

Determining the Integrated Marketing Communication Tools for Different Stages of Customer Relationship in Digital Era

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Abstract—The purpose of this paper is to study the objectives, tools and media appropriate for each customer relationship stage and present a model showing this. Information era and changes caused by that have had an undeniable impact on these concepts. Thus, impacts of digital era and internet on dimensions of the presented model are discussed. Customer relationship management programs are focused on acquiring best customer, maintaining and encouraging him to consume products and services of the company more. The success key to this relationship is marketing communication. Firms communicate with customers, through marketing communication functions such as advertising, sales promotion, direct marketing and etc.

Index Terms—Integrated marketing communication, customer relationship management, digital era, internet

I. INTRODUCTION

Customer relationship management (CRM) becomes a priority for most companies during recent years and by applying it they try to survive in competitive markets [1]. Although there is not a universally accepted definition for CRM, it can be considered as building proper relationship with customers in different ways to make a long term profit [2, p6]. The purpose of CRM is to increase the opportunity of repurchase by improving the customer relationship process and providing right offer through right price and product and via right communication channel at right time. CRM programs are focused on acquiring best customer, maintaining and encouraging him to consume products and services of the company more. The success key to this relationship is marketing communication [2].

Marketing communication (MC) is a general phrase that describe all types of different tools to deliver planned messages via different media to audiences in order to build brand. The most significant tools are: advertising, sales promotion, direct marketing, public relations, personal selling, event and sponsorship [3]. Duncan has added customer services and packaging to them [4]. IMC is used to coordinate and align all communication's activities in every customer touch point in direction of one goal. This concept is an approach to ensure that brand personality, messages and position are derived from a unique strategy and are delivered to the customer with synergy among all

communication elements [5].

Communication era and changes caused by that has had an undeniable impact on these concepts. Despite obvious influence of internet on IMC there are few studies about IMC specific requirements and opportunities in online environment [6]-[8] and also the relationship between IMC and CRM [9], [10]. Digital revolution has had an important influence on MC horizon in all three fields of functions, messages and media. Information technology (IT) tools are a foundation on which every successful CRM strategy is based. Furthermore, the growth speed of internet and technologies associated with it has raised many opportunities for marketing and has improved company-customer relationship [11].

CRM evolution can be categorized in three stages as customer acquisition (CA), customer retention (CR) and customer development (CD). Particular forms of MC tools are more applicable in each CRM stage. In spite of importance of this fact, most companies do not succeed in implementation of CRM system due to insufficient attention to this. The purpose of this paper is to give a conceptual model for determining the appropriate MC tools and media for each CRM stage and studying the impact of digital era in general and internet in specific on the model.

This paper carried out a general review of IMC literature, its most important tools and media and different CRM stages. At first the most important MC tools and CRM stages has discussed from different perspective. Then a model is given to classify CRM goals and MC tools and media suitable in each CRM stage. At last the impact of digital era and internet on the model dimensions has been investigated.

II. LITERATURE REVIEW

A. Integrated Marketing Communication

IMC is a concept that has become a significant topic for both academics and firms from the beginning of the 1990s [12]. According to Schultz, IMC is a process through which companies accelerate returns by aligning communication objectives with corporate goals [13]. Duncan defined it as: a concept that direct and coordinate the process of planning, implementing and supervising brand messages by which brand-customer relationship is build [4]. To applying this concept, various tools are used that their major specifications and applications are shown in Table I.

Advertising is a paid, non-personal offer of products by a company [3] via various types of print, outdoor, broadcasting and interactive media in order to create brand

Manuscript received May 11, 2012; revised June 21, 2012.

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awareness and brand image and persuade customer to respond [14].

Sales promotion is a value added short term suggestion to motivate customer to immediate response and product trial [4], [3], [15]. Overusing this tool can damage brand image and decrease the profit in long term period [16].

Direct marketing is a database driven, direct and interactive communication process that uses wide range of media to stimulate a customer response. Because of amount of intrusiveness, it can be seen as an annoying tool by customer. To avoid this, decreasing customer defection should be considered as well as trying to increase profit [17].

