constantly ongoing procedures that accompany, guides, and evaluate the production and interaction practices. (The concept of valuation practices will be further elaborated in section 10.2.3, p.221).

These building blocks which form the practical logic of value are interrelated, sometimes overlapping and have a mutual effect on each other (Figure 36). Within a community of practice, the coordinated execution of the integrated practice bundle is dependent on a shared understanding of value. The established production practices in each case defined which kind of interaction practices was sought and seen as necessary. Take for instance the TV case where the professionalized purchasing tactics built on an understanding that value was not dependent on any major interaction between advertiser processes, media processes and agency processes. This was consistent with the view on valuation practices, where it was accepted that the identified value was determined by a currency that was independent of interaction and information sharing between the parties. The following sections will in greater detail discuss the various practices that were identified in the study. The description of each practice is accompanied with an illustrative case interpretation and an interview quote. These quotes should preferably be seen as illustrations that give the reader an idea about the type of interpretation that identified the practice. It does however not say anything about how many more examples that could have been used.

10.2.1 Production practices

Production practices is a thematic category consisting of the routines and procedures that practitioners enacted when they employed their competencies and skills on resources of production. For most employees the very meaning of their job is conducting a certain set of tasks with a certain purpose. As suggested by practice theorists such as Schatzki (2001) mind is subservient to the ‘practice’ that has to be performed, and actors cannot or will not be constantly reflexive and critical about what they do. In the course of doing media planning, magazine editing, or advertising sales practitioners apply more or less scripted procedures of applying certain techniques, tools, and approaches to solve the daily tasks. Further, the sites of organizations hosting the professionals offer training, and signs of appreciation, encouraging the re-
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enactment of these procedures (Schatzki, 2005). In this sense, the site and its more material arrangements, just as the community of practice that inhabits the site and its social engagements (Lave & Wenger, 1991) has a certain ontology that pushes practitioners to specific understandings of value. Each interviewed and observed practitioner accordingly conducts his or her tasks, not totally improvised, but based on a scheme that they implicitly or explicitly have learned, experienced, or assumed is expected from them in this role. The practice and the professional role comes in other words with a baggage of pre-programmed beliefs. Depending on what practice that the practitioner considers to be engaged in, value will be viewed through a certain lens. Even within ICA, different departments had developed their own ways of describing and assessing value and one of the major challenges of the marketing director was to keep all these interests in line.

Figure 37 Production practices

A closer look at the interview an observation material coded in the production-bucket, four practices emerge as important for the way the practitioners articulated value: Improvising, Optimizing, Administrating and Managing (Figure 37).

- **Improvising** is the practice of experimenting, developing, and creating new, different and previously unverified ideas, dimensions and solutions to value creation. It re-invents and is open to reform and influences in its creation of value. There is an overall engagement of practitioners in reaching certain ends, but the route of getting there requires a certain degree of freedom within the larger field of practice.

  Example: Whereas improvisation in itself is seen as a desirable exercise, the complexity of ICA’s marketing operations and the past years’ successes with the established creative concept has made it difficult to re-invent the media selection process. This is playing down the use of improvisation as a practice, but it is also recognized that looking at the priorities through a different lens and with different
priorities there are several media channels which are today getting an undeservedly small share of the budget. (See section 6.1, p.97).

I could put it like this. As long as we are riding on this creative concept we will never be able to decrease TV in the media mix. Just look at the index per TRP, meaning the return on our investment, tells you that per definition we can’t quit. It is such an incredibly inexpensive investment compared with what we get back. On the other hand it is a quite large chunk of our budget that we can’t touch. And let’s say if we were to prioritize sales harder then I can see that there are several channels closer to the customer’s purchasing decision where we place undeservedly little money. (Marketing communications manager 1, section 6.1, p.97)

- Managing is the practice of actively coordinating, integrating and controlling different resources and practices and keeping them in line. It thereby has the ambition to influence the production of products and services in line with an overall objective of the value creation process. This means that there is an overall engagement within the practice in terms of a goal or direction, but there is also a certain degree of flexibility in finding the route to get there. It includes a combination of knowing value in advance, of constructing new ideas in the process, and of combining known resources in new ways.

Example: Within ICA’s internal marketing community, ‘management’ is seen as a central part of media planning. This practice includes driving the process of each advertising media type towards better execution and increased value creation, while keeping the overall objectives and the configuration of processes in mind. Thereby media planning from the perspective of ‘managing’ both about is nurturing and improving value formation in the light of past choices and given structures. (see section 6.2, p.102).

On a scale from 1 to 10 I’d say I have a 4 in my ability to influence the process. …If you had a 10 million budget when you walked into a company then you wouldn’t buy media the way we do here. Maybe you wouldn’t look so much for the better fit for the brand. Maybe you would tie it much tighter to sales. We are not that firm on a single target since we have multiple goals and we have to both build our brand and create sales. I mean with a 10 million budget you would have an entirely different working procedure whereas we are a media house and in many respects we have already made our media selection and now we need to coordinate and decide what we should do with it. (Marketing communications manager 2, section 6.2, p.102)

- Optimizing is the practice of getting the single best distribution of resources in a trade-off between a set of value themes. In optimization,
relevant value categories and themes are required to be known in advance – they cannot be discovered or explored in the process – and the practice of optimizing often reveal what is to be prioritized and what is left aside.

Example: The media agency practitioners appeared to be fond of the word ‘optimize’, which basically means to run quantified media objectives (reach/frequency) through their various databases and software to find the optimal combination of TV placements at given price levels. A large share of the agency practices are based on the assumption that exposure leads to communication effect (see section 6.2.6, p.118).

TV Planner 1, IUM: The analysis I can make uses a tool where I work with TV-data; age and gender. Then we have a tool called Sesame where I can add more variables. I cannot make my recommendations based solely on this or that, so preferably it should be merged.

Interviewer: What is the limitation of Sesame?

TV Planner 1, IUM: Well there it is 'what did you watch yesterday, which channels and how long?' Sesame offers a selection of programs, maybe 10 in the large channels. It doesn’t have all programs so it is more a way to get a feeling for… this is where I can place ads if I have a target group 29 to 34, certain income, life cycle, how they live and what they watch… whereas our TV tools are limited to age and gender alone since the rest is not statistically correct. So in most cases we run the computer analyses twice and then we balance between the two outcomes when we make the planning. Like that.

• Administrating is the passive form of managing; it does not seek new configurations of practices and resources, but rather handle them according to pre-set standards of value. This way, activities are bounded to strict routines and rules both when it comes to what should be done and according to what standards. Administrating largely assumes that processes, procedures, and value is known in advance.

Example: The media agency conducts many activities where the goal is just to keep the TV advertising flow going as smoothly as possible. Both for administrative reasons and negotiation tactics, standards are seen as important to use and follow. The TV sales representatives felt that the media agency practitioners sometimes were a bit square in how they handled the TV advertising process. That being said, there was a broad consensus across the TV networks and agency about the procedures that they shared (see section 6.2.8, p.122 and 9.5.4, p.181).
Media sales representative 1, TV4 Group: ICA’s media advisor, he only takes rational arguments.

Interviewer: Is that a typical thing for agencies in general, or is that his personality?

Media sales representative 1, TV4 Group: No that is a typical media agency thing. In their excel spreadsheets we are all just exchangeable numbers. However, in ICA’s world I believe we are not.

Between the practices there appears to be a divide between on the one hand Improvising and Managing (representing a focus on effectiveness, output and development) and on the other hand Administrating and Optimizing (representing a focus on cost efficiency and maintenance). A similar division in practice orientations has been discussed also by Möller and Törrönen (2003) as important boundaries in the range of value co-creation options that suppliers leave to their customers. Hence, co-creation is not only a matter of practices for interaction, but also about what practitioners do in their internal production practices. As Deuze (2007) notes, the marketing communications industry is perhaps particularly exposed to this tension between on the one hand efficiencies through process standardization within the professional communities and on the other effectiveness through constant creative innovation and openness to external influences.

10.2.2 Interaction practices

*Interaction* practices contain the procedures through which the relationships across sites and communities of practice are handled. As suggested by practice theorists, there need to be a shared understanding for a practice or a community to exist (e.g. Lave & Wenger, 1991; Reckwitz, 2002; Schatzki, 2001). However, practitioners and organizations do not pursue their tasks and objectives in isolation from others. Rather their different skills, knowledge and activities are integrated in the process of value creation (Vargo & Lusch, 2004). Media sales representatives, media agencies, advertising agencies, advertisers, ratings institutes, consultants, media auditors all have different practices and to varying extent different ideas about what constitutes the value of advertising media. Yet they meet in projects, negotiations, and industry committees and try to influence each other’s opinions and set industry standards that are agreed to benefit the sector as a whole. The content of what practitioners articulate as being valuable is, therefore, constantly influenced, modified, and negotiated in its external context. Interaction practices here determine the extent to which the understandings established within the site and enacted by its professionals will be exposed to practitioners with other understandings and procedures to produce and assess value. They also determine the extent to which the own understandings will be communicated to or enforced upon other parties.
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Figure 38 Interaction practices

- **Socializing** is the practice of interacting for building personal relationships. Non-professional meeting, often speaking to personal, hedonic values. It is thought to shape value in the sense that it is a process of familiarization which builds interpersonal loyalty and sometimes serve as an invitation to a community.

  Example: The TV networks try to invite the marketing managers to join their customer events and experience the benefits of being a part of their client community. The marketing managers on the other hand are reluctant to enjoy benefits that are not producing value that is considered parts of their professional practice (section 9.5.3, p.178).

  Marketing Communications Manager 2: I try to have as little contact with them as possible so I prefer to contact our media agency who gets to deal with the media firms.

  Interviewer: Is lack of time the reason?

  Marketing Communications Manager 2: Yes, time. But really I do it in order to stay independent.

- **Conversing** is the practice of talking to each other and collaborating to solve every-day problems. It is a two-way process that make differences in understandings more visible and over time it has the potential to develop shared frames of reference and reinforce a shared language of value.

  Example: Everyday control of the production and delivery of audience figures is relying on a continuous dialogue between planners and buyers on the agency side and planners on the TV side. This
dialogue both require, re-create, and shape a common language and understanding of value that is grounded in audience figures.

Interviewer: So how much daily contact do you have with the TV networks?

TV Buyer 1: Daily, every hour, haha. It is my job to keep contact with the channels and their planners to stay updated how our campaigns are doing and what we can do to improve them. It is my job to nag. I know I have done a good job if they think I call way too often.

In the interviews, delivering was the practice of reporting and handing over acclaimed value to another party. Value is thereby dressed in ways that makes it reportable, tangible and accountable. This could mean that value is either customized or standardized, but most centrally it assumes that value can be embedded in offerings and transferred from one field of practice to another without any deeper collaboration.

Example: Delivering or reporting could concern both resources in a more physical sense or the employment of analytical competencies. In the media agency terminology, delivery carries an expectation of being judged in relation to the contracts. However, in between brief and delivery, the meaning of value in contracts and objectives has been re-interpreted several times. In that way their unit of delivery also signals how future agreements should be interpreted, and how value should be delivered according to their practice (see section 6.2.6, p.118).

TV Buyer: It is all about reaching the targets we have decided on.

Interviewer: And by targets you mean audience reach targets?

TV buyer: Yes, reach and TRP. We must be able to deliver what we buy, so to speak. And it also an objective to make sure that the networks that signed deals with us deliver what we agreed upon. So I check that the networks deliver to us, that we deliver to our client, and that we reach the goals that we set up. And then there might be other requests like program environment and such, and then you try to include that somehow.

Listening is the practice of obtaining information about what other parties value and represents a passive form of conversing. This could be done through being briefed, doing market research or in other ways sensing other communities of practice.

Example: Getting briefed by the client is the agencies primary source of information about the client operations, their ambitions and campaign objectives. Client objectives have varying influence on the agencies adaptation of valuation priorities. (See section 6.2.2, p.108).
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Interviewer: How do you do to understand the needs of ICA? Where does that knowledge come from?

Media advisor: (Sigh). Well... we are not really sitting at the table when the objectives are set. We could wish that we were, in order to understand and to participate in the development of campaigns. We get briefs about this and try to get back early with our input, but often it is ICA's marketing people and most likely also their creative agency that sets the agenda. We come in when they know 'this is when we will run the home cooking campaign, and we will release a cook book six months later so we need to communicate and these are our objectives'. (Section 6.2.2, p.108)

• Negotiating is the practice of bargaining over price and value. Buyers and sellers meet to decide on the conditions for their relationship. Every negotiation needs to come to some sort of agreement of what is bargained over. Thereby it also embeds and forms understandings of value. It tends to be a tactical battle between reduction (buyer) and expansion (seller) of the value concept.

Example: The media agency see one of their main tasks as bargaining with TV representatives and getting the best deal possible for their client. ‘Best deal’ is often equal to lowest CPM (cost-per-thousand audience exposures). When negotiating with the TV networks it is not uncommon that the client’s real preferences are disguised by the media agency. (See section 6.2.7, p.119).

Media agency advisor, IUM: This year we managed to get a price decrease. We got channel 4 and 5 and also TV3 in the mix since they offered a low price. We have given them the opportunity for several years but they have offered price levels that we cannot accept. And they have finally learnt which level they need to get down to in order to be considered.

Media sales representative 1, TV4 Group: We always try and get the customer to join these meetings. Because we want the customer to know what is said, so they can hear our side of the story. Negotiating without the customer present can involve a lot of unfair tricks from the agency. It can be target group definitions and purchasing volumes, or new product launches and all kinds of ways they try to fool us. I think the customer feels a greater responsibility to be fair about their intentions.

• Evangelizing is the practice of marketing the meaning of value, convincing other parties about how certain benefits and experiences should be interpreted. This could be framed in many different ways – for instance as education, information or persuasion. Evangelizing means extending the as a one-way street without necessarily having an
ongoing and trusted relationship dialogue.

Example: When a new marketing effort or communications plan is to be launched at ICA, it needs to be approved by the council of retailers. Every year the practitioners at the national marketing department have been there to preach the value of new branding objectives or new media platforms. Not only for the formal approval, but also for their collaboration and support, the retailers need to share the marketing practitioners’ understandings of why these goals are to be prioritized and their benefits to be preferred. (See for instance sections 6.2, p.102, 6.2.1, p.105 and 8.3.2, p.157).

