

Interactive integrated marketing communication: combining the power of IMC, the new media and database marketing

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The interactivity of the new electronic media requires that a database-driven segmentation approach to communication strategy be employed to take advantage of its uniqueness. To accomplish this, firms must develop ways of collecting information at the individual level by traditional and/or electronic means, and of using that data to create information-intensive customer communication strategies. These strategies should then employ the new media to generate interaction with customers. We term this approach 'Interactive IMC'. In this article we propose and illustrate an interactive IMC process model.

INTRODUCTION

Over the past decade, understanding the conceptual and strategic ramifications of integrated marketing communication (IMC) has become an increasingly important topic in both the academic and advertising communities. Broadly defined, IMC is a concept of marketing communication planning that recognises the added value of using a comprehensive plan to evaluate the strategic roles of a variety of communication disciplines. It combines these disciplines to provide clarity, consistency and maximum communication impact (Schultz *et al.*

1993). Research on a national scale, and increasingly in the global arena, has shown that IMC is becoming more widespread within all types of marketing and advertising organisations.

The growing interest in IMC may be traced to a number of interrelated factors. Schultz (1999) argued that IMC is the result of a natural evolution from the use of mass-market advertising to more targeted message strategies. Proponents of IMC contend that it represents a logical first step in the transition from out-bound product-driven communication to the more interactive, consumer- and behaviour-oriented approaches of the twenty-first century (Kitchen & Schultz 1999). From an outcome-based perspective, IMC is prescribed as a solution for achieving synergy in advertising planning and execution, with the end result being enhanced efficiency, productivity and performance (Phelps *et al.* 1996). Although IMC is not without its critics, its prevalence in academic periodicals, educational and applied textbooks, and its use by advertising agencies and other marketing organisations, all point to the fact that the acceptance of the IMC framework is growing rapidly.

The meteoric rise of 'new electronic media' has dramatically altered advertising and marketing communication planning in general, and IMC specifically (Hoffman & Novak 1996; Bezjian-Avery *et al.* 1998). While the list of new electronic media is growing, those most often discussed include the interactive portion of the world wide web, email, interactive television, handheld wireless communication devices and related systems. While some dismiss these new media as simply more direct marketing tools, most experts acknowledge the potential for these media to alter the way in which advertisers view marketing and marketing communication (e.g. Glazer 1999; Korgaonkor 1999; Lavidge 1999), especially as they pertain to IMC (Low 2000). The challenge of the 'new electronic media' is for marketers to find ways to use these new tools to become more effective and efficient marketing communicators.

Early research into electronic media focused on which businesses and consumers use them. Recently, researchers have begun to identify ways in which emerging electronic media are different from traditional media (Hoffman & Novak 1996). This research is important in that it highlights the fact that the transition from a mass-oriented IMC approach to an electronic media-driven approach requires a change in how buyer/seller relationships are viewed (Peltier *et al.* 2002b). In particular, the unique ability of the electronic media to provide two-way,

user-controlled, customised, one-to-one communication programmes, makes the 'information age' not fiction but reality. The net result of the interactive capacity of the new media is the evolution of smart customers, smart markets and smart companies (Glazer 1999).

In combination, the adoption of new electronic media and the advancement of information technology have created the previously elusive opportunity for firms to move to a customer relationship marketing paradigm. In that model, the goal is to develop profitable long-term relationships with current and future customers through database-driven, individualised communication programmes (Peltier *et al.* 1998). Especially promising is the capacity which electronic media and database technologies have for creating unique and personalised 'conversations' with individual customers, an essential element in developing customer relationship management (CRM) programmes (Schultz 2000). To make these 'conversations' a reality, a firm must acquire and use an assortment of individual-level customer data collected from a variety of sources that allows them to understand and nurture buyer/seller relationships. To accomplish this, the firm must have the capacity to collect data, and then to convert the data into information that can be used to develop interactive CRM programmes (Preston 2000).

Despite the promised possibility of using electronic media to form interactive customer relationships, few organisations exploit this capability in building IMC programmes. Instead, most companies have paid only lip-service to the idea of developing interactive communication strategies. As a result, they have failed to take advantage of the full potential of interactive marketing (Deighton & Glazer 1998). Still less is understood of how the fusion of electronic media and customer databases can be converted into integrated communication strategies (Peltier *et al.* 2002a). Even when efforts are made to use individual-level data to understand customers, demographics and purchase history are often the only information collected, while other potentially valuable motivation-related information, including customer lifestyles, values, needs, motivations, and priorities are overlooked (Peltier *et al.* 2002a). Because database-driven longitudinal contact strategies are essential for blending more traditional media with electronic media into effective, efficient and customised IMC programmes (Kestnbaum *et al.* 1998; Preston 2000), research on the evolution of the new media along with the value and methodologies of data integration is warranted (Berthon *et al.* 2000).