TABLE I: MAIN SPECIFICATION AND APPLICATIONS OF MC TOOLS

MC tool	Main specifications	Main application
Advertising	<ul style="list-style-type: none"> • Non-personal • One-way • Paid 	<ul style="list-style-type: none"> • Brand awareness • Brand image • Encourage a response
Sales promotion	<ul style="list-style-type: none"> • Short term • Encourage an immediate response 	<ul style="list-style-type: none"> • Facilitate the buying decision
Direct marketing	<ul style="list-style-type: none"> • Direct and two-way • Data based • Using wide range of media 	<ul style="list-style-type: none"> • Enabling dialogue with customer • Product and services customization
Public relations	<ul style="list-style-type: none"> • Create and control brand news • No media spending • The most credible MC 	<ul style="list-style-type: none"> • Formal channel of communication with society specially in crisis management • Reinforcement and modify brand image
Personal selling	<ul style="list-style-type: none"> • Face to face communication • The most effective and expensive MC 	<ul style="list-style-type: none"> • Dominant tool for B2B and special products in B2C • Brand message personalization
Packaging	<ul style="list-style-type: none"> • Containing product information • Free medium 	<ul style="list-style-type: none"> • Brand identity reinforcement • Delivering the last brand message
Events and sponsorship	<ul style="list-style-type: none"> • Create, sponsor or participate in celebration, contests and trade fairs 	<ul style="list-style-type: none"> • Active involvement of customers • Brand public announcement and reinforcement
Customer service	<ul style="list-style-type: none"> • Managing brand-customer interactive relationship • Company's attitude and behavior toward customer 	<ul style="list-style-type: none"> • Customer retention • Customer satisfaction

Public relations attempt to create and control the brand news, announcements and reminders that publish by public media without spending. Marketing managers take advantages of this MC to build and reinforce their brand [18].

Personal selling is an interpersonal relationship by which sales representative fulfill the customer needs to gain mutual benefits. Personal selling is the most effective and expensive MC tool. Therefore, sales force management is a very

challenging matter for organizations [19]. Specially for fast moving consumer goods (FMCG), packaging play a critical role in brand identity like a miniature billboard, while delivering the last brand message to the customer. It is estimated that almost 60-70% of purchase decision of FMCGs is not taken before arrival to the shop [4].

Companies utilize events for their MC objectives in three ways. They create events, participate in them or sponsor them. Companies sponsor a person, an organization or event to announce their brand publicity and associate with that subject in order to reinforce the brand [20].

Customer service as another MC tool is the process of managing interactive and two-way brand-customer experience. The purpose of customer service before, during and particularly after purchase is customer retention and his satisfaction [4].

B. Customer Relationship Management

CRM is a business process in order to identify, choose, acquisition, retention, development and serve the customer in a better way by usage of customer information and purchase history [2]. In another definition CRM is the organizational approach to understanding and influencing on customer behavior through a meaningful relationship in order to improve customer acquisition, retention, loyalty and profitability processes [21]. CRM evolution can be categorized into three stages: customer acquisition, customer retention and customer development.

Customer acquisition: CRM focal point is most on CR, but CA is also necessary to be succeeded. Some believe that CA is out of CRM domain. However, because companies lose about 20-40% of their customers annually, CA is essential [2].

New customer acquisition deals with gaining short term profit and growth and focus on general public. CA is a necessity for replacing the customers who do not need the company's products anymore [22]. New companies and new products should concentrate on CA that is gained by IMC and advertising through mass media in order to create brand awareness [4].

Customer retention: prevention from customer churn by CR is at the heart of CRM [23].

Until the beginning of 1980s, marketing attempts was mostly focused on CA by means of making better marketing mix in comparison with competitors. A common message had been sent to all people by the use of mass media and the product and price was a way to acquire customers. But, as a result of IT developments and the capability of collecting customer information and purchase history, CR strategies become the priority [2].

Considering customer needs and wants, companies utilize direct marketing and try to maintain current customers by means of customer loyalty programs and increasing customer satisfaction with offering high quality services and products, managing complaints and customization and personalization of orders [11].

Prevention of a current customer's churn is less costly compare to acquire a new customer and cause more sales and profit [4]. Acquiring a new customer is almost five times more expensive than customer retention. Profitability can be enhanced 25-85% with only 5% customer churn

reduction [3]. The purpose of customer retention strategies is to build, maintain and continue a long term relationship with customer [2].