I remember my first week as new marketing director for the Kvantum store chain. We had meeting with all the retailers in the southern region. My boss at the time asked me to get on stage and present a new direct mail that had been developed. I didn’t know better so I got up… (Marketing manager Campaigns, ICA)

- **Briefing** is the practice of informing about the own party’s understanding of value. It delegates instructions in a form of talking to rather than talking with. The recipient often engages in the practice of ‘listening’, but there is no guarantee that the ‘briefing’-side and the ‘listening’-side make similar interpretations of the meaning of value embedded in the brief. Briefing can be a problematic method since the communication often focuses on which tangible benefits are desired while leaving out a critical discussion about the wider engagements and assumptions about value. Understandings are not easily shared, and placed in the practical logic of another community the same articulations may have entirely different meanings, leading to misinterpretations and misguided operationalizations.

Example: When ICA has produced a new communications plan they need to brief their agencies about the objectives in order for the agencies to start working on the execution. Normally this happens once a year (sections 6.2.2, p.108 and 6.2.3, p.110).

I just received the marketing communications brief two weeks ago. We sat down with ICA last week to discuss it, you know bear some more about the possibilities and their objectives. So now we have that information and we have started working on it, and in a week and a half we will meet ICA to present ‘this is what you could do, and that is how much it would cost’. (Media advisor, IUM)

In interaction between parties understandings and procedures for production and valuation are challenged and modified as conflicts arise and are resolved. Along with a growing interest in relationship marketing (Coviello et al., 2002),
The practical logic of value

dialogue and conversation have often been lifted as important aspects of (and sometimes even synonymous with) interaction (e.g. Ballantyne, 2004b).

However, there are several alternatives (see Coviello et al., 2002), and this section gives a more elaborated palette of interaction that stretches from passive listening to physical activity. This provides a broader base for the discussion than the more commonly used dichotomy between transaction marketing and relationship marketing (e.g. Lindgreen & Wynstra, 2005; Sheth & Parvatiyar, 2000). The practices Conversing, Socializing, Negotiating, Delivering, Listening, Briefing and Evangelizing all have different requirements on personal interaction, different focus on change or stability, and different time frames. As discussed in the sections on relationship value in chapter 9, it was shown that the practitioners value interaction differently depending on situation and counterpart. Therefore, the type of interaction practice employed is likely to differ from situation to situation. Depending on how the relationship between the parties is arranged and the type of interaction practices used, there will be different degrees of mutual learning, information sharing and influence involved. Tuominen, Rajala and Möller (2004) accordingly points at the relationship between customer intimacy in interaction practices and the presence of market orientation as a broader understanding of value formation. Lave and Wenger (1991) has shown how practitioners gain membership in a community (like ICA’s marketing department) by learning its required skills and values. The way the community evolves is in its handling of new and/or conflicting skills and values. In some cases they may take certain positions for negotiation purpose, but as Beckett and Nayak (2008) propose, often neither buyer nor seller knows what really constitutes value. In that case, one of the outcomes of the value creation process may be to continuously innovate, develop, broaden or deepen this understanding (e.g. von Hippel, 2005).

10.2.3 Valuation practices

Last, valuation practices. According to the findings, value is not as suggested in literature ‘perceived and determined by the consumer on the basis of value-in-use’ (Vargo & Lusch, 2004, p. 7). On the contrary, also valuation and evaluation are practices, meaning routinized procedures that the practitioners undertake in order to assess the value of a goods or service or the performance of a process. Media firms, agencies and advertisers all devote a fair share of energy at getting and processing ratings data, brand-tracking figures, supply and demand of advertising space, which forms the basis for how they act in production and interaction. These valuation practices contain and recreate certain understandings of what value is in advertising media and they are interconnected with the production and interaction practices. If your only practical assessment of advertising value is a readership survey, then it is quite likely that reader satisfaction is going to take a central position when you express the value that you produce. So valuation is something that practitioners
‘do’ that simultaneously expresses and shapes an understanding of value within their practical logic.

Figure 39 Valuation practices

- **Projecting** is the practice of specifying the ends and broader engagements of a process. It includes generating estimations of how future events will affect value creation. These projections carry important assumptions about how value outcome is dependent on the context. Some projections are very specific and based on specifications of value that are known in advance, while others are more open, leaving room for value to form in the process.

  Example: In the work of setting the media plan for the coming year, the marketing communications manager combines experiences and understandings of his practice in how future goals and objectives are to be defined (section 6.2.1, p.105).

  I start with a year-plan. What kind of inputs do I use there – well it is learnings from past media choices. Then it is our brand, what we want to communicate. Trends and customer trends, like health and environment and other pre-studies that we always do. And then we decide what we want to do. We want to do campaigns, the magazine Buffé, we want to do mechanical weekly themes that we call sales themes. We will need to select loads of products that fit this mechanical communication and so on. (Marketing communications manager 1, ICA)

- **Defining** is the practice of translating external articulations or uncertain ideas about value into a familiar and manageable framework. It can involve the use of standards and calculation methods, and contracts can be used to give additional power to such translations.

  Example: The media agency has established procedures to re-interpret clients’ articulations of value to fit their own formats, tools and currencies. It is a way to operationalize briefs into their practice,
and set the boundaries of their engagement. They thereby transform external information to the standards of the internal organization e.g. target group definitions. They also get the power to define how the media goals should be formulated, in what terms, currencies and at which levels (section 6.2.6, p.118).

TV Planner 1, IUM: Well some customers has the competence to understand this thing with TRP and reach and frequency. Some set targets in terms of brand awareness or market share and then I need to translate together with the media advisor what it takes in terms of media investments to reach these targets.

Interviewer: Because reach can’t be an objective in itself….

TV Planner 1, IUM: No it can’t. It is an effect of wanting to achieve something else, of course. If I tell you that you get 300 TRP, you’ll say ‘OK and what does that do for me?’ So I’ll need to translate what TRP means both literally, that a certain number of people will have the opportunity to see your ad, and by calculating how that can help you to reach your objectives. And we do that together with the media advisors because they can see different media that can be combined so they get a total media effect. And we have a tool, but I can’t remember the name of it, where the advisors use where they can enter different media to see the combined reach.

• Verifying is the practice of checking that delivered value matches the defined value. It forms value in the sense that it confirms a certain interpretation of value and that external and internal production delivers according to these interpretations. The practice of verification is to varying degrees interdependent on the production of data.

Example: Much of the activities at the agency are centered on the practice of verification. This means to ensure that TV networks are delivering the claimed number of contacts for each placement, that placements are delivering according to plan, and that the plan is delivering according to the media objectives. Thereby, the limitation of the media agency’s offering is to a substantial extent tied to the limitations of the available data and tools used to verify value (section 6.2.9, p.124).

TV Planner 1, IUM: So when a campaign is over I run the evaluation statistics from the ratings institute MMS. And with their data, we’ll get the true reach and frequencies to compare with our plans.

• Rewarding is the practice of stimulating and encouraging practices and performances that goes in line with desirable interpretations of value. Incentives and rewards systems thereby send signals from the
rewarding party to the receiving party about what type of aspects of value that should be seen as important. Both for good and bad, rewards helps to define the ends and the boundaries of engagement.

Example: The advertiser rewards the media agency for certain behavior, but these are not linked to how well the campaigns perform. Rather they are based on value parameters that are jointly understood with the media agency, meaning audience value. The signal is thereby sent that the values that are encouraged are the agency’s negotiation and optimization skills (6.2.9, p.124).

Marketing Communications Manager 2, ICA: There is a bonus attached to doing a good job.

Interviewer: Based on TRP?

Marketing Communications Manager 2, ICA: In TV, yes. We want to reach a certain number of TRP and they have helped us to come to that understanding. And when we have decided that, then we set a budget for what it will cost us the coming year. And if there is money left in the end, then they have done a better job since they have bought TV smarter, or the networks have made fools of themselves. Anyhow we have received something for free. And then there is a reward structure for that.

• Exploring is the process of finding previously neglected dimensions or sources of value. It is the practice of reflecting on actions, information and outcomes to try and figure out what value is, or sensing it as it emerges in the process of action. As opposed to ‘verifying’ or ‘defining’ it allows value to be discovered in the process.

Example: In the CRM case ICA’s marketing practitioners regarded it important not to lock value to a few fixed definitions too early in the process, but rather let the relevant parameters emerge as the studied the outcomes of their actions. The CRM technique was new, its actual outcomes unknown, and since ICA had enormous amounts of customer data to observe the effects, the problem was to know where to look. ICA did not want this to be a process of discovering and defining value within ICA’s team of analysts, but they intended to continuously share information with the product suppliers and involve them in a continuous process of exploration and reflection on the meaning of the data (section 8.3, p.154).

Marketing manager CRM: In the end I think we will end up with some set of more structured evaluation parameters. And I think it will be crystallized in the process what is more interesting to measure. But I mean honestly, we have too much information. That above anything is our current problem.
In their theory of Legitimate peripheral participation, Jean Lave and Etienne Wenger (1991) suggest that learning is neither about acquiring factual information in an absolute sense, nor is it a solitary process of the individual mind. Learning is something that happens through co-participation, as we look, interpret and recreate what is regarded meaningful within this context. The findings in this study suggest that valuation (meaning ‘the process of deciding what is valuable’) is also a ‘skill’ in the sense that practitioners learn to assess value in the ‘correct’ way. Thereby the methods for measuring and assessing the value of advertising media are relying on the established work processes at the agency, at the publisher and at the product suppliers, and the skill of assessing the value of work comes with joining the community. Kjellberg (2001, p. 489) demonstrate how measurement and calculations can used by one party to demonstrate for another the value of adopting and conforming to new practices. This description most closely resembles the practice of Defining. However, the study at hand indicates that valuation can take different expressions in action. Exploring and Projecting represent more flexible and forward-looking practices that are closer to an understanding of value in terms of future output or process development. Defining, Verifying and Rewarding are on the other hand more inclined to quantify and conform information to what is already known.

10.3 Practical logics in the studied cases

In chapter 9 it was shown how the understandings of advertising media value differed across communities of practice. That such differences are a part of everyday life in the advertising business has been recognized (Abratt & Cowan, 1999), and it has further been illustrated in a more general sense how practitioners of different professions seem to construct different ideas about what it means to do marketing and marketing communications (Kover, 1995; Svensson, 2003). However, rather than merely seeing any differences as problems, it is perhaps more interesting to understand the dynamics and effects of such differences (Nyilasy & Reid, 2009). Each understanding of value comes with a contextual logic, and later sections of chapter 10 discuss how value is entangled in the practices of production, interaction and valuation.

The concept of co-creation views the creation of value as an interplay between buyers and sellers, and it was introduced as an important element in the resource-based view on value (section 3.5, p.41). However, in order to grasp the concept of value co-creation in a more elaborate way we need to look at the dynamics of value formation (including both understanding and activity) between sellers and buyers (see Figure 2, section 1.4). In the light of the empirical data presented here, Vargo and Lusch’s (2004, p. 7) proposition that ‘value is perceived and determined by the customer on the bases of value-in-use’, appears more problematic. As we shall see in the case of custom publishing, the
customer may have the power to continue or cease their marketing investment, yet without carrying a clear, uniform and consistent internal logic for understanding of value. From this perspective, value formation appears more in line with what Peñaloza and Venkatesh (2006) frame as a process of making meaning, and exploring value in the process (see also Beckett & Nayak, 2008). Practices come pre-programmed with meanings which practitioners (here marketing managers, media agency specialists, editorial staff and TV network sales representatives) keep reproducing (Schatzki, 2001). The findings of this study suggest that the dynamics in the value formation process are caused by clashes and overlaps of the practical logics carried by the communities of practice (see also the concept of 'overflows' in Kjellberg, 2001). Value construction (how understandings are shaped) appears in other words to be a negotiation between these different logics. To the extent that we assume value co-creation to be facilitated by some extent of shared understandings between the involved practitioners, there is a managerial challenge at hand. Be it from the marketing managers wanting to coordinate resources in their marketing investment, or the customer oriented sales representative. At least in the studied empirical context, dialogue and conversation as means of exploring value together (as suggested by Ballantyne, 2004b) does not appear to have unique powers to transfer understandings of value across the boundaries of the community. Sharing of production or valuation practices appear to be equally important in this aspect (see also Wenger, 1998).

The following sections explore each case, highlighting the most important aspects of production, interaction and valuation practices. A discussion of the dynamics between these building blocks and practitioners’ articulations of value (as covered in chapter 9) is included in each case. Along with the empirical presentation, a discussion is held concerning the consequences of value differences and how these differences are (or are not) attempted to be bridged, harmonized or in other ways managed, in the process of media planning and buying at ICA.

### 10.4 TV advertising practices

TV planning and purchasing represents a case where value is constructed quite differently from Custom publishing and CRM. Relatively speaking, a large number of practitioners and specialist functions are involved, the reliance on technical tools is high, and interaction is characterized by a rather peculiar mix of close day-to-day relationships and hard bargaining. Over the years, a set of norms for how TV is bought and valued has developed among communities of practice that were actively engaged on this market. Media buying praxis was seen as ‘comme il faut’ and had no connection or flexibility to adapt along with ICA’s interests and goals. Despite these industry norms for how value was supposed to be assessed, it stood clear that ICA’s marketing managers had
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quite different views on value and valuation than the studied TV network representatives and agency employees (see, p.173).

10.4.1 TV advertising production practices – marketing managers

Doing marketing communications in general at ICA, and TV in particular, means to operate a huge media machinery. The marketing managers consider themselves as operators managing and coordinating that the right ingredients in terms of inputs, resources, competencies are added to the process at the right time. Managing was their way of realizing their understandings of value that on the one hand emphasized certain defined types of effect and output, and on the other hand was dependent on a set of complex internal processes (see section 9.5.1, p.173 and 9.5.4, p.181). The gross expenditures have been estimated at around 1 billion SEK only in external media, excluding internal media like custom publishing, ICA’s web portal and the CRM loyalty mailings. TV has become the centerpiece in this machine, largely because this is the most important medium that the marketing managers control and uses to achieve their marketing objectives. Nevertheless, TV is still a tool that has to play along with the traditional sales campaign structures, and the system only works if ICA manages to repackage and sell the ICA advertising context to suppliers as co-op advertising – what the marketing communications manager described as a largely ‘mechanized’ system (section 6.2, p.102).