This article has three major objectives. First, we conceptualise a model that links the use of detailed database information to the creation of customised and electronic media to develop interactive and integrated marketing communication strategies. The model is presented in Figure 1. As part of this model, we discuss the foundations of interactive IMC and how it differs from traditional IMC. Second, we present a case study of an organisation that had very little previous experience in IMC or database marketing and is developing and implementing an interactive integrated marketing communication programme. Although we discuss the entire model, the case study focuses on how psychographic, behavioural and descriptive customer data can be integrated to form electronically-enhanced IMC strategies. Finally, we demonstrate how the proposed process model can turn customer data into meaningful information that may be used to develop customised and electronically distributed IMC plans. Examples of successful IMC are provided.

ELECTRONIC MEDIA, IMC AND INTERACTIVITY

The use of interactive media in the marketplace is experiencing explosive growth. Unfortunately, high expectations have been replaced by disappointment, with many companies becoming increasingly sceptical as to when, if ever, their interactive media efforts will turn profitable (Korganjor 1999). Part of this scepticism may be traced to attempts to generate a quick electronic presence in the marketplace. Many organisations that would normally advocate using sound customer-centric research practices in their traditional marketing efforts abandoned this logic in the interactive portion of their communication programmes. This lack of customer focus is especially problematic from an IMC perspective since a major strength of interactive media is its ability to tailor and deliver communication messages.

Interactivity in a marketing venue has been defined in a number of ways. Bezjian-Avery *et al.* (1998) defined it as 'the immediately iterative process by which customer needs and desires are uncovered, met, modified, and satisfied by the providing firm'. Similarly, Haeckel (1998) viewed interactive marketing as an approach that uses customer data captured via 'person-to-person or person-to-technology' contacts to create individualised exchanges designed to effect a change in knowledge or behaviour of at least one person. Extending these

definitions into an electronic media context, we refer to 'electronic interactive media' as any electronic medium that has the capacity to establish two-way communication systems between buyers and sellers.

Although there are several aspects of the new electronic media that differ from traditional media, we focus on those differences that are crucial to developing an IMC programme. Our primary interest is in identifying those elements that involve output and response methods which permit ongoing interactivity and customer–marketer dialogues. Our view of interactive media includes four elements that are central to the model: (1) the two-way nature of the communication system, (2) the level of response control each party has in the communication process, (3) the personalisation of the communication relationship, and (4) the use and involvement of database technology. Although all these elements are important to interactive media, the role of databases is especially critical when moving from traditional IMC to interactive IMC. Specifically, interactive personalised relationships, electronic or otherwise, cannot be maintained without the use of ongoing database management practices (Peltier & Schibrowsky 1997). Conceptually, interactive data may be synthesised to develop and implement information-intensive strategies tailored to the specific needs of targeted customers (Peppers *et al.* 1999). This is true whether customer data are generated via traditional, website or email surveys, through online or store-based purchase history, or by tracking website navigation. Unfortunately, most organisations lack sufficient data to be truly customer-focused, and are thus unlikely to attain the potential benefits of interactive marketing (Deighton & Glazer 1998).

Despite the paradigm shift that is underway regarding how marketers and customers interact with each other, and the role that consumer databases play in this evolution, practical and theoretical inadequacies abound. In particular, though direct marketers have long practised database management, traditional advertisers and marketers have not (Shepard 1999). Even when traditional marketers hold customer information (i.e. internal records), the lack of connection or cooperation between marketing, sales and research often prevents their use. Consequently, the underuse of consumer data is usually due to firms' inability to accumulate and integrate existing data rather than a lack of actual marketplace information.

A specific problem germane to the ability to develop personalised communication is that the majority of marketers who claim to use database information typically place the highest priority on generating

transactional and other behaviourally-oriented data (Preston 2000), to the exclusion of psychographic-oriented information such as motivations, needs, attitudes and lifestyles (Webster 1998). Although behavioural data are a necessary prerequisite for maintaining interactive relationships, the development of meaningful, effective, personalised communication strategies does not only require the measurement of who the customers are and what they are doing. The marketer must also understand the psychological factors that motivate those customers to seek or maintain a relationship (Peltier *et al.* 2002b). At the highest level, interaction requires an understanding of the total relationship between buyers and sellers, and this requires the merging of both behavioural and psychographic information (Schultz & Bailey forthcoming).