Companies should find customer churn reasons and try to reduce or eliminate them. There is no way to maintain customers who leave a district or market. But, keeping customers who leave as a result of high price, low quality or defective products need an action [24]. Two main ways for CR are raising switching cost and providing customer satisfaction [3].

Customer development: in this stage, companies increase their selling to current customer [25]. Firms recognize and understand customer incentives and predict their behavior by gathering information and CRM, to enhance buying current or new products [2]. Some of the customer growth and development strategies are cross selling and up selling [23]. To customer development, a company must look for unfulfilled needs. More selling from current products and selling extra products are methods of CD [26].

III. CONCEPTUAL MODEL

In this model, we try to determine and classify CRM goals and MC tools and media those are more appropriate in each CRM stage. Though presented tools and media for each stage are not unique and they can be used in different stages of CRM cycle, our focus is on more related tools and media.

As shown in Table II, the first step of CRM is identifying and acquiring prospects by means of current customer's information and history [2]. New companies and new products often look forward to acquire new customers and the most important MC tools for this reason are advertising, sales promotion, events, packaging and personal selling.

TABLE II: GOALS, TOOLS AND MEDIA OF CRM STAGES

CRM stage	CRM goal	MC tools	Media
Acquisition	<ul style="list-style-type: none"> Identifying prospects to replacing defected customers Brand awareness Short term profit 	<ul style="list-style-type: none"> Advertising Sales promotion Events and sponsorship Packaging Personal selling 	<ul style="list-style-type: none"> Mass media (TV, radio, newspaper, magazine, outdoor media e.g. billboard, catalog and brochure) Product packaging
Retention	<ul style="list-style-type: none"> Make and keep Long term relationship Customer loyalty Long term profitability Reducing CA cost 	<ul style="list-style-type: none"> Customer service Direct marketing Personal selling Public relations Advertising 	<ul style="list-style-type: none"> Interactive media e.g. internet and email TF and sales meeting Mass media Different news media
Development	<ul style="list-style-type: none"> Cross selling Up selling 	<ul style="list-style-type: none"> Events and sponsorship Packaging Sales promotion 	<ul style="list-style-type: none"> TF and sales meetings Product packaging

Advertising has three main objectives: awareness,

reminding and persuading. For this step awareness is the most applicable goal. For introducing brand to prospects, mass media such as TV, radio, newspaper, magazine, billboard, catalog and brochure can be used. Personal selling as another tool of CA should be employed for most likely prospects instead of cold calls. Perhaps this is the most effective tool in B2B. Handy, attractive and rich illustrative packages can encourage prospects to purchase, specially for FMCGs. Holding, sponsoring or attending in various types of events such as sports, cultural, TFs, ceremonies and etc provide an opportunity to introduce the brand. Sales promotion is also one of the most fundamental tools to persuade customer to buy and is very effective in CA. gathering customer information by placing forms in different customer touch points such as sweepstakes or auctions is one of the CA strategies that can lead to create a list of prospects [2].

The next CRM step is maintenance and continuity the long term relationship with current customers in order to build customer loyalty. Undoubtedly, customer service is one of main tools that provide a basis to receive and manage customer complaints during and specially after selling so that facilitates CR. According to a research from numerous customers about the most effective factors on CR, customer service with 85% was recognized as the second (after product quality) and public relations (particularly in disaster management) with 73% as the third effective factor [4]. In another survey, 63% of questioned companies have stated that email had been their most effective CR tool [4]. Direct marketing by using a wide range of interactive and addressable media (such as telephone calls, SMS, mail, email and etc.) can send right messages in right time to keep current customers and increase their share of wallet from the brand [4]. Firms also are using public relations via different kinds of news media (TV, radio, newspaper, news websites and etc.) to enhance credibility, reinforce brand image and as a result prevent customer churn. In addition, since CR is at the heart of brand relationships, sale's persons in meetings and TFs not only should create relationships, but also try to keep it on. Their main goal must be building trust so that the customers keep their relationship with brand [4]. Advertising through mass media is used for CR with the goal of reminding the brand to customer in his future purchase.