Besides the more analytical tasks of planning, the job as a marketing communications manager at ICA is an endless row of meetings, talks, briefings, presentations and discussions. Overall, the national marketing communications practice involved planning and coordinating a mix of a wide range of interests – product sourcing, retailers, store chains, agencies, and internal media channels – and bringing them all together as a working unity towards ICA’s overall sales and communication goals.

Due to the processes of getting resonance for communications plan internally among retailers as well as making it fit into product suppliers sales promotion practices, any alternations in established practices and conventions become complex and often political procedures. As one manager explained, the national marketing department saw themselves ultimately as ‘a service organization for 1500 private entrepreneurs’ (section 5.1.4, p.89). For individual marketing managers, creating change in TV buying and planning was like turning an oil tanker.

10.4.2 TV production practices – media agency specialists

Media agency production practice was quite a different story. Even though the agency practitioners range across several different work tasks and specialist areas (advisers, planners, buyers, researchers, administrators etc.) it is possible
to talk about agency work as a single field of practice guarded by certain norms, routines and understandings. The media agency was working place where new and upcoming TV shows, consumer magazines, ratings figures, and successes or failures of ongoing campaigns filled the air. In this flow of information, optimization and administration were central practices in the enactment of the community’s understandings of value. As discussed in sections 9.5.5, (p.184) and 9.5.7 (p.187), these understandings centered on the audience product and the cost efficiency of campaigns. Though the senior advisor recognized that the work of the media agency was only one piece in a larger puzzle of advertising value creation (section 9.5.1, p.173) the impression remained that media agency practitioners’ interest in advertising media value creation was fairly limited beyond the sphere of their own field of practice. However, the agency specialists were not alone in pointing out this direction. Continuously there was an ongoing competition with rival agencies for client accounts. Independent media auditors compared the media rebates negotiated by each agency and in this transparent competition many agencies wanted to show that they could get the best media prices for their clients.

The services that the agency offered were divided into two parts – advisory services, and practical media purchasing and administration. The agency machinery involved a chain of trained employees and computer programs designed to perform a certain set of tasks that took their client firm from media planning to campaign execution. The media advisor and the media planner developed an overall recommendation regarding which objectives seemed feasible, which budget it would require, and which media channels should be used (see section 6.2.6, p.118). This was primarily a game with numbers that the agency called optimization, meaning finding the combination of TV channels at projected prices that statistically represented the most cost efficient way to reach the target group. The result was an optimized media plan that would guide the purchasing process.

Together with ICA’s marketing communications manager and marketing director, the media experienced media advisor conducted the negotiations with TV networks. After the negotiations, the work of the agency media buyer started that was more drawing upon the practice of administrating. He had to take the overall media plan with budgets for each channel down to booking which spots in which shows the ad was going to air, distributing advertising material, controlling the placements made by TV networks, and verifying the invoices from TV stations as they came through (section 6.2.9, p.124). Eventually the whole service was billed ICA. All in all, the media agency as a field of practice was highly routinized machinery focused on process efficiency around a very specific set of parameters.
10.4.3 TV advertising production practices – TV network representatives

As described in chapter 9, network representatives carry understandings about value that is similar to those of the media agency practitioners (see for instance Table 7, p.173). Also in a broader sense their field of practice can be said to have considerable overlaps with the media agencies in that they use similar tools, terminology and logic for buying and selling the audience product. As expressed by the practitioners, this overlap is both a prerequisite for good relationships, good relations is the oil in the industry machinery where both network and agency have a mutual interest (section 6.2.8, p.122). Thereby their production practices could be characterized as supporting the media agency’s established routines for optimizing and administrating by feeding them with both data and administrative support.

However, in addition to the role as seller, client intelligence officer and relationship builder, there were also increasing demands that the sales representative should be proactive, innovative and initiate creative, value added collaborations between the TV networks and the advertisers. Whereas some advertisers embraced the initiatives, this practice of improvising was most of all a directive launched by TV network executives which involved the recruitment and organization of creative staff. As noted by some network practitioners (section 6.2, p.102), this was a new capability developed by the networks where they sometimes felt tensions with the media agency as they stepped outside the established practice.

10.4.4 TV advertising interaction practices

Interaction practices between ICA’s marketing managers and TV network representatives were large focused on negotiating price and quantity of a commoditized product. The challenge for sales representatives to maximize the revenue from their finite stock of TV audiences. This required a combination of negotiation skills but also an element of risk assessment where network practitioners often found themselves in the situation of having to choose between securing a sale today or getting a better price from another buyer tomorrow.

The most important period for us is naturally late November to late March where we secure the large sales volumes in through yearly contracts. By then we have normally secured 60-70 % of our budget. So 30-40% is left for us to hunt down ad hoc. And we do that by working directly towards advertisers, not through the agencies. … The yearly agreements pay less, but we take a larger risk when selling ad hoc. If we are to grow our sales, and our audience is the same, then we need to sign fewer yearly agreements and sell more ad hoc. (TV sales director 2, ProSiebenSAT1)
This also seemed to be situation all parties were largely content with and it mirrored how most sales representatives understood their practice (e.g. section 9.5.1, p.173). The TV networks and the media agencies could do what they did the best, trading audiences, and the advertiser did not have to spend more time than necessary meeting with media representatives. A few media representatives would claim that the ICA did not give them the opportunity to show that they could do more, while the marketing managers claimed that the traditional media firms never had managed to show the value of more interaction (section 6.2, p.102). However, in line with the new production practice of *improvising* (discussed in section 10.4.3, p.229) there was a growing interest among some TV networks in developing new interaction practice focusing on relationships with agencies and advertisers.

*For me it is important to understand the client, understand what they want, what is their history, what is important to them, how have they performed the last year, how do they think, and what are their goals. Simply having done my homework. But of course my job is not only to do my homework, but to build a better long term collaboration with ICA.*

*I am a sales rep, but in this industry and in this medium I think that label doesn’t really do my work justice. I associate a ‘sales person’ as someone selling vacuum cleaners, but that type of selling has this industry abandoned a long time ago. I think ‘account manager’ (kundansvarig) sounds better. (TV sales representative 3, ProSiebenSAT1)*

Interaction between advertiser and media agency was to a large extent handled through briefs. *Briefing* was a way for the marketing managers to communicate their view on value and set the boundaries of the agency’s tasks. The media agency could be *listening*, *commenting*, and *delivering* on this communication, but there was no guarantee that understandings were really shared and there was no real place for conversation. The media agency was the link between advertiser and TV network, but relatively speaking, the agency specialists had quite limited insights into ICA’s practices and understandings beyond the specific field of TV planning 6.2.1, p.105 and 6.2.2, p.108). Their role was functional and interaction mainly consisted of delivery of ready-made plans and suggestions rather than participating in the strategic dialogue. In the ambitions to get the agency more proactive and involved, ICA’s marketing director had expressed his concerns that the agency neither had any substantial conversation with ICA’s in-house agency JMC, nor with the creative agency King.

On the other hand, as noted in previous chapters, agency staff and TV network representatives had built a relationship where the understandings and production practices had grown close. At the negotiation table the agency would be the representative of their client, but in the daily practices, meetings, presentation of ideas, information on new TV shows, and informal drinks after
work was part of the routines (section 6.2.8, p.122). In short, both agencies' employees and the media firms saw close and collaborative interaction as highly beneficial for both sides. Negotiating was here replaced by conversation, and TV network representatives spent time listening to and socializing with agency practitioners. Being an industry based on a closely defined understanding of value as based in audiences, relationship-building became an important complement which forged their understanding even closer together (for a more elaborate discussion on the value of relationships see section 9.5.3, p.178).

10.4.5 TV advertising valuation practices

Both the TV networks and the media agency used valuation practices that were closely tied to audience ratings figures. Before making deals agency specialists were projecting what different advertising placements would generate, and after broadcasting, they were verifying projections against real outcomes. This practice made perfect sense in conjunction with their understanding of audience exposure as central to advertising media value (section 9.5.5, p.184).

ICA's marketing managers were adopting the understanding of audience value in the language they used when planning and discussing TV advertising. They were also rewarding the agency based its accuracy in projection and success in negotiation, signaling their general support of these agency practices. Both agency specialists and network sales representatives asserted that to them ICA came across as particularly focused on reach and frequencies down to the second decimal (e.g. section 6.2.6, p.118). That was also how ICA’s interests were presented by the agency representative in negotiations. In their world of internal politics and parallel processes and problems, the marketing communications manager on the ICA side had accepted the conventions of the TV advertising industry as the way of dealing with TV. Adopting a fixed recipe for target group definition, reach and frequency made life in a complex environment a little bit easier. Every week there was a new campaign that had to reach a certain share of the target group a certain number of times. This was what ICA had promised their product suppliers.

However, looking at ICA’s own valuation practices, reach and frequency had relatively little significance. Instead, the interest in reach and frequency came from the agency specialists’ valuation practice of defining, which had the purpose to translate ICA’s marketing objectives into media market standards. This process was in many ways defining how customer value officially articulated when it came to TV advertising (section 6.2.6, p.118).

Looking at ICA’s own internal valuation practices, they were verifying brand effects rather than audience delivery and they were projecting value in a fairly open manner by envisioning the brand related benefits of a certain overall direction. While being consistent with marketing managements own effect-based understanding of value (section 9.5.1, p.173), the detailed aspects of valuation were both for practical and tactical reasons hidden from the TV
Due to this gap between TV network and advertiser valuation practices the network representatives’ chances to assess and act upon customer value was restricted.

10.4.6 Three practical logics in TV advertising

Media agency specialists and TV network representatives

Already in the early 20th century the national advertiser’s organization saw it as one as its most important objectives to force media producers to conform to a common standard for measurement and verification of their audiences. Used for almost one hundred years, advertising and audience measurement had become a system of actors relying on shared and transparent practices for quantitative valuation of advertising media. From this perspective, the articulations of value Table 7, p.173), and the valuation practices were almost identical between agency and TV network, and these valuation standards were shaping the way production practices were designed on the two sides (section 10.4.5, p.231). Further, interaction practices included tough negotiations but to an even further extent day-to-day operations was facilitated by professional conversation and social activities between agency and TV network staff (10.4.4, p.229). Overall, TV networks and media agency showed interlocking practices and fundamentally shared understandings about what TV advertising media planning and buying was about (Figure 40).

![Overlapping TV network and media agency practices](image)

**Figure 40 Overlapping TV network and media agency practices**

Due to the high technical requirements and intensity of data involved in ‘proper’ media selection, the media agency was highly professionalized, with a
range of specialist titles, software diplomas, and training courses for their employees. Media planning and buying had become a complex mix of competencies and technical tools, and much of this was based on non-human interaction and transfer of audience data second by second. However, the tools and competencies were all designed and directed to assess audience product value, not necessarily advertiser value. This way the media agency valuation practice was reproducing the standard value scheme defined in the industry. To accentuate this further, the personal and organizational incentive systems in agencies were built around goals that were defined within these valuation standards. However, as one media representatives suggested, the personal relationships between agencies and TV networks proved that whereas the valuation practice was becoming more and more technically sophisticated, it did not always manage to present a useful picture of value (section 6.2.8, p.122).

Marketing managers

The computerized and data-heavy valuation and production practice had commoditized value into something residing only in the audience numbers. Fewer and fewer advertisers conducted TV purchasing without the assistance of an agency and ICA had no plans of bringing the competence in-house. Instead it was a process that needed extensive technical equipment and databases (for a similar discussion see Bogart, 2000), but not much integration in strategic processes. Thereby the media selection process as seen from the eyes of the marketing managers (including media firm interaction, valuation and production of media plans) could be outsourced to an agency that simply delivered a ready-made solution. As shown in Figure 41, there were no shared practices between marketing managers and media agency staff. Interaction was based on briefing on the advertiser-side and listening/delivering on the agency-side. Even if both sides employed the valuation practice of verifying, they were targeting different aspects of value. Marketing managers were primarily interested in effects, whereas the agency staff were interested in accurate delivery of audiences according to plan. The limited interaction between agency and advertiser managed to conceal the fact that the two communities operated with different sets of practices and understandings of value (Table 7, p.173). When ICA developed their TV advertising philosophy ‘branding by selling’ around 2001 it was a paradigm shift in how they thought about and leveraged the TV medium to create value (section 5.1.5, p.92). At that time, the creative agency earned their position to have an ongoing dialogue with ICA’s management. However, by the looks of how ICA interacted with the media agency, there was no ongoing critical discussion about how to develop media selection, placement, sourcing processes or other ways to improve value creation or look at value from new perspectives.
The dynamics of value formation in TV advertising

As seen in section 9.5 (p.172) the media agency and TV network representatives articulated views on what value was and how campaigns should be measured that were very different from marketing managers’ ways of assessing and expressing the value of TV advertising. This divide in understandings of value was maintained by an interaction practice which was marked by limited sharing of information about advertiser strategies and objectives. As noted in other studies this was not in any way a situation that was unique to the constellation around ICA (e.g. Abratt & Cowan, 1999). Some TV network representatives referred to other client relationships where they were strictly forbidden to have any contact whatsoever with practitioners on the advertiser-side. In such situations, personal interaction was seen as an unwanted source of influence that might bias the advertiser’s judgment and therefore all communication should be handled via the media agency.

The limited insight in advertisers’ strategies along with the transparency of audience prices and the commoditization of the audience product, made media agency staff and TV network representatives more influenced by each other and their own community than by customer value. Value was according to their practical logic determined in relative isolation from customer processes. In particular, audience measurement standards determined the proper ways to
value audiences and ratings institutes provided the minute by minute quantity of the audience of any single commercial break.

ICA was often referred to as a skilled, experienced, and knowledgeable client who had learnt to speak the TV purchasing language.

*My large clients ICA and H&M work in different ways than many smaller clients. They have established routines for how TV works, they know why they use TV, and they count the second decimal more than a new advertiser would do. They talk TRP and use a totally different language than a more inexperienced advertiser.* (TV sales representative 3, ProSiebenSAT1)

However, even though ICA had come far enough to speak in terms of TRP, frequency and cost-per-contact, did not mean that they saw these concepts as synonymous with value. As noted in section 9.5.5 (p.184) these terms were seen as merely cost-related, that told them nothing about the real benefits of the use of a certain TV channel.

This was also the perfect conditions to create a so-called media silo, where TV was planned and purchased in a professionalized process that was securely isolated from ICA’s remaining media portfolio. ICA’s marketing managers had the overall picture but neither the media agency nor the media firms felt that they had the mandate, the information needed, the incentives or the interest to suggest improvements that would create horizontal synergies between TV and other communication activities.