Practising effective interactive IMC requires organisations to develop an internal structure for doing so. For a firm to truly become a 'smart' company, it must have the ability to develop 'smart' marketing campaigns and 'smart' integrated marketing communication programmes. To accomplish this, firms must have the ability to collect information at the individual level and use that data to create information-intensive customer management strategies that use electronic media to generate interaction (Glazer 1999). However, while most advertising researchers, managers and academics would agree that the true value of electronic media lies in its interactivity, the way to proceed to make that a reality is less clear. Consequently, the concept of a fully interactive IMC approach is more of an intriguing idea than a practised reality (Davenport *et al.* 2001).

Quite possibly the greatest change caused by increased interactivity will be in the area of database construction where demographical, psychographic and behavioural information about customers and prospects is merged, with the end result being an increased use of more personalised and consumer-driven IMC programmes. As is evident from our model in Figure 1, IMC strategies rely on three interdependent database management components: collecting, analysing and using customer data. Drawing upon literature from the disciplines of IMC, interactive marketing, electronic media and relationship marketing, Table 1 is our conceptualisation of how the IMC paradigm will evolve as the field moves from more traditional to more interactive and electronic forms of IMC. We conceptualise four specific areas of change: (1) the role of databases, (2) communication issues, (3) relationship dynamics, and (4) IMC metrics.

TABLE 1 TRADITIONAL VS. INTERACTIVE IMC

Change components	Traditional IMC	Interactive IMC
Role of databases		
1 Importance of databases	1 Moderate	1 High
2 Data collection	2 Traditional survey methods	2 Traditional plus interactive methods (email, web)
3 Type of data	3 Demographic, some behavioural	3 Demographic, psychographical, behavioural
4 Use of data	4 Media selection and profiling	4 Traditional plus detailed understanding of individual customers and relationships
Communication issues		
5 Media/placement	5 Based on weight and breakthrough	5 Based where customers already are
6 Scope of communications	6 Mass communications	6 Targeted/personalised
7 Communication flow	7 Outbound and specific	7 Dialogue and ongoing
8 Nature of message consistency	8 One best message/theme across media	8 Overall best message, augmented by target-specific and individual specific messages
Relationship dynamics		
9 Specification of relationship	9 Marketers identified value/form	9 Customer and marketer identified value/form
10 Degree of interaction	10 'Arms length' relationships	10 Two-way relationships, mutual information exchange
IMC metrics		
11 Return on investment	11 Investments and output	11 Value and returns
12 Acquisition vs. retention	12 Acquisition/number of customers	12 Customer retention
13 Contact measures	13 Efficiency measures (e.g. CPM)	13 Effectiveness measures (lifetime value)

The model presented in Figure 1 conceptualises the relationship between database management and interactive integrated marketing communication programmes. Using a database-driven CRM programme provides the mechanism for firms to create and distribute a customised, interactive, integrated marketing communication programme. In our model, database management refers to the process of collecting customer data, integrating the data to form customer segments, and then using other data to build predictive models for categorising other customers and prospects. The IMC portion of our model relates to the development of targeted, personalised and interactive communication programmes based on information learned in the data analysis stage. In the following section, we illustrate how the proposed model can be implemented in an organisation that does not currently have a functioning customer database.

A CASE STUDY OF A FIRM DEVELOPING AN INTERACTIVE IMC PROGRAMME

The case study reported here was done in conjunction with an energy conservation organisation. Energy conservation was chosen for five reasons. First, recent energy shortages and high energy prices in California and other states illustrate the critical nature of energy conservation. Second, the melding of behavioural, psychographic and descriptive data for better understanding of and communication with, customers has previously been advocated in the energy literature (Formichelli 1999). Third, demographics and psychographics have 'individually' been found to be only weak predictors of attitudes towards energy conservation and/or conservation behaviour (Pelton *et al.* 1993). Fourth, while utility companies have little experience with consumer databases, recent developments in the deregulation of these industries have led to a number of these firms beginning to compile data on their customers (Formichelli 1999). Finally, little is understood either about how psychographic and behavioural data can be captured and used to refine the processes of defining customer relationships and segmenting customers in order to target communication and offers, or about the impact that interactivity might have on maximising long-term customer value. As a consequence, the energy field has much to gain by developing specific and target-oriented energy conservation communication programmes.

Ultimately, the goal of the organisation was to gain a better understanding of the customer at the individual level. This would allow various communicators to take advantage of the benefits associated with the interactivity, on-demand quality and one-at-a-time nature of electronic media. We believe this is a necessary first step if advertisers are going to integrate these new media successfully into their IMC programmes.

THE SETTING

In collaboration with utility companies, a pilot study was conducted designed to identify energy conservation segments in the residential market. From this project, an integrated communication plan is being developed to persuade Wisconsin residents to become more energy-conservation-oriented. The programme was therefore designed to influence attitudes towards saving energy and to promote energy conservation practices across a wide range of potential behavioural change opportunities. Note that the proposed model suggests that the data-collection phase potentially