Updating a Research Tradition by Examining the Effect of New High Tech Channels on Consumer Search and Integrated Marketing: A Framework for Teaching

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Abstract

As computers became more powerful in the late 80s and early 90s, large marketers began to try to push what became known as customer relationship management . Specifically, they began to evaluate various channels and how consumers navigated among them when making purchase decisions. Most of the examples at that time were anecdotal, and obviously considered traditional channels, both retail and direct. These included retail, direct mail, print, television, radio, telephone, early email, and a small amount of Internet. The impact of the Internet on new ways consumers navigate among the channels to collect information and make purchase decisions was studied in a number of key papers, including "The Impact of the Internet and consumer motivation on evaluation of prices" (Suri, Long and Monroe, 2003). Direct (now integrated) marketing was particularly affected by the new web-oriented channels, and has been affected even more by the latest social and mobile entries. Now that the Internet and email have matured, and print is waning as a channel, the social media including Facebook, Twitter, Instagram and mobile have become the primary channels for at least the younger consumer to search for information and make purchase decisions. If academia is to remain relevant and continue to evaluate consumer shopping behavior of the twenty-first century, it would be useful to revisit these channel navigation issues.   The biggest change is that the new channels are internet-integrated so the entire process has changed. For example, look at print and direct mail: While we used to design marketing materials so as to carefully place some elements above and some below the (paper) fold, on a device screen there is no fold. Potential click-through elements are all over the place. So buyers need to develop a different information search, decision-making and actual purchase process. Price is being considered in a much broader definition, where a buyer may be willing to pay a higher price through a channel because variables like convenience, ease of search, and additional service(s) available changes the notion of price. Search now

includes both online and offline search, and consumers move back and forth at will. But they need to develop a "system" that allows them to successfully navigate the new channel environment. Otherwise they will become frustrated and even give up.

Teaching these new slants on old concepts has proven to be difficult, based on anecdotal information and informal discussions with educators. As Maity et al noted in 2014, "despite a wide range of studies undertaken, there remains a need for identifying an overarching framework for consumer information search." The time has come to examine these concepts and systematize a method to successfully teach them to pre-professionals in university business programs. This paper attempts to start that process and suggest a way to test it.

So where do we start? Blakerman noted how useful checklists are for students. (Blakerman, 2013). Bob Stone certainly agreed when it came to practitioners. He wrote many editions of <u>Successful Direct Marketing Methods </u>since 1975, the last one published in 2008. We used the 1988 edition for this paper.(Stone, 1988). One useful section was the checklist at the end of each chapter, which was very helpful to the many thousands of practitioners who used it for The Six Big Keys to Direct Marketing Success: right products or services; right media, right offer, rights formats, right tests, and right analysis..(Stone, 1988). First we examined the right <u>product or service</u> issue. While he concentrated on products, he asked all the right questions: Value for price? Competition? Exclusive features? Packaging? Big enough market? Cost vs. mail order markup? Repeat business?   Stone was clearly asking questions that are just as relevant today. While we will go beyond mail order mark up to consider all channel mark up issues, these are important variables for any marketer today.

We then moved to <u>media</u>, which for Stone was limited to consumer lists, prospect lists, print and broadcast. He was very limited, relative to today's multi-channel and omni-channel world. We need to examine how consumers navigate this new, more complicated world. A big part of the framework must address media vs. channel and how the new media/channels affect search and, ultimately, purchase behavior. Stone's <u>offer</u> section remains relevant but limited: Most enticing offer? Incentives to buy? Repeat business cycle? Get-a-friend? Introductory period or quantity? Introductory price? Multiple sales? While all this is fine, we also need to examine how consumers work in the social sphere as well as on the Internet.

His <u>formats</u> section, like media, was very limited: direct mail, print and broadcast. Obviously, we must add Internet, email, various social channels and mobile for certain.

<u>Testing</u> was and remains relevant: Stone reminded readers to test everything, including products, media, offers and formats, timing, geography and frequency. He also wisely recommended testing new vs. control packages, and noted the necessity of adequate test quantities. Finally, he insisted that net revenue (per thousand) was the key criterion, and that marketers interpret test results in light of effect on image and future profits of the company.

From anecdotal evidence, it appears that many companies rely too much on technology without thinking through test issues conceptually before running a test. All of us would be better marketers if we kept in mind that net revenue and ROI are the most important results.

Finally, Stone argued the importance of the right <u>analysis</u>, tracking by source, front and back end results, bad debt factor, zip codes, demographics, psychographics and repeat business (retention). He was so ahead of his time. Now that technology makes analysis faster and broader, it would be useful to be sure that all relevant variables get the analysis they deserve.

Table 1 describes the differences found through informal discussions with practitioners and various printed materials.

TABLE 1
BOB STONE VS. 2015 INTERGRATED MARKETING 2015

<u>Checklist Item</u>	<u>Then</u>	<u>Now</u>
Product	mail order products	any product can be marketed this way
	few services	most new products have service component
	retail for most products	multi- channels for most products
	fewer choices for consumers	more choices for consumers
Media/Channels	lists, print, broadcast	lists and broadcast still big, print falling
		Internet, email, social, mobile growing
	marketers choose media	consumers choose media they prefer
	consumers prefer one/two	consumers navigate among many
		media/channels

channels	limited checking among channels	use whichever suits the occasion constant checking among channels
Offer offers s channels consumer dialogues,etc.	marketer makes one or two in offers consumer sees single offer in favorite channel no real need for compelling offer offers set when initially made	marketer makes multiple offers various channels consumer easily finds multiple navigates among several offer must be compelling or will move on offers change with social
Formats Internet, channel	direct mail, print, broadcast similar formats okay	direct mail, print, broadcast, **e**mail**,** social, mobile different formats for each social dialogues, mobile formats
Testing media, relevant as channels	products, media, offers, formats, timing, geography control vs. test	products, service packages, offers, formats timing and geography not products available all the time and everywhere in most control vs. test but careful due consumer can find all versions somewhere
Analysis programs analysis	source, results, bad debt, zip codes, demo- graphics, psycho-	same but can use updated for better data mining and

graphics, retention

The big question is, how can we best test out these concepts? First, we will interview integrated marketing executives to have them discuss and rank the six checklist items. From those results, we will interview recent graduates to see what matches and what does not. Finally, we will analyze all the data and build an "optimal" framework for teaching the consumer behavior aspects of integrated marketing. This first phase will be qualitative to ensure that we hear a broad range of comments and opinions. Our analysis will result in a grid from which we will survey both practitioners and educators to find an "optimal" methodology for
teaching these important integrated marketing concepts.

To obtain a classroom examination, the framework will be used for integrated marketing classes (such as direct marketing and customer relationship management), then developed into a test to be administered these students.

Our objective is to build an extensive framework that will allow students to learn how to use basic concepts and extend them to whatever the latest media and channels are for improved understanding of consumer search and purchase behavior in the current multi- or omni-channel marketing environment.

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Relevance to Educators, researches and Practitioners: Competing successfully today requires new ways to look at integrated media/channels.

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TRACK: Marketing Education