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

Deborah Fain, dfain@pace.edu
Mary Long, mlong@pace.edu

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? Blakeman noted how useful checklists are for students. (Blakeman, 2013). Bob Stone certainly agreed when it came to practitioners. He wrote many editions of Successful Direct Marketing Methods 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 product or service 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 media, 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 offer 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 formats section, like media, was very limited: direct mail, print and broadcast. Obviously, we must add Internet, email, various social channels and mobile for certain.
Testing 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 analysis, 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 INTEGRATED MARKETING 2015**

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

limited checking among channels

Offer

marketer makes one or two offers in various channels

consumer sees single offer consumer easily finds multiple offers

offers s in favorite channel navigates among several channels

consumer

no real need for compelling offer offer must be compelling or will move on

offers set when initially made offers change with social dialogues, etc.

Formats

Internet, direct mail, print, broadcast, email, social, mobile

direct mail, print, broadcast, different formats for each

similar formats okay different formats for each

social dialogues, mobile formats

Testing

media, products, media, offers, products, service packages, offers, formats

formats, timing, geography timing and geography not

relevant as products available all the time and everywhere in most

channels control vs. test control vs. test but careful due consumer can find all versions somewhere

Analysis

source, results, bad debt, same but can use updated

programs for better data mining and

zip codes, demo- graphics, psycho-
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.

References


**Keywords:** integrated marketing, channels, education updates

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

**Author Information:**

Deborah Fain is a Clinical Assistant Professor and co-director of the Integrated and Direct Marketing Lab at Pace University.

Mary Long is Professor and Marketing Chair at Pace University.

**TRACK: Marketing Education**