ICA’s attempts to increase the value produced in TV advertising by addressing brand related effects and cross media synergies (sections 6.2.5, p.114 and 9.5.4, p.181) proved to be more difficult than first imagined. The approach to value formation that ICA employed was to influence the agency process of translating communications objectives into media goals and specifically incorporate aspects of more holistic and creative thinking around brand environments. The marketing managers believed that buying more exclusive and intelligent placements would produce more impact and effect. The agency specialists however, did not believe that there were any synergies or values to be created by placing ads differently. They liked the idea of more focused campaigns, but in their world, the TRP pressure was the most central aspect of value. By adding more reach or frequency to the campaign the impact will be greater, they argued, but just placing the ads in specific environments is likely add costs with no additional benefits (section 6.2.5, p.114). From this line of reasoning, benefits that could not be verified in the valuation practice as defined by MMS measurement standards wasn’t considered to be ‘real’. The result was that the agency listened to the client, but their production and valuation practices were not designed to be adaptive to new and varying categories of customer value.

*You see, our entire world is based on ratings data from MMS, which is the accepted way to measure and evaluate TV-campaigns in Sweden.* (TV planner 1, IUM)
Overall, the difficulties to change the value produced in TV advertising demonstrated some important aspects of how value is a social construction formed in an interplay between routinized procedures and understandings. Here, new understandings of value were downplayed and drowned since they did not fit the practical logics for valuation and production used by the engaged communities of practice. In this case, the agency logic was more closely aligned with the media-side practices than advertiser-side practices, and the type of advertiser-agency interaction practices used to talk media tactics allowed the two sides to continue their relationship without a shared understanding of value.

Regarding value as assessed by customers (Vargo & Lusch, 2004) and ultimately created in customer usage practices (Grönroos, 2008), the role of an intermediary like the media agency should theoretically form a link between the production of media resources and their employment in advertiser practice. In the current situation, it was more connected to the TV network production practices. It could be discussed whether development of better and more elaborate conversation (Ballantyne, 2004b) between agency and advertiser could have improved the situation, but it should be noted that conversation did in this case not reveal the fundamental differences in understanding. ICA had gradually started to invite the agency to participate in other types of meetings of creative character, but the marketing managers also signaled quite low priority to media selection and it would not be fair to talk about any shared production (i.e. Wenger, 1998). Accordingly, when it came to relating to advertiser usage practices, the agency was far too closely locked into the limitations of their own technical tools and production procedures to really make a difference.

10.5 Custom publishing practices

As presented in earlier chapters, ‘value’ in the case of the customer magazine Buffé involves mixed emotions for ICA’s marketing managers. Since the start in 1996 they invest large yearly amounts of money in what they believe is a good long-term investment for customer loyalty and for the ICA brand (see case description 7.7, p.139). However, the valuation practices of the magazine are different from TV advertising and CRM – the formalized tools emphasize in particular reader satisfaction (theme 1.2 in Table 16, p.190) and valuation is more irregular in frequency (see section 7.6, p.137). The media supplier Forma/OTW editorial staff articulates value in terms of effect and output in ways that are similar to ICA’s marketing department (see Table 16, p.190), but differs in their view on how value resides in the production process. As described in section 7.4 and further discussed in section 9.6.4, the ICA side marketing managers see potential benefits coming from integration and synergy, whereas the media side strongly advocates separation and independence as sources of value (see also Table 19, p.194). Since the creation
of reader satisfaction (theme 1.2 in Table 16, p.190) is thought to be dependent on Buffé’s independence from commercial interests, the magazine has been allowed to live a life quite independent both from the role of the media producer and from the project team at ICA. Whereas the magazine indeed has become a highly appreciated publication among its readers, it has also created some internal confusion at ICA about how it is best managed, evaluated, and integrated in the overall marketing communications process and practices.

10.5.1 Custom publishing production practices – editorial staff

The work with Buffé at the publishing house OTW/Forma is grounded in a journalistic tradition, meaning that the practitioners on the media side characterize what they do as editorial work (see case description section 7.4, p.133). The making of each magazine issue is at large a repetition of the same procedure, that from a practice-theoretical view can best be characterized as improvising (for further description see section 10.2.1, p.212). It engages the practitioners in crafting new solutions to the same problem – how to appeal to the magazine reader in text, graphics, and content themes. The editor-in-chief has a life-long career within food publications and claims to run the magazine primarily with the reader and his gut-feeling as his guides. Similarly the staff including editors, freelance writers, photographers, art directors and others, define the practices for value creation in journalistic terms and employ their creative skills in order to solve it. As introduced in section 7.3 (p.132) this was the production practice that the editor-in-chief saw was necessary to meet the objectives of Buffé in line with his understanding of value.

Editor: What we find important is that we work to create product that is credible from a journalistic point of view. That is a fundamental principle for us that we fight for.

Interviewer: Who are ’we’?

Editor: Those sitting at Buffé’s editorial office, working with the magazine.

Though the publication is fully financed through ICA, it is even possible to look at the custom publishing practices at Buffé as less shaped by commercial interests than any consumer magazine on the market. The editor-in-chief does not have to be concerned about consumer sales since the magazine is free to ICA’s customers, ICA handle advertising sales as part of their offering to suppliers, and as long as ICA is happy, Buffé and the publishing house Forma get their bills paid.
10.5.2 Custom publishing production practices – marketing managers

ICA’s relation to the production of *Buffé* is filled with tensions and contradictions. The marketing management community at ICA is dominated by production practices characterized as coordinating and managing, meaning to align *Buffé* with routinized planning procedures (section 7.4). This in turn aligned with their understandings of process value as residing in synergies between their ‘mechanized’ processes (section 9.6.4). However, whereas ICA’s marketers try to coordinate *Buffé* in the marketing planning process, it is recognized that too many internal influences in the production process will deteriorate the quality of the content and hence the effective value of the product.

ICA’s objectives for *Buffé* originate in the CRM ideas of the early 1990’s. Today however, the magazine sorts under the marketing department and is partly integrated in the marketing communications processes, partly guided by a constellation of ICA representatives from various departments forming the editorial council. One of the claimed objectives is to build ICA’s brand values but in reality it seems like the role of the editorial council is to ensure that the magazine doesn’t contradict brand values with relatively little emphasis on the aspect of brand development. ICA as a constellation of interests try to use the distribution of the magazine for informational purpose, but as a representative from the creative agency noted, among these interests, marketing management had a general problem to integrate and frame their marketing messages. Overall, there appeared to be a conflict between the production practices of the marketing management practitioners and the editorial staff that made it difficult to realize the desired process value of integrated communication.

10.5.3 Custom publishing interaction practice

In the past, ICA had respected the media-side understandings of process value coming from editorial independence. ICA did not want *Buffé* to come across as yet another promotional brochure, and thereby they did their best to ensure relatively that few external parties interfered in the production practices. For instance, there were no audience measurement institutes, no advertising agencies, media agencies or market research companies. Food suppliers’ opinions and interests were effectively filtered through the project manager on the ICA side before they reached the editor-in-chief. Editorial practices in custom publishing were then rather protected from any wider external questioning of procedures and understandings. Hence, somewhat counter-intuitive, limitation of customer interaction has become a key feature of Forma/OTW’s offering. ‘That is what they buy’, as the editor-in-chief explained (section 7.4, p.133).

Essentially there are only two parties which the editorial staff listens to – ICA, through the editorial board and dialogue with the marketing managers,
The practical logic of value

and Buffé’s own readers. Listening to reader’s responses to past magazine issues was an interaction practice that the editorial staff regarded central in forming their understandings of value and their theories about how value was created. Reader response was seen as a good measure of the engagement and satisfaction that the magazine created and the editor-in-chief proudly asserted that between 5000 to 7000 people apply yearly to become Buffé’s guest chefs. Listening thereby presented a way to continuously learn and improve the production of reader satisfaction (theme 1.2 in Table 16, p.190).

There are several ways how a marketing manager could choose to interact with editorial staff. In the case of ICA, the long relationship, the multifaceted objectives, and the unclear picture of which internal communities could influence the process had created a situation where ICA appeared as a customer with fragmented objectives. ICA’s marketing processes have several touchpoints with custom publishing. On a day-to-day basis, a project manager act as the contact for the editor-in-chief and an editorial board consisting of representatives from a range of communities of practice within ICA meets to discuss each issue (see section 7.4). The marketing communications director had tried to integrate Buffé in his media-mix decisions, and campaign managers to various degrees attempt to integrate custom publishing in their campaign plans. In addition, there are more meetings of more strategic character between the management of Forma/OTW and ICA. In other words, ICA’s interaction practices with Forma/OTW was a mutual form of conversing, but the conversation included a range of different internal ICA communities with somewhat different understandings of value.

I believe close to everyone consider themselves a professional ‘thinker’ in this area. (Project Manager 1, ICA)

This complex structure for conversing leads to a mix of practices and understandings of value tied to the custom publishing process, and the idea of customer-value as residing in the advertiser’s usage processes (e.g. Vargo & Lusch 2004) accordingly becomes a complex construct. Hence, this conversation practice seemed to engage various ICA practitioners in the production and development of Buffé, but it did not to any greater extent involve editorial staff in developing a wider understanding of ICA’s value creation processes. An additional complicating factor was that Buffé sorted under ICA’s internal advertising agency, the joint marketing center (JMC). In that position the magazine was the target for a wide range of interest, not only from the marketing communications but also retailers, PR and information, purchasing, and so on. On the media side the most dreaded of ICA’s internal communities were the ones responsible for campaign sales (section 7.3, p.132). Seen from that perspective, the relatively clear-cut value framework of the marketing managers was just one voice in a blur of interests where everyone claimed their share of the media channel.
10.5.4 Custom publishing valuation practice

Based in the journalistic ideals, the magazine quality was negotiated between the editor and the editorial council. Here a combination of creative ideas, gut-feeling, notions of ICA values, and reader responses blended into an overall assessment of the direction of the magazine. According to the editor-in-chief, his interpretation of his job ultimately came down to making a publication that was “useful” for the reader. ‘Value’ was in other words highly subjective constructs that could not, and should not be managed by the numbers. It seemed like the editorial production practice and valuation practices were consistent and built on the same understanding of value.

Interviewer: Are there any goals set for what Buffé is going to achieve within two or five years from now?
Editor: That are measurable somehow? Like increasing 2%...?
Interviewer: Number of readers, likeability, number of pages read, number of products purchased, or something like that.
Editor: No... and we are already on a high level. There are some surveys done in-house whether we are in line with ICA values. But we are allowed to stand out. I can see a danger with setting goals like that since we might only go for the editorial picks that are easy to sell. And then you lose the breadth that is important for the magazine today.

The conflict of internal interests on the ICA side came hand-in-hand with a relatively unclear and irregular evaluation structure and a relatively mixed range of interest influencing the process through the editorial council. In terms of valuation practice ICA was using surveys to ‘verify’ the performance of Buffé in terms of readership and brand values. The editorial side was also verifying value creation by assessing reader responses. However, in the absence of more tactical objectives, the valuation of Buffé often resorted to a more abstract practice of projecting. This was connected to an understanding of value that departed from a CRM philosophy rather than an advertising philosophy. From this perspective, Buffé was a reward to loyal customers which was envisioned to generate higher level benefits even though they might not be compatible with lower level campaign objectives.

10.5.5 Two practical logics in custom publishing

The custom publishing case has focused on two communities of practice – the marketing managers and the editorial staff – and how they mutually configure their value creation practices. Custom publishing forms a particularly interesting case since it is the belief from both sides that this distance in practical logics between advertiser-side and media-side practitioners benefits the product, creates more satisfied readers, and thereby more value for ICA. The media side
works according to a production practice that is creative and improvising, and a valuation practice that verifies outcomes but puts the reader in the first place, and an interaction practice that is open to conversation but at the same time limits commercial interference and pressure. Overall Buffé has developed a consistent editorial logic, where value is seen to reside in the quality and integrity of the editorial process and the satisfaction of the reader (section 0, p.207). This value is accordingly seen be created in the editorial practices of improvising, and evaluated by listening to readers (section 10.5.1, p.237). This logic has clear parallels in the creative media communities studied by Deuze (2007), and stands out as quite different from the marketing management logic on the advertiser-side. Similar desires to protect of the creative production practices from too detailed valuation procedures and efficiency demands has been found in ethnographic studies of creative practices at advertising agencies (Kover, 1995; Kover et al., 1995).

Figure 42 Practical logic of value in custom publishing – editorial staff

ICA on the other hand represents in this case a more diffuse constellation of internal communities with different agendas that collectively is to guard higher-level ICA values. Though the marketing department uses their production practices of coordination to try to manage Buffé as a marketing channel in their portfolio, the valuation practices include tools that are rather specific in their assessment yet open to interpretation of depending on which practical lens you are looking through. The result is a valuation practice that more projects, than verifies, value (section 10.2.3, p.221).
The relationship between ICA and Forma/OTW is a close one. Besides ICA’s historical ownership connection through its stake in Forma Publishing Group, the relationship is also enacted in daily interaction practice. There is direct dialogue between the editor-in-chief on the media side and project managers on the advertiser side. Examples of this are the quite elaborate knowledge about ICA’s brand values and acceptance of effect-based assessments of reader response. However, it seemed like *conversation* as an interaction practice had not in any significant way made editorial production practices more coordinated with marketing management’s desire of *managing* the communication process. In this relationship the customer (advertiser) had conformed (or at least relaxed) their view of value to fit the journalistic value creation practices of the medium.

### 10.5.6 The dynamics of value formation – Custom publishing

Despite this divide between the two fields of practice, there were signs that ICA and Forma/OTW managed to get closer both to each other both in understandings and in action during the 2007/2008 communications process. As ICA has started to explore the possibilities of the relationship with Forma/OTW they also start to take more interest in process value, meaning how the media planning process itself can be improved to be more creative, innovative, integrated, and eventually more effective. Considering the sizeable investment in the magazine, evaluation mechanisms were unstructured, goals and objectives were diffuse and ownership/responsibilities within ICA’s organization were somewhat fragmented.
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In terms of their articulation of value, the marketing management of ICA desired two aspects in particular – communication effects (section 9.6.1, p.190), in the meaning of brand loyalty, and process value (section 9.6.4, p.194), in the meaning of increased synergies between their channels. Buffé was considered to perform well in the first category of value, but left room for further improvement in the later. In short, ICA’s marketing managers wanted to tweak the execution of the magazine to more proactively support the campaign objectives and the creative operationalization of campaign themes. However, they recognized that it was undesirable to intervene in the custom publisher’s production practices that focused on creativity and improvisation (10.5.1, p.237). Pushing harder for accountability and market effects would ruin the credibility of the magazine and thereby get a negative effect on the value being produced.

As the demands for process coordination grew stronger it stood clear that there was a conflict of in how value was understood. It was accepted that there needed to be some balance in power where Buffé didn’t lose the editorial production practices that formed the fundament for its value creation. However, Buffé, represented by the editorial community of practice, needed to be more active in co-creating its own role and contribution within the larger framework of ICA’s communications planning system. In short, the advertising side and the media side had to find greater synchronization in the understandings of value, while maintaining the benefits of their differences in production practices. This was not going to be an easy shift, and the editor-in-chief refused to regard himself and his magazine being a part of ICA’s campaign processes. Repeatedly he attempted to downplay the importance of the advertiser’s view in the custom publishing value creation process since it simply did not fit into his logic of value (for a similar observation see Kover, 1995). ICA’s marketing communications manager commented on the situation (see also section 7.4, p.133).

...somewhere there is the key issue. If you are independent, then of course you don’t enjoy having someone else pointing out the direction for you. At the same time this is a product that we purchase, and we have the right to decide over the output. And make sure that the messages we infuse in the magazine are also reflected in the editorial work practices. (Marketing communications manager 2, ICA)

As a customer, ICA has a certain degree of power to force their priorities upon the media supplier in terms of demands. However, their choice here was a more subtle one. The solution was to invite the media practitioners to take part in campaign planning procedures. In addition to Buffé’s separate valuation practices focusing on the readers, editorial representatives were now participating in the practices of defining and projecting campaign value. A practice that was not primarily an interaction practice of listening or negotiating between two communities, but instead a shared production practice. This showed that
practices for co-production may be equally or more influential than mere interaction in bridging understandings (see also Wenger, 1998). Here they added a shared *valuation practice (projection)* to the editorial practical logic, which in turn generated shared understandings (e.g., themes of media vehicle value and process value), while *production practices* could be kept separated. The result was an adoption of new articulations of value among the editorial staff which became new dimensions of their practical logic. Now the editorial community would not need to adopt marketing management production practices, but they could better understand the desired process value and see how journalistic practices also could produce it. The result was closer alignment and coordination between the two communities – without interfering in the journalistic production process.

![Diagram of Editorial community of practice and Marketing community of practice](image.png)

**Figure 44 Creating a shared valuation practice**

The ‘Home cooking’ campaign during spring and fall 2008 was presented as a successful example where Forma/OTW ran several magazine issues on the theme, managed a nation-wide recipe competition, and produced an award winning cook book (sections 6.2.4, p.111 and 7.7, p.139). All-in-all, combining the branding-oriented communication objectives of ICA without changing their journalistic practices.

What is interesting about the Buffé case is that even though the marketing management community had strong formal power over the contract publisher, they saw that exercising this power to define value might destroy the value created through the publisher’s practices. These were effects that ICA enjoyed the benefits of, yet did not fully comprehend the editorial practices that created them.

### 10.6 The CRM case

As presented in chapter 8, the CRM case and the development of personalized direct mail, presented a huge but exciting challenge for the marketing managers. For the first time ICA would be able to take the step of actually leveraging all
the investments in customer data and data mining capabilities in a tactical marketing program. The visions built on CRM theories, meaning that its success was relying on the assumption that ICA’s customers would find personalized offerings more attractive than generic ones, and they would reward the firm with higher coupon redemption rates, brand loyalty and brand likeability. The CRM case is particular in the case that ICA was both media producer and advertiser at the same time.

Without an external media supplier involved, the ICA’s marketing managers had slightly different priorities. In terms of how value was articulated the CRM project stood out as the case where the advertiser placed the greatest value in processes and relationships (Table 31, p.206). Centrally, they relied on collaboration with their co-op advertising partners (the product suppliers) in order to realize the benefits they envisioned. It was a collaborative view on marketing communication, where ICA wanted to develop a service capability based on consumer intelligence around their databases the same way as Tesco had done in the UK. Such a proactive initiative was rarely seen among buyers and sellers in traditional advertising media (e.g. TV networks and advertisers). The problem was however, that this required a different understanding of value which was not currently part of the established sales promotion practices that normally guided suppliers’ investments in co-op advertising (see section 5.1.5, p.92). The CRM case represents a good example of the interdependence between activity and understanding within the practice – changing one affects the other. The new co-op advertising product required value to be understood from partly a new frame of reference, so in order to get acceptance for ‘personalized offerings’, ICA was trying to introduce a new coherent system including new tools in the production of marketing communication, new methods for valuation, and new support services and approaches to interaction between advertiser and product suppliers (section 8.3.2, p.157).

10.6.1 CRM production practice

It should be noted that the personalized direct mail project began national testing in October 2008 (see section 8.3.4 (p.160), and therefore it was difficult to talk about routinized practices in this case. Everything was new, and by calling it a ‘test’ rather than a ‘launch’, ICA downplayed the initial expectations in the event of possible flaws and beginner’s mistakes.

Once the database marketing system was up and running it was seen as an automated tool around which marketing management was conducting the practice of administrating and matching product offerings with consumer shopping data without significant human involvement. Most importantly, ICA had tried to avoid drowning in negotiations over more than 20,000 annual campaign products. Therefore, they wanted the sourcing system to be as far as possible automatic (see section 8.2.3, p.151).
From the eyes of the practitioners in the CRM project they were creating value by optimizing the co-op marketing process. ‘Personalized offerings’ as a sales promotion system was seen as mediating suppliers’ product offerings to the audiences (frequent shoppers) where it was likely to create the most sales effect. During the development phase, technical development of tools and infrastructure played a central role. In the task of matching Europe’s largest database of consumer shopping data with a product range of some 20-30,000 items, the technicalities were solved with surprisingly good results. More and more the CRM practitioners experienced that production practices were not going to be the most important challenges. Rather interaction practices including relationship management, PR, supplier education, and product sourcing were the areas that were thought to be the most critical for success.

The success of the CRM project was relying on the eventual acceptance of a vast majority of suppliers accepting to sign broad agreements for all their products. As ICA experienced, it proved to be an educational challenge to convince suppliers shift their conventional views on how co-op campaign sourcing was to be conducted. Conventional sales promotion practices carried a language and rhetoric that both marketing managers and sales representatives from the supplier side knew. This had been used for decades to become way of doing things that was taken for granted (5.1.5, p.92). It involved yearly negotiations for which the supplier representatives were trained, and it involved a logic for how retailers’ co-op media were valued. These were the established rules for how the practice of co-op advertising and sales promotion were conducted. This industry has been working the same way since the 60’s, as one marketing manager noted (section 8.3.2, p.157).

10.6.2 CRM interaction practices

Within the CRM case, ICA’s marketing department was confronted with two communities of practice that had different logics for understanding value – first, the product suppliers with their processes for sales promotion, and secondly the store managers within the ICA’s own organization. The success of the direct marketing program was depending on the cooperation of both of them.

Being a retailer with huge power of the Swedish food market, ICA was known to drive a hard bargain with product suppliers. Interaction was seen as something that happened by the negotiation table each party tried to gain as much as possible for the lowest possible price. This was something that the CRM team, including ICA’s head of supplier campaigns, envisioned would have to change. A more collaborative and mutually rewarding relationship with ICA’s loyal shoppers would from this perspective require an even more collaborative relationship with suppliers. The interaction practice would have to change from negotiation to conversation in order for suppliers were to see that ICA’s database provided them a tool where they could plan and execute more
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effective and accountable campaigns. This required however that the suppliers also changed their understandings of sales promotion from being a piece in a bargaining game, to an accountable marketing communications tool aimed at creating consumer satisfaction (section 8.1.3, p.145).

10.6.3 CRM valuation practice

As noted in section 8.3 (p.154) the CRM project was based on marketing managers’ theories that CRM was a good thing that would produce benefits for ICA. This was backed up with evidence from tests. However, being a project in development there was no way of knowing exactly what would come out in the end. It could be argued that it was therefore particularly important for the marketing managers to provide value with a shape and form that made it possible to quantify and communicate convincingly. Accountability became a central argument when building trust in the new marketing tool and verification was introduced as a central valuation practice. Consumer brand loyalty was central to the understanding of value, and at several stages ICA was verifying where supplier investments were placed, how high coupon redemption rates were, and they could even provide studies that linked the chain to supplier brand effects. Whereas the system itself was regarded a practice of rewarding customer brand loyalty, it was also clear that some important communities of practice were questioning whether rewards were shifting away from them.

From the eyes of the product suppliers’ sales representatives, it could appear as if their sales bonuses were at threat as ICA wanted to shift the emphasis of co-op advertising from short term sales results to medium term brand gains. As one marketing manager explained; at the moment people are thinking one-week campaigns, because that’s how it has been historically (section 8.3.1, p.155). Likewise, the ICA store-owners had seen the traditional co-op advertising rewarding them in direct monetary terms and were now going to see this shift to a system verifying long term consumer loyalty that could only be envisioned to increase overall sales in a longer perspective.

However, though many suppliers were difficult to convince to start focusing on customer loyalty rather than sales, there were indications that they started to look at their campaigns in new ways. This could be a sign of new understandings of value slowly emerging. It was ICA’s belief was that the more suppliers started to question the return on their promotion investments, the more ready they would be to adopt new usage practices. This in turn would make them request different types of valuation and interaction practices. In the CRM offering, ICA was adding consumer data reports, and in co-creating relationships ICA envisioned that the interpretation of these data would be a process of learning and exploring value together.
10.6.4 The practical logic in CRM

Introducing a new marketing tool required not only new practices at ICA. It also required suppliers to grasp the new practical logic that it carried. To complicate further the situation, ICA did not carry the answers to exactly what value was, but value was allowed to emerge in the process. This required new practices for production, for valuation and for interaction. Production was in this sense going to be more automated and focus on optimization rather than daily management, valuation was proposed to be more effect-based verification than instant reward, and interaction based on conversation and learning together rather than negotiation. In essence, product suppliers needed to become more advanced in their use of consumer data in order to understand to appreciate their CRM marketing investments. When looking at the product suppliers as ICA’s advertising media customers, ICA was not working to satisfy an existing need or conform to unsatisfied categories of customer value. Rather, they were acting to make their customer discover these new dimensions. This change could not be forced upon product suppliers with market power and ICA in their role as an advertising media seller could just use their best arguments to establish the trust needed to create this change.

![Figure 45 Practical logic of value in CRM](image-url)

**Figure 45 Practical logic of value in CRM**

10.6.5 The dynamics of value formation – CRM

Marketing management believed in ‘personalized offerings’ as better, more effective and more accountable co-op advertising tool (section 8.1.3, p.145).
They also saw this as an opportunity to innovate the co-op advertising process and co-create value with the product suppliers. However, whereas this sounded good to ICA – it did not fit into the practical logic of value that dominated the minds of the suppliers' sales representatives. In other words, the CRM project was lacking a platform on which the different understandings of value and its processes for creation could be bridged.

As described by Shove and Pantzar (2005), each product is a piece in a larger system of usage and successful adoption requires the successful configuration of elements. In the case of CRM, ICA was introducing an entirely new communications offering in their co-op advertising portfolio. ICA faced the problem that there were no established practices for valuation, usage/production, or interaction around their media product, hence the practical logic was missing in the eyes of their co-op advertising partners. Value creation as learning together in conversation (Ballantyne, 2004b) or jointly exploring new value (Beckett & Nayak, 2008) seemed good in theory. However, building long-term customer loyalty was not a part of sales promotion practice and the objectives of sales representatives, and hence, the benefits offered by ICA did not make sense. ICA's marketing managers faced essentially two options – attempting to change the entire supplier interaction practice from negotiation to conversation, or to search new communities of practice on the supplier-side that to a greater extent shared their understandings of value. The result was a combination of the two.

One problem for ICA was that historically, the established interaction practice between suppliers' sales representatives and ICA was based on negotiations and handshakes, not analytical discussions on consumer behavior and marketing strategy. In other words – ICA needed a platform to start a conversion about how value could be co-created in a learning relationship, but the established interaction practices were not suited for this. ICA could not force any shared practices or understandings upon their collaborators, and they could not argue for learning and co-creation since conversing was not an established practice. ICA instead employed the interaction practice of evangelizing, meaning that top representatives of ICA's marketing management team were preaching the new logics of value (for an example of how ICA's own understanding had formed over the process see section 9.8, p.205). Evangelizing thereby became the practice of building trust where there was prior platform for dialogue (section 8.3.2, p.157).

The product sales representatives were of course important speaking partners, but ICA's marketing practitioners were also looking for other communities of practice on the supplier side that were better suited to recognize the benefits of the CRM logic. Management groups, marketing communications departments and market analysts within the large consumer goods producers were in this process early recognized as carrying understandings and performing practical routines that were similar to those of ICA's marketing managers. Such a connection could potentially bridge ICA and
the product manufacturers. ICA had seen tendencies of more informal meetings with larger product suppliers that involved sharing of information on goals, strategies and views on the market. In the process of evangelizing ICA also saw the need to build trust in the sincerity of their intentions that this was a project with mutual benefits.

Creating this change required a new approach to supplier interaction where ICA emphasized the value of collaborative relationships (section 9.7.3, p.200). Suppliers should feel confident that ICA in this role was not primarily a purchasing organization that wanted to pay as little as possible for their products and get as much as possible from their sales promotion budgets with no guarantees for effect. Instead, the relationship should be based on mutual long-term gains and a mutual trust that ICA honestly could act as a media agency that worked to support the value creation of their clients and improve their business. This was counter-intuitive to how many looked upon ICA. However, effect-based payment was according to ICA’s a gesture to show that they were serious about this role (section 8.3.3, p.159).