Customer development is another step of CRM that means selling more products to current customers. For this, MC tools such as personal selling, events, packaging and sales promotion can be applied. Sale's person has the opportunity to inform customer of his hidden needs and necessity to fulfill them in face to face meetings and persuade him to buy more company products. Many events also provide an opportunity for cross selling [4]. For instance, while Olympics sponsorship, Coca-Cola provides drinks in games venues exclusively. By product bundling, companies can encourage customers to consume related products that can be done by means of studying customer buying habits or by creativity [11]. Sales promotion either at the consumer level or at the distribution channels' level is a good motivation for customer to buy more than what he needs.

IV. THE IMPACT OF DIGITAL ERA DEVELOPMENTS ON THE MODEL

As it will be discussed, although internet is not the only outcome of digital era, but it can be considered as the most significant consequence of this revolution. The rapid growth of internet in last decade has altered the classic communication procedures. Reference [27] considered three main factors to distinguish internet from other communication channels: interactivity, transparency and memory. Because of its advantages internet has become the first and main interactive media. Internet has provided a

richer informative environment compare with telephone calls, is less costly than personal selling, is not individual-based and has 7/24 accessibility [4]. The simplest form of internet presence is setting up a website that is called brochureware. Other internet advertising tools include using other websites to propagation. Search engine optimization, banner advertising, click through, pop up and pop under and the new concept of participative marketing are examples of these tools.

TABLE III : IMPACTS OF DIGITAL ERA ON MARKETNG COMMUNICAION MIX

MC tools	Digital era impact
Advertising	<ul style="list-style-type: none"> • Magazines' customizability • Moving pictures in LED outdoor displays • Higher quality sending and faster, more targeted and less costly access via digital TV and radio • Internet ads through websites, banners, pop up, social networks, email marketing, viral marketing and etc.
Sales promotion	<ul style="list-style-type: none"> • Creation and use of customers database via IT tools and then suggest more effective sales promotion offers to most likely customers
Personal selling	<ul style="list-style-type: none"> • Capability of online connection between company's representative and central office in sales meeting • Ability to show the company's website and catalogue by computer in sales meeting
Public relations, Events and sponsorship	<ul style="list-style-type: none"> • Faster and most effective sending the firm's news to reporters by email and other e-channels
Customer service	<ul style="list-style-type: none"> • Facilitating customer service in web
Direct marketing	<ul style="list-style-type: none"> • Identifying customers tend to get brand message, by making database • reducing the waste of cold call costs

Emergence of social media in internet context, produce a new paradigm in IMC domain in which communication happens through consumer generated media and their messages content, timing and frequency is out of direct control of the company's executives [28]. According to Caplan, social media are sets of web2.0 based internet applications by which users can produce and exchange the contents [29]. Social media include a wide range of online forums such as social networks, business networks, virtual communities, photo sharing sites, company or customer supported blogs and etc [20].

The latest change which is caused by communication technology, is mobile accessibility to the internet that provide MC managers with specific opportunities to make brand preferences and shape customer behavior [30], [31].

Email marketing is another aspect of internet marketing by which companies collect customers and prospects' email addresses and directly connect to them. Spreading word-of-mouth by consumers themselves is another application of email as an MC function which is called viral marketing [32]. Today, email and interactive MC tools are a basis for many loyalty programs [33].

Using various CRM, customer database and IT tools, allow marketers to target their MC messages more effectively. Table III shows the influences of digital era on MC tools. As it is seen, these changes lead to improvement of sales promotion, personal selling, public relations, event and sponsorship, customer service and direct marketing

activities.

V. CONCLUSION

Developments of information and communication era provide many opportunities to build two-way relationship with customer. By means of these dialogues company can perform customer retention in a better way. Utilizing IT tools (e.g. data mining in search engine's data warehouses or customers' credit card information in each purchase), companies predict their future behavior and as a result, plan more targeted loyalty programs. Digital applications has influenced MC considerably and opened new channels to communicate to consumers. These evolutions also facilitate all three CRM strategies. Because of online communication's cost effectiveness, many firms have replaced the traditional customer relationship channels with internet. To relate with customers successfully, companies at first must determine that their goal is acquisition, retention or development. Then, considering specified objective and use the most appropriate MC tools via proper media those are mentioned in the model.

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