

CHAPTER ONE: THE PROBLEM

1.1. Introduction

Why would companies organize or promote special events? What kind of problems do they face when organizing and implementing such events? And what is peculiar about event organization in emerging markets?

In recent years and as a consequence of increased international competition and product homogenization, the importance of event marketing as a valuable tool of Marketing Communication has been recognized by many companies. However, while successful event organization already represents a major challenge in industrialized countries, companies operating in emerging markets such as the Mexican market are confronted with even bigger difficulties, for example in the form of so-called institutional voids (see Definitions part of this chapter).

Research on Integrated Marketing Communication (see Definitions part of this chapter) and on events management has been done primarily in the United States and in Europe, and by US and European researchers. Literature on institutional voids is limited, tends to have a general approach, and has so far not been related to the issue of events management. Given though the increasing importance of event marketing in Integrated Marketing Communication, and the fact that companies turn to emerging markets because of enhanced growth potential, the discussion of events management in developing countries can offer new perspectives for companies that would like to establish operations in an emerging market and consider the possibility of integrating event marketing into their Marketing Communication mix.

1.2. Problem Background

As the literature review will point out later on, the integration of marketing tools is a topic that has received increasing attention since the 1990s and is considered today as crucial for the successful communication of messages to relevant stakeholders. Event marketing, traditionally been seen as support medium for mass-media advertising, has been gaining in importance in recent years and is nowadays considered as a valuable and independent tool of Marketing Communication. The possibility of reaching specific target segments and interacting directly with targeted customers make event marketing particularly beneficial for companies addressing smaller and hard-to-reach target segments. Nevertheless, event planning, organization, implementation and evaluation can be challenging for companies if not organized efficiently: unexpected situations and the necessity for constant innovation and creativity are only two of various factors that make event management difficult. In emerging markets, a lack of soft infrastructure in logistics, government issues and the area of human resources as well as cultural factors can represent additional hurdles to successful event management.

On the basis of these considerations, the overall objective and the specific goals of this study, as presented in the following paragraph, were formulated. The research questions were developed and a qualitative research design with a focus on expert interviews was decided to best fit the study's requirements.

1.3. Purpose of the study

The overall objective of this project is to demonstrate how companies operating in emerging markets can successfully organize activities related to event marketing. In this context, the purpose is to show first how companies can make event marketing an efficient instrument of Integrated Marketing Communication. In this context, general recommendations on how to deal with challenges related to the organization and implementation of events will be provided. Second, the study will focus on demonstrating how companies can adapt their events management activities to emerging market conditions. Particular emphasis will be put on how companies operating in emerging markets can address problems related to so-called institutional voids.

1.4. Research Questions

Based on the overall purpose and the specific objectives described in the previous paragraph, the following research questions were formulated:

1. How important is event marketing as a tool of integrated communications?
2. What are critical factors in event management?
3. What are common planning/ organization errors in event management?
4. a) What are the major challenges/ problems that companies face in event management?
b) Which role do institutional voids play?
5. a) How could event management be organized/ reorganized in order to make it an efficient instrument of integrated communications?
b) How could event management be adapted to emerging market conditions?

1.5 Importance of the Study

This study provides a two-way perspective on the topic of event management in emerging markets, considering both companies' and event-organizing agencies' points of view. Above all, the discussion of institutional voids that affect events management activities is new in events management literature. The results of this project can both complement existing literature on events management from the United States and Europe, and they can serve as a starting point for further research in the field of events management in emerging markets. Due to rapidly growing emerging markets that represent major business opportunities for multinational companies, and due to increasing message clutters also in developing countries, the necessity of integrating Marketing Communication efforts is no longer limited to industrialized countries, but also becomes more and more important in emerging markets.

1.6. Limitations/Delimitations

As described later on in Chapter three, the findings of this project are geographically limited to observations in the Mexican market. Priority was given to the experiences of multinational companies with business operations in the Mexican market as well as to local event agencies. Small and medium-sized local and multinational companies with events management operations were not included in the sample. All interviewed companies are operating in the automotive industry, which is why industry perspective is limited to a certain extent. Another limitation of this project is that it stays in the descriptive stage of theory building, especially because no studies with the same particular focus have been conducted before. A more detailed explanation of the process of theory-building is provided in Chapter three (Preliminary considerations on theory-building).

1.7. Definitions and abbreviations

The following list provides key terms, their definitions and abbreviations used throughout this study:

Emerging market. “A national market that is in an early stage of economic development and is expected to grow rapidly” (MSN Encarta Encyclopedia, 2008)

Event marketing. Systematic planning, organization, implementation and evaluation of events with a specific goal, taking into account marketing principles and the company’s strategic marketing concept (Schneck, 2005; Schäfer-Mehdi, 2006)

Institutional voids. A weakness or complete absence of institutions that support markets (Mair, Martí, & Canly, 2007)

Integrated Marketing Communication (IMC). The alignment of a company’s communication efforts in a consistent and integrated manner in order to maximize the communication impact on its stakeholders (Kerr, Schultz, Patti & Kim, 2008; Duncan, 2002)

Marketing. “The activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large” (American Marketing Association, 2007)

Marketing Communication (MC). “The collective term for all the communication functions used in marketing a product” (e.g. advertising, sales promotion) (Duncan, 2002, p.15)

Stakeholder. “Anyone who has a stake in the success or failure of an organization, such as employees, investors, suppliers, the community, the media” etc. (Duncan, 2002, p.7)

Moreover, the following terms will be used in Chapter two:

Cognitive dissonance. “The contradiction between two or more beliefs or behaviours”, e.g. a customer buys a products and later on searches for more information because he is not sure having made the right decision. (Duncan, 2002, p.183)

Corporate Social responsibility (CSR). “A commitment to improve community well-being through discretionary business practices and contributions of corporate resources” (Kotler & Lee, 2005, p.3)

Social contract. “The set of two-way understandings that characterizes the relationship between the major institutions business and society;” those include both laws and regulations as well as shared understandings (Carroll & Buchholz, 2006, p.19)

Strategic Business Unit. “A product-, brand- or market-based division that operates as a profit centre within the company” (Duncan, 2002, p.85)

1.8. Organization of the study

This study is divided into five major parts: The first chapter stated the general and the specific objectives of the study, and pointed out the scope as well as the limitations/ delimitations of the study. Chapter two consists of a literature review which highlights the major theoretical work in the relevant area and serves as a basis for the empirical investigation of the study. Chapter three focuses on the applied methodology, describing research design, data collection methods and data analysis procedures. In the fourth chapter, the results of the empirical study are presented, addressing each research question. Finally Chapter five summarizes the findings and conclusions, and gives recommendations for organizing event management more efficiently and adapting it to emerging market conditions. All relevant material, such as relevant literature and interview transcripts, is provided at the end of the study in the List of references and Appendices.