10.7 Marketing management and intervention in value formation processes

Looking back at the analysis, I have argued for the existence of a practical logic of value. This consists of both understandings and bodily practices that work as a field of gravity for what value is seen to be and how it is seen to be created. In this gravity field, certain value creating activities draw their meaning and purpose from contextual, shared, understandings of value. Likewise, understandings are being reproduced and continuously confirmed through the daily routines that defines the field of practice (e.g. Reckwitz, 2002). The analogy of a ‘practical logic’ is borrowed from Bourdieu (1990) and views practitioners as members of communities in their adoption of these logics (see Lave and Wenger 1991). Hence, a central pillar in this concept is that a certain logic is shared between practitioners in a given field of practice. However, the practical logic of value as used in this text is specifically re-interpreted within theoretical and practical problem of value creation in the field of marketing. Chapter 9 was devoted to descriptions of how value was understood and articulated in the studied communities of practice and more particularly which differences demarked the studied communities. Chapter 10 took the question one step further and asked within which practices such articulations gained their relevance and purpose. Further evidence was provided on how and to what extent marketing managers attempted to manage each case as a constellation of practices.

In chapter 4, it was from a marketing-theoretical standpoint introduced an increasing interest in the customer as a central and active agent in the process
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of value creation (e.g. Vargo & Lusch 2004; Normann & Ramirez 1993; Normann 2001). As noted by other authors this does not mean that we know what customers do to create value (e.g. Schau et al. 2009). This study has framed a particular type of customer, an organizational actor (ICA) and their community of marketing managers facing the challenge to create value in their marketing communications process. The focus has been on how they integrate three cases of advertising media, practitioners, and practices, in this work.

From the perspective of marketing management it is of interest to try and guide or in other ways manage value creation in a more systemic way. Conceptually it has been described how value creating systems evolve (Shove & Pantzar, 2005) but it remains a question how and to what extent managers can and actively do organize them (e.g. Normann 2001). What has been demonstrated in the three cases of TV advertising, Custom publishing and CRM is that in order to organize value creation as a task of resource configuration, ICA needed to take into account also the process of value construction (how other communities understood value) as well as value formation (how understandings and value creation activities were interrelated). These terms were introduced in picture

Figure 33, (p.165) and are used to integrate the propositions of practice theory (e.g. Reckwitz 2002) with value creation literature (e.g. Vargo & Lusch 2004). Similar to Practice Theory’s acknowledgement of balance between understandings and value-creating activity, the idea of coherence and ‘internal logic’ between the managerial frame of reference and the marketing mode (the types of marketing practices employed) has been identified also using different theoretical frameworks (Pels et al., 2009, p. 332). On a higher level of analysis, it has raised the argument that marketing modes and interaction practice need to be seen in the light of the macro-level network or value constellation (Vargo, 2009).

The case of TV advertising provided a description of how ICA’s marketing managers, media agency specialists and TV network representatives had organized their work based on the understanding that value could be delivered to ICA, in line with what Vargo & Lusch (2004) refer to as the ‘traditional goods-centered logic’ (see also the concept of ‘transaction marketing’ in Coviello et al 2002; Lindgreen and Wynstra 2005). Hence, the audience product was seen to embody benefits and the interaction practice of negotiation would determine the price, whereafter the product could be delivered via the media agency administration.

The practice of managing shaped how ICA’s marketing community viewed value. Seen from this marketing management perspective, TV advertising came as a discrete resource (essentially audience exposures in the form of Target Ratings Points) that could be put to work in ICA’s value creation practices. The problem appeared when ICA wanted to extract more value from TV advertising. Essentially ICA’s marketing managers were asking for benefits (brand environments and cross media synergies) that were derived from the
media context and from a more holistic view on the value creation process, rather than from the audience product itself. These categories of value were not broadly supported in media agency practice. Agency staff listened to ICA's requests, but since they were found hard to translate into meaningful action, they were left fading over the value creation process. Due to ICA's arms-length relationship with TV networks (see the concept of transaction marketing in Coviello et al., 2002; Lindgreen & Wynstra, 2005; Sheth & Parvatiyar, 2000) and the goods-centered logic (Vargo & Lusch, 2004) characterizing media agency and TV network thinking, the marketing managers had slim chances to create significant change in the value creation processes they had outsourced. Normann (2001, p. 141) describes 'the offering' as containing 'fixed knowledge' that shape how actors learn how to operate value creation processes. Here the audience product was both relying on established advertising industry practices, as much as the advertising industry ecology was relying on having the audience as a shared currency. The product was fixed and by using negotiation as interaction practice, ICA could determine how much they wanted to pay for this. In terms of managing value creation the marketing department was trying to maneuver strategically and develop the ICA brand between two externally determined fields of practice – TV planning and purchasing (media agency and TV networks), and co-op advertising (suppliers). Being a significant customer, the power that ICA had over their media suppliers was obviously not enough to alter any of these fields of practice in order to accommodate marketing management's value preferences. However, the CRM case discussed below, provides an example when ICA's marketing management was making a serious attempt to actively intervene one of these fields.

In the case of the customer magazine Buffé, the marketing management community demonstrated a relatively consistent articulation of value compared to the TV advertising case. However, in this case, they were interacting directly with the editorial staff at the media supplier (Forma) without a media agency acting as middleman. Among the editorial staff, journalistic integrity and creative quality was seen as important aspects of value, which in turn were grounded in improvising as a central practice. The marketers and the editorial staff essentially agreed that value was centered on communication effect and reader satisfaction – on effect rather than efficiency. The difference in opinion was over to what extent ICA could tailor communication effects after their marketing plans without hurting the editorial practice.

If marketing management is a practice that is concerned with configuration of resources to create value, this was a case where ICA stretched their ambitions beyond merely employing the resource in their marketing communications processes. As described in section 10.5.6 (p.242), the challenge was to keep the journalistic field of practice that characterized the custom publishing organization intact, while still intervening in how they constructed their understandings of value. This could be labeled as an example of co-creation (e.g. Vargo & Lusch, 2004), where the buyer (ICA) was not only
creating value for themselves in their usage practice (managing), but also leveraging the skills and competencies of the supplier to enhance the value produced. The interaction practice of *conversing* had been the vehicle for the way this had progressed in the past. Dialogue as a foundation for co-creation has been proposed in academic studies (Ballantyne, 2004b). However, what made this case particularly interesting was that conversation in itself did not have the power to alter how understandings of value were constructed. The analysis can be made that mere dialogue and communication could not change the fact that marketing management and editorial staff constituted to separate fields of practice that had different logics concerning how value was understood and created. In conversation, marketing managers could essentially only highlight certain articulations of value that already resided in the editorial practice. In other words, making the custom publisher really support ICA’s value creation processes by integrating new understandings in their praxis required more than conversation. As discussed in earlier sections, the marketing managers solution was to invite editorial staff in marketing management practices. By establishing such a bridge (see e.g. Wenger 1998) between the two communities, ICA and the custom publisher Forma managed to make the skills and competencies of the editorial community proactively support and develop how value was dynamically formed in the ongoing marketing communications process at ICA.

Value co-creation in marketing has often been seen from the perspective of the active seller as engaging in the customer’s value creation processes (e.g. Korkman 2006) or engaging the customer in supplier processes. Here the roles are the opposite – it is the active marketing management community that intervenes or attempts to manage supplier processes.

The CRM case provides yet another angle of the management of value creating practices. However, as noted earlier, here it is studied how ICA takes the role of the advertising media producer in the relationship with their co-op advertising customers. In the development of ‘personalized offerings’ as a tool in ICA’s co-op advertising portfolio it was recognized that value in this context was going to follow a different logic. Whereas co-op advertising traditionally built on weekly campaign sales and direct dialogue with retailers about in-store activities, personalized offerings represented an automated system that claimed to build long-term brand value and consumer loyalty. Marketing management faced the challenge of selling this media product to a community where these articulations of value were previously unknown to their practice. Theoretically, the question has been asked how firms do to co-construct the understandings and articulations of the customer through dialogue (Jaworski & Kohli, 2006). This case brings more light to this issue as ICA was actively trying to infuse the logic of relationship marketing among their product suppliers. Here marketing management were seen as *evangelizing* their trust and conviction in CRM and database marketing as a genuinely valuable progression of co-op advertising. This has parallels to Skålén’s (2009) descriptions of how marketing managers in
a service organization take the role of pastors to lead their employees to adopt their beliefs in customer-oriented behavior.

Overall, the three cases has provided a palette of different value constellations surrounding the marketing communications process of a large food retailer. ICA also demonstrates that their logic appears to take different expressions and their intent and strategies to prescribe their understanding of value to other communities varies according to situation and counterpart. This reflects the questions asked by Coviello et al. (2002) regarding the coexistence of different logics by which firms relate to their markets, but it also highlights that firms are unlikely to have one single way to put this into action. Moreover, differences in understandings between the various professional communities have been highlighted. It should be noted that these differences exist in the everyday work in an industry where buyers and sellers, year after year, interact and transact without seemingly without any major obstacles. However, the issue has here been to uncover how differences affect value creation, how they are handled, and the extent to which value construction can be managed. The final chapter will conclude this study by discussing the merit of the findings in relation to some related bodies of marketing and marketing communications research.
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11.1 On marketing communications practices and related theoretical discussions

In everyday life, we make decisions all the time, often without even thinking of it. We choose what we should have for lunch, how to travel to work, and what clothes to wear. Solutions to problems are often parts of our daily routines, and these routines are parts of our social lives. Value, in the sense of having a preference for benefits derived from things, experiences, or outcomes, is therefore not a matter of free judgment but constrained by a myriad of conventions and assumptions that guard the practices we conduct in our roles as social beings. My ambition has been to build a case for the argument that these aspects are just as important to us in our professional roles as in our private lives and accordingly they should be included in the discussion about value creation. This concerns both communications planning as well as marketing work in a broader sense.

Earlier in this study I argued for the need to study what market practitioners actually do. That if academic research has the ambition to improve marketing itself, we need to better our understanding of how market practices works and why. A concern about the current divide between academics and marketing practitioners has been voiced in general marketing (e.g. Brownlie & Saren, 1997; Hunt, 2002) as well as in advertising and marketing communications (e.g. Gabriel et al., 2006; Nyilasy & Reid, 2007) and there are several explanations of both the causes and effects of this gap. Studying marketing through a social lens has been seen as one way to address this issue. Therefore, instead of providing a normative model on how firms should behave, I wanted to throw as much as possible of my pre-assumptions about marketing and media selection overboard and just look at what really goes on in practice. The food retailer ICA and their marketing communications process provided a story and a case context that I found interesting on its own merits, not only from a theoretical point of view.

In marketing theory’s descriptions of value as being jointly created in a set of activities between buyers and sellers (Normann & Ramirez, 1993; Vargo & Lusch, 2004), it could be noted an tendency to picture value in objective terms as being created in processes. However, the very idea about what value is, its definition, is described as fixed and securely locked into the black box of customers’ minds. One could contrarily argue, however, that our understanding of value is dynamically formed along with our development of social practices to create and co-create value. Accordingly, dynamic tendencies of value perceptions have been observed in a few studies (Eggert et al., 2006; Flint et al.,
2002), but the implications of such dynamics are largely missing from the value creation conversation (Grönroos, 2007). From the position of Practice Theory, we can never ‘know’ what value is, since value only makes sense under specific social circumstances, over a certain period of time. In the long term it is hard to imagine a professional community that is isolated and unaffected from any societal change, external social interaction, or learning. This study has elaborated on these dynamics, how practices both shape and stabilize how we understand value.

The aim of this study has been to create an empirical description of the value formation process. This was a purposeful choice of the term formation rather than the more commonly used term creation in order to signal an iterative interplay between what we understand as being valuable and what we do to create value. The study accordingly started by asking a question about how ‘value’ is formed and argued for the role of the social context in this process. Drawing on the sociology of practices, three elements have been empirically studied and described at length – the understandings held by practitioners (chapter 9), the location of these understandings within a set of marketing communications practices (chapter 10), and practices as integral parts of an overall marketing communications process of a large food retailer (chapters 5-8) (for more methodological considerations see section 2.1.5, p.22).

The conclusions of the study can be summarized as follows. Parallel to the process of value creation activities is a process of value construction in which market actors adopt and produce ideas and representations of what is valuable to them. This process is not sufficiently explored in marketing literature. In marketing communications literature value is often portrayed as objective facts derived from pre-defined industry data, but by letting different communities of practitioners express how they relate to value in their work, I have pointed at the multitude of parallel interpretations and articulations. In response to literature on advertising media selection this has some implications. Whereas some studies have portrayed advertisers as less initiated than agency specialists in 'proper' advertising media valuation, this study contrarily points at a broader perspective on value as marketing manages places the use of advertising media in the wider context of their practice. At the same time, those specialized in advertising media selection sometimes seem to lack the tools and incentives to adapt their view on value to the needs of advertising clients, to try new solutions, and improve their customer-specific processes.

The theoretical perspective taken in the study holds that these interpretations of value in organizations are grounded in the value-forming practices of each professional community. This study has identified 16 such practices divided in three categories – production, interaction and valuation. Collectively they form a ‘practical logic of value’ which guides how practitioners relate to their value creation activities. For the development of marketing communication as a field I maintain that it is an important challenge to understand how different logics can be bridged in order for communities to
collaborate in value formation processes. The study has illustrated some of these dynamics with empirical descriptions from TV advertising, Custom publishing and CRM.

This final chapter will relate these findings to ongoing theoretical discussions in the field of marketing. In section 11.2, the empirical identification of specific practices in marketing communications work (chapter 10) will be linked to previous research (as introduced in section 3.6). This adds material to a newly awakened interest in practitioner communities as social entities and what they actually do to create value. In section 11.3 the role and function of marketing management practice will be discussed in relation to the Service-Dominant Logic (SDL) and research done by the Contemporary Marketing Practices Group. In section 11.4, the Practice theoretical approach to value creation is linked to marketing communications literature, underlining the largely missing discussion on the practical organization of integrated marketing communications (IMC). The discussion also provides new insights to the number of studies that have identified a problematic gap in understandings both between communities of advertising practitioners, but also between academics and industry professionals (these studies were first introduced in section 4). The chapter ends by pointing out some additional managerial implications and share some ideas on promising directions for future research (section 11.5).

11.2 The Practical Logic of Value – an empirically derived constellation of organizational value-forming practices

Marketing theory has forcefully argued that value creation builds on resource integration (application of skills and knowledge) conducted by practitioners (Normann & Ramirez, 1993; Vargo & Lusch, 2004, 2008) and in this discussion the delineation between producers and consumers is of decreasing relevance since both sides are parts of the same value creating constellations (see chapter 3). Hence, value does not reside in the resources themselves but in ‘the actions, interactions and projects that acquired resources make possible or support’ (Schau et al., 2009, p. 31). Hence, resources enable the enactment of practices, and practices enable the value creating employment of resources. This study was partly motivated by the argument that marketing theory so far has lacked the tools to systematize what these activities are and has failed to acknowledge the collective mechanisms of value creation. In other words, there is a need to study what practitioners do and Practice Theory provided a framework to do so.

Inductive research on what marketers actually do has been requested in order to allow for interpretations that pictures the complexity rather than the
one-dimensionality of marketing practitioners and marketing management practice (Brownlie & Saren, 1997). However, it is only recently that efforts start to be made to look at value creation from this perspective. Schau et al.’s (2009) identification of value creating practices in consumer brand communities is an important point of departure. However, so far most studies of value creation practices in organizational settings remains either more conceptual in nature, studying practices on a market level (e.g. Kjellberg & Helgesson, 2006, 2007) or having deductively derived practices from theory rather than from practitioners in action (e.g. Brady & Palmer, 2004; Coviello et al., 2002; Coviello, Winklhofer, & Hamilton, 2006). Practices are seen to be formed within social communities that share understandings about what should be done and how (procedural knowledge and skills) as well as why (understandings of value and purpose in the context of the community). These communities of practitioners thereby develop their own internal logics which they tend to recreate and foster new members into (Lavé & Wenger 1991; Bourdieu 1990). By studying the professional communities involved in marketing communications work and connecting their ideas and understandings about value with their value forming procedures, this study engages in that discussion.

Based on Practice Theory, the study of ICA’s use of advertising media takes the step into the business setting and maps out 16 value-forming practices in a typology consisting of three categories. During the analysis phase, the typology was the first outcome when structuring the empirical material and it appeared that each studied community drew from all three parts of the typology in their repertoire of practices. Building on the notion that any field of practice is constituted from a collection of practices that builds on each other (Schatzki, 1996; Warde, 2005), the identified three practice types (production, interaction and valuation) were seen as interrelated with the practitioners understandings in a ‘Practical Logic of Value’ (see chapter 10). Though the labels are borrowing some of the value creation terminology used for instance in Service-Dominant Logic, the categories were empirically derived and in their value formation processes each studied community was found combine practices from all three categories in the typology (production, interaction, valuation). A similar initiative to empirically categorize the practices that collectively interact within a field of practice was made by Schau et al. (2009) who named this type of structure a ‘physiology of practice’. I however maintain that the word ‘logic’ better connotes that practitioners conduct practices. Whatever label you prefer, such a typology of value forming practices provides empirical material to elaborate further the concept of value co-creation. In the study of ICA, the empirical context was an organizational setting with professionalized communities, why many procedures were of a more formalized nature. Schau et al. (2009) used empirical material from studies of consumer brand communities (e.g. cars, soft drinks, music etc.) and their labels (social networking, community engagement, impression management, and brand use) had a theoretical heritage from consumer culture research.
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When studying practices I used a somewhat different approach than for instance Schau et al. (2009). Where several authors have distinguished the formal procedural knowledge from tacit skills and know-how (Duguid, 2005; Reckwitz, 2002; Schatzki, 1996), I have not seen the need to make that empirical distinction for the purpose of this study. Besides, going into fields of practice like marketing management or media planning it is difficult to know to what proportions observed or expressed activity is based on internalized skills or formal routines. So practices as described in chapter 10 encompasses both these aspects as well as Schatzki’s (1996, p. 89) idea of ‘teleoaffective structures’ (meaning ends, tasks, purposes etcetera). ‘Understandings of value’ (see chapter 9) were interpreted from practitioners’ free articulations and treated as an overarching expression of what benefits they find important and what the boundaries of their frame of reference are. Thereby practitioners’ understandings of value was conceptually located on the level of their practical logic of being marketing managers, media planners or editors, and it is being enacted through each of their routinized practices as knowing what to do (procedural knowledge), how to do it (tacit knowledge and skills), and why (teleoaffective structures) (e.g. Figure 45, p.248).

‘Doing production’ comprises practices aimed at the usage of production resources, that stretches over a wide range of areas and are here, rather simplistically, reduced to four areas – improvising, administrating, optimizing and managing. Their employment can be seen as signaling different approaches towards value in production – as having a creative and open approach towards the process where newness and exploration is valued (improvising), as trying to configure and integrate different existing understandings of value and value creation (managing), and as seeing value creation as maximizing value on given parameters (administrating, optimizing). The enactment of production practices is thereby linked with how value is formed and understood, but the discussion can also be extended to how firms adopt different market modes (Pels et al., 2009), and how customers approach the issue of how to employ the resources they are offered in their usage practices (Grönroos, 2006b).

Likewise, ‘doing interaction’ is a set of practices that is as important for the formation of value as physical production. The objects of activity are other practitioners and communities of practice. Classified as conversing, negotiating, listening, delivering and socializing, briefing, and evangelizing, practitioners spend their time conducting routines that may be sometimes be regarded peripheral to the production process, yet they are central to the process of understanding and forming value. It has accordingly been noted that interactions are important elements in organizational learning (Grönroos, 2006a) and in themselves value creating activities (Ballantyne & Varey, 2006). While being commendable in their efforts to further investigate interaction (‘encounter processes’) as connecting buyers’ and sellers’ networks of value creating activities, Payne et al. (2008, p. 90) show difficulties to separate themselves from the old logic where processes are managed by suppliers for customers, and the authors do not really
manage to take interaction from mere *activities* to social *practices* in a practice-theoretical sense. In the study of ICA, the marketing managers were representing the paying customer-side and had a large responsibility in designing how they wanted interaction to be conducted. It is not of concern for this study to assess the value created by interactions in any objective sense, but in their role of forming value, these practices play important parts. The use of practices can be seen as expressions of either a process which is open for intersubjective co-construction of value (conversing, socializing, evangelizing) or treating value on pre-defined dimensions (listening, briefing, delivering, negotiating). When ICA were avoiding social interaction with TV networks, or when they evangelized CRM value for product suppliers, they were also sending messages about how they look upon value construction. It was also noted how outsourcing the interaction activity to a third party (such as a media agency) made ICA lose control over the process in which external communities’ understandings of advertising media value was constructed.

In the study it was shown that the category ‘doing valuation’ contains a set of practices that are firmly grounded within a professional community. In them, the representation of value is the object of activity. The practices of **rewarding**, **defining**, **verifying**, **projecting** and **conforming** thereby contains sets of actions that are explicitly aimed to produce, reinforce or stabilize certain definitions of value. Firms spend considerable time and effort with these issues, and to the extent that we talk about value as being in a social process of formation, rather than physical labor along a production line, they make up an important part of building what eventually will be conceived of as ‘value’ within the value constellation. Whereas some of these practices signal a more passive and stability-seeking attitude (conforming, verifying) other practices are more proactive and flexible in their treatment of the value concept (rewarding, defining, projecting). Thereby, whenever any party verifies a delivery, projects the outcomes of a process, rewards a particular performance, they do that according to a certain understanding of value. Both for them and for others this practice sends signals about what value is since it confirms or re-creates an understanding of how value should be assessed and defined. The role of measurements and methods for measurements in the social construction of markets and market exchanges has been addressed (Kjellberg & Helgesson, 2006, 2007). By looking at valuation as being practices, not only by defining methods for measurement but also by for instance rewarding behavior, by making projections of future results, valuation manifests certain understandings of value, signals these to others, and thereby play part of the social construction.

Going into the identified practices, they can be viewed as a whole, as an overview of the variety of strategies employed by practitioners in a marketing communications process. They thereby extend the work of Schau et al. (2009) into an organizational setting, defining practices in a similar manner against the backdrop of Practice Theory, but looking at an entirely different set of
practitioners and resources at work. Though the identified practices are quite different from those identified in the Schau et al. study, there are also similarities (particularly in the area of interaction) that could be further explored. This can be a starting-point to explore how businesses and consumers interact. More directly, this study feeds empirical material into the discussion about what market actors actually do to make exchanges come about (Kjellberg & Helgesson, 2006, 2007). Here the categorization of practices provides an extended toolbox that allows the discussion to transcend from the level of thematic, conceptual categories to more detailed industry practices. It also represent an attempt to empirically approach and structure value creation in organizational settings from a social perspective that takes also people and contexts into account. In response to some to the debates on the multiplicity of managerial approaches in marketing practice (Brodie et al., 2008; Pels et al., 2009), these findings provide additional light on the complexity of this issue. The cases show that not only do different firms employ different combinations of practices, but as shown in chapter 10, even ICA as a single firm, and their marketing managers as a community of practice, show variations in how they configure practices in the different cases. All together, the identification of these practices aims to provide a foundation for discussing how members of communities enact their understandings of value, but also how practices are used to intervene in adjacent communities and their practical logics.

11.3 A relativistic view on value creation

Having positioned this study as a study of practices it may be a fair question to ask why chapter 9 maps benefits as residing in products or delivery systems. Whereas some academics (Korkman, 2006; Payne et al., 2008) treat value creation as a physical process residing in customers’ everyday consumption practices, I use a different point of entrance. I do not research value in any objective sense. What I do say is that practitioners’ understandings of what value is, resides in their practices. Therefore, if practitioners believe that value resides in physical resources rather than in their outputs when they are put into work, then that is a belief which has an origin in their everyday practices. If a supplier sees value as residing in monetary returns on investment, then that is a belief based in their practice. Depending on these practices, customers will understand and recreate specific idea of value, and their experience of value and value creation will also in a physical sense be dependent on this process. If we want to marketing-wise handle value creation as suggested by Vargo and Lusch (2004), where value is co-created and best understood as residing in customers processes, then we should also have tools to address the situation where customers and other practitioners in the network make different interpretations of what value is. This requires an understanding both of the practices and beliefs of other communities. Korkman’s in many ways well-caught proposition
to frame value creation as ‘the art of improved customer practice’ should be complemented with a caution that it requires shared understanding. Transferring the notion of value co-creation to the contexts of TV advertising, Custom Publishing and CRM at ICA, it was shown that the somewhat simplistic solution proposed by a handful of scholars (e.g. Hennig-Thurau, Honebein, & Aubert, 2005) that firms should ‘educate’ their customers in value creation, needs to be complemented by a view on customer practices that takes into account a more complex set of logics and motives underlying their value beliefs. Educating might have to be exchanged to the idea of creating shared understandings about value and value creation (e.g. Peñaloza & Venkatesh, 2006; Wenger, 1998). Such an effort is likely to require a more multifaceted set of strategies (see Kjellberg, 2001). In the organizational context of this study more initiative was taken from the media customer (represented by the marketing managers at ICA) to shape and influence the way value was constructed in their network of media suppliers, product suppliers, retailers, agencies and others. This represents a more ambiguous picture of who is the marketer of ideas within the constellation – who is the driver of change and who is being changed (for a related discussion see Peñaloza & Gilly, 1999).

It was discussed in chapter 9 that the media agency practice contains a specific and quite narrow definition of media value (which happen to be quite close to the advertising text-book definition). Since the TV networks in many cases treat agencies as their customers, they are then advised to find out about these customers’ practices and support and educate them to consume the advertising media product in ways that makes their usage more value creating. In the studied planning process, such a scenario would however not necessarily make the marketing managers at ICA experience more value from the process.

### 11.3.1 Value creation and construction as co-constitutive processes

By empirically describing connection between what people do and how they understand value, this study highlights a marketing issue in need of elaboration – that value creation and perceptual value construction are co-constitutive processes. From a practice theoretical perspective, our understanding is embedded in our practices (Schatzki, 2001). Thus, our practical value creation routines define how we understand value, and at the same time our understanding of value is what allows us to re-design and improve value creating processes. Accordingly, there is a golden thread between what routines are performed in a community of practice, and how value is understood. From this perspective value creation is not only a set of activities – it is a system for understanding value. It thereby extends the idea of value creating practice from production of 'things' to production of 'understandings' and 'practices'? This way, the Peñaloza and Venkatesh’s (2006) conceptual call to explore value creation as the creation of meaning is here addressed. Similarly, Shove and
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Pantzar’s (2005) higher level, systemic view of how suppliers and customers interact to create the meaning of a practice is taken down to the more casual everyday work in the advertising industry.

In chapter 10 it was proposed that the dynamics of the value formation process is found in the dominant practical logic of each community or site. Hence, situations where practices like Improvising, Conversing, and Projecting are used, value will be freer to evolve since individuals are freer to make new interpretations. In the opposite case when practices like Optimizing, Conforming and Delivering are dominating the practical logic, value is to a large extent locked into pre-defined formats.

In the case descriptions we followed how food retailer ICA planned and executed another year of marketing communications planning and advertising media buying. At the end of the day they appeared quite content with what they had achieved. Much of this work followed quite well established routines, and what was considered as ‘valuable’ in terms of advertising media followed these conventions. Different marketing managers testified how value was something largely outside of their control. Their work, balancing between more active management of resources and passive administration, was often not to choose which media channels delivered the highest value, but to fill the routinized choices with a purpose. Planning practices were primarily defining value and choice, not the other way around. In other cases, like the CRM case, a practice was not yet developed and ICA resisted the pressures to define value according to industry norms. Instead they believed that higher values lay outside the established conventions, and since the dominant practical logic was focused on invention and conversation, the definition of value was allowed to emerge in the process. In this case, Improvising and Conversing were more central to their practical logic.

11.3.2 Implications for the management of value formation

The identification of different practices and logics in the marketing communications process of ICA leads to the question about the role of marketing managers in the process of value creation and construction. Specifically, I wanted to see how practices (in the sense of knowing what to do and how) and understandings of value (in the sense of relating preferences to the question why things were done) were coordinated across interacting communities. Since knowledge about the formal procedures as well as the tacit knowledge and skills required to enact them (knowing what to do and how) have been seen as developed within a communities of practice (Duguid, 2005; Lave & Wenger, 1991), it was of interest to see how the understanding of value allowed or restrained practitioners from co-creating value between practices. Advertising media planning as described in the three cases provides examples of the challenge of coordinating different operant resources (practitioners and their skills) as these resources are bound to certain understandings of value. For
instance, being a media agency planner requires knowledge about the formal steps of media planning, and as a media planner you are also likely develop the skills to interact with the different computer programs and make skillful projections about the future success or failures of new TV programs. As discussed in section 10.4.6, it does however not necessarily mean that the media planner becomes any better at stepping out of the role and translating how the practice can or could produce value from the perspective of another community or how it relates to the value creating constellation as a whole entity. Thereby understandings of value are used here to depict the boundaries or frames of reference of each community (see also Kjellberg, 2001; Wenger, 1998). Taking a Service-dominant logic on value creation (Vargo & Lusch, 2004) implies a more holistic view on value creation that includes the totality of the process. In particular, the study took interest in the meetings of different understandings and to what extent practitioners could reflect upon their practices in the light of the totality of the process. Marketing management as a field of practice (in this case represented by the marketing communications managers) is concerned with the coordination of resources that are both of physical and tacit character, but so far there appeared in the study at hand to be a lack of tools to deal with practitioners (belonging to communities of practice) and the in-built boundaries to their understandings of value that comes with that perspective.

Various researchers have touched upon this issue – to what extent practitioners’ understandings and practices are possible to influence. In actor-network theory, Michel Callon (1998) talks about ‘overflows’ when practitioners are presented with something that is new to their frame of reference, and Kjellberg (2001) provides some empirical examples of how managers try to manage these situations. One example is the use of different types of valuation practices to translate the new into the framework of what is already known. Wenger (1998) uses the concepts of ‘boundary encounters’ to label meetings between different understandings. His view on the management of understandings is an organizational one, where the conscious design of ‘boundary practices’ and ‘overlaps’ between practices also bridges the mental frames between different communities of practice. Applied to value creation literature on consumer marketing, Korkman (2006) talks about ‘intervening’ in customer practices as the primary way in which firms create value. From this perspective, it is about providing the customer with the right resources and ‘teaching’ them how to make the best use of them. Schau et al. (2009) use the term ‘seeding’ to illustrate marketers’ possibilities strategically ‘plant’ new practices in consumer communities that increases their capacity to create value for themselves. Normann (2001) highlights the firm’s ‘offering’ as the most potent carrier of knowledge about what value is and how it is best created.

Chapter 10 displayed a variety of approaches in which the studied communities of practice consciously or unconsciously have set the boundaries of what should be considered valuable or not. In the Custom Publishing case,
marketing management was purposely designing overlaps between the planning processes of the customer magazine and the marketing communications process. The TV case displayed how ICA was praised by TV networks and media agencies for so well grasping their ‘proper’ language for value. Last, the CRM case covered some extensive use of metrics and data to underscore the value of the new value creation practice.

11.3.3 Searching for consistency among a multitude of practices

The question ‘how firms relate differently to their markets’ raised by the Contemporary Marketing Practices group (Coviello et al. 2002) is indeed highly relevant in order to understand how value is formed. Likewise their proposition of a configuration approach to marketing management (Pels et al. 2009) deserves further elaboration. The study of ICA extends Coviello et al.’s (2002) propositions of multiple parallel marketing practices into the specific area of ‘value creation’.

First, as discussed in section 11.2, it addresses the work of CMP group with a set of value-forming practices. This is an empirical addition to the notion of practices in a field where prior studies have derived their categories from theoretical streams within the academic marketing debate rather than from what practitioners actually do (Brodie et al., 2008; Coviello et al., 2002). Is for instance ‘Database marketing’ really a marketing practice or is it an academic label for a marketing field that might contain a variety of practitioners exercising a variety of practices? Hence, from a Practice Theoretical perspective (e.g. Schatzki 2001 Reckwitz 2002) it can be questioned whether Coviello et al. (2002) really study ‘practices’ or rather diffusion of different marketing philosophical orientations. Going back to the formation of dominant logics discussed in section 11.3.2, there is however still plenty of room to discuss the degree of overlap between academic and practical interpretations of marketing.

Secondly, the idea of each community as having a ‘practical logic of value’ provides a different perspective on the multitude on marketing practices and how they are organized. In the configurational approach (Pels et al., 2009), marketing management is not only about configuring and integrating resources (primarily skills and knowledge) as suggested by Service-Dominant Logic (Vargo, 2009; Vargo & Lusch, 2004) but also about configuring practices (including understandings and frames of reference). This study’s identification of practices and their combination into ‘practical logics’ suggest that practitioners combine practices of three different types – production, interaction, and valuation. Somewhat re-formulated to fit the language of CMP, production practices signal what practitioners do (what resources they use, what skills they employ), interaction signal how they relate to their surrounding value constellation (e.g. transactional or relational intent), and valuation is how they
assess and confirm value (e.g. verification of given parameters or exploration of new value).

Pels et al (2009) use a framework based on configuration theory to suggest that the practices (framed as marketing modes) should be consistent with the managerial frame of reference and the organization/environment relationship in order to increase performance (see also Tuominen et al. 2004). The question how this was to be practically achieved was however left largely unanswered. It appears that Practice Theory (Reckwitz 2002) offers a more coherent lens that blends these elements – understandings, practitioners and practices. From a practice-theoretical perspective, consistence is a fundamental prerequisite for a field of practice. By using a practice theoretical framework this study accordingly address some of the research issues brought forward by Pels et al. (2009) – the formative nature of value and the need for coherence between the elements within the practical logic of each community – while also inductively elaborating on the concept of marketing practices from a value formation perspective. Some illustrations of how such processes proceed have been given in some of the earlier discussions in this study. Specifically these illustrations have focused on how ICA as an organizer of marketing practices (ICA) uses different strategies depending on the situation and the counterpart.

The TV advertising case demonstrated the difficulty to expand the frame of reference and progress value formation without any practices that were shared between the communities. Such shared practices have been suggested to be both ordinary procedures of the value creation process, or more specific workshops and work groups that are designed for the purpose alone of bringing communities of practice together (Wenger, 1998). The custom publishing case is an example of the former where the editor-in-chief was invited to participate in the planning procedures of the marketing management community. The CRM case presented more of a challenge when a marketing tool was presented that required a radically different understanding of value – relationship marketing. It could be seen as a task of introducing a new marketing orientation, which was done by evangelizing the message broadly, while seeking new communities of allies within the product supplier organizations.

11.4 The problem of integrating marketing communications

The practice-theoretical approach to study practitioners in and around ICA provides new perspective on what it means to integrate marketing communications (see also section 4.3.6). It pictures the advertiser as managing a constellation of value creating actors, each of which creates and re-creates their overarching understanding of value through their practices.
Conclusions

The variety of understandings of value among the studied marketing communities covered in chapter 9 points both at the multiplicity of autonomous practitioner perspectives and theories on how marketing communications works (see also Cook & Kover, 1997; Nyilasy & Reid, 2009). Specifically, the differences between suppliers of advertising services and advertisers has been recognized as problematic (Abratt & Cowan, 1999). In the case of TV advertising, the picture given in earlier research was largely confirmed, but by extending prior research that has focused on traditional advertising into the cases of Custom Publishing and CRM, this study provides cases where the processes of value creation and construction have faced different challenges and has been managed differently. Overall, the study gives some insights on what can be done to address the divides. Drawing upon the earlier discussion on management of value construction (section 11.3.2, p.263), the discussion will be extended to the challenge of implementing Integrated Marketing Communications in marketing constellations.

When this study was commenced, achieving IMC was a top priority on the agenda of ICA’s marketing managers. They had noticed a siloing of their communications processes, and in line with literature, it was envisioned that synergies from better coordination would include more cost-efficient use of resources and improved communications effects (Pickton & Broderick, 2005). Though the concept has been around for decades and the IMC rhetoric (perhaps more than the label) today is commonplace in how actors in the marketing communications industry frame their offerings, there has been an implementation problem. As Wightman (1999) concludes, the holistic approach to marketing communication as envisioned in the early days of IMC fell on the organizational problems, and what Kitchen et al. (2004) suggest to advance research, is a better understanding of how IMC develops in business practice.

The study of marketing communications practices at ICA provides an empirically grounded exploration of how an advertiser was seeking increased synergies within a media type as well as across media types. In addition, Practice Theory provides a new way to study marketing communications activity, and here the identification of practices marks a step towards a more comprehensive understanding of what communities of practice do to develop their business priorities. Introducing the Service Dominant Logic and framing IMC as a case of value formation in business constellations is yet an addition to the toolbox of analyzing the challenges of collaboration between actors conducting complementary practices but carrying different frames of reference regarding the totality of the process.

Several studies of the integration of IMC focuses on different hierarchical structures by which the marketing departments should manage its external agencies (e.g. Duncan & Everett, 1993) or the degree of centralization and control of organizational units (e.g. Gould, Lerman, & Grein, 1999). In other words, the solution is placed at the management level to exert better methods for controlling coordination. This study takes a somewhat different approach to
the problem. IMC is not primarily seen as a problem to conform and align the marketing work conducted in various practices towards predefined goals. Rather IMC is seen as an outcome of maintaining overlapping frames of reference in the various parts of the overall process of producing marketing communications. Integration thereby is the residual from a shared process of value construction, enabling practitioners to see, discover, and understand new or existing value and solutions produced in their work that may benefit their own work or other parts of the marketing communications practice in new ways. For instance, in the TV case understandings of value was mainly overlapping when with regard to audience value, whereas the practitioners in Custom publishing managed to broaden the overlaps from media vehicle value to also include process value. It is the process of making practitioners look beyond the traditional boundaries of their practice, and reflect on the value of marketing communications from outside. IMC from this perspective is a reflective mindset among all involved practitioners (Schön, 1983).

It is here proposed that IMC cannot be achieved without regarding the practices as the units of integration rather than organizations or departments. This means that when we discuss integration of practices we must treat the practices for production, interaction and valuation as a bundle that collectively form the contextual logic from which marketing communications is understood. Both within and without ICA’s formal organization, practitioners are all part of the same (temporary) value constellation and should for that sake benefit from a reference frame that is specific for the work with ICA’s marketing communication. Making a specialist at the department for database marketing and an art director at the creative department work in ways that creates synergies will in other words require them to understand how their activities produces value beyond what they may normally be recognized and rewarded for. Section (11.3.2?) provided a handful of suggestions on how value construction can be influenced.

This not a simple task. As Beard’s (1996a, 1996b) study indicates, value formation is a mutual process where the also the suppliers try to shape the advertiser and their expectations on their suppliers of advertising services. In the case of TV advertising (chapter 6), the institutionalized practices for value creation were strong and instead of changing their own views on value TV networks and the media agency applauded how well ICA adapted to their language and processes. However, throughout ICA’s marketing process direct horizontal interaction between external communities of practice in TV advertising, Custom Publishing and CRM was largely absent. Consequently the only practices that were overlapped across the cases were those of the marketing managers why the marketing department carried a heavy burden in building a culture around their understanding of value. The case descriptions showed some of the difficulties they faced when evangelizing for product suppliers or briefing the agencies. Pickton and Hartley’s (1998) suggestion to increasingly acknowledge and reward process value is one aspect that is
Conclusions

currently missing since ICA’s marketing management were solely responsible for coordination and alone in the value constellation in their understanding of the value of communication integration.

11.5 Limitations and future research

Doing the type of research that has characterized this study – qualitative, interpretative, explorative, inductive, and I guess you can call it many more things – often opens more doors and raises more questions than it answers. It has been my ambition to be rigorous in my treatment of the empirical material, and both for good and bad I have tried to be structured in my analysis and discussion. However, at the end of the day it is the perspective on value creation in marketing and the description of dynamics between practitioners that the reader is left with, rather than any concrete models. In future studies wanting to contribute to the field, I believe there is an almost infinite number of possibilities to operationalize the insights from sociological studies of marketing in more applied forms.

There is more to be said about practices and whereas this study includes a range of different communities, their interrelation, understandings of value, and practical logics, there are other studies that deeper analyses the content or anatomy of individual practices (e.g. Schau 2009; Jarzabkowski and Seidl 2008). It can be questioned whether the practices identified in this study represents a full picture of how value was constructed and how this relates to other firms and value constellations. The only answer I have is that this is what I found in the empirical data, and that further research of professional communities in both similar and dissimilar contexts is needed in order to evaluate its wider applicability. Looking at the research on intra-community dynamics in consumer brand communities by Schau et al (2009) there are some similarities (particularly in practices relating to interaction), but whereas their study mainly focused inwards on how new and existing members were socialized into conducting value forming practices, the study of ICA mainly looked at how marketing managers looked outwards to influence other communities into altering their practices in a process of value formation. Researching practices in organizational settings promises a fruitful future arena, and the addition of more studies will both allow for comparisons across industries and settings, as well as the formation of a more comprehensive framework and catalogue of practices.

This study has been exploratory in its character, but the practice theoretical approach to value creation promises new avenues for research. This includes developing a better understanding for how firms alternate between practices. The configurational approach proposed by Pels et al. 2009 asks highly relevant questions on how and why firms develop and employ different marketing practices. It could be shown in the cases that ICA’s marketing managers were
both locked to current structures, but also attempted to influence how other practitioners acted within these structures. There is a promising research field in studying the variety of empirical practices, how they interrelate within value constellations, and how dominant logics are spread (see also Kjellberg and Helgesson, 2006).

It was speculated in this study that more coherent understandings of value within the value constellation under some circumstances unlocked new arenas for value co-creation. In the case of TV advertising it was contrarily argued that the limited overlaps in understandings restricted value co-creation to the lowest common denominator – audience value. However, this study did not have within its scope to assess fully the consequences of divergent understandings of value. It pointed at some of the effects in the three cases, but it remains a future challenge to further explore the extent to which understandings of value needs to be shared. For instance in the case of Buffé, some of the divergences were seen as beneficial to the creativity and renewal of the process and its output.

In a more general sense, I do believe that there is a need for better theories that account for how marketing communications processes can be managed. By using Practice Theory and the Service-Dominant Logic, I hope that this study has pointed out one possible direction, but I would also like to see a more critical debate on how this industry creates value and the role of practices and practitioners on that arena. Whereas century-old standards for audience measurement have dominated the scene, there have been calls for effect-based and process-based models for payment and value assessment. This could in some situations force suppliers of communications services to be more customer-oriented. However, it does not really solve the question of what the role of marketing managers really are, how it creates value, and how that relates to the value creating work that other practitioners, both professional ones and consumers, do to integrate resources in networked constellations. By teaching marketing as it often is done in university text-books there is an image conveyed that marketing is done by marketers. In the study of ICA it was shown how practices were enacted also by agencies and media suppliers, but that the process itself was dependent on the collaboration of a number of peripheral communities – retailers and their coworkers, product suppliers, measurement institutes and others. If, as Gummesson (2006) suggests, all members of the organization are part-time marketers, and as Schau et al. (2009) demonstrate, consumers also perform a range of value creating practices, then maybe the role of marketing managers is to interlink and manage different meanings of value.
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## Appendix A. Interviews and observations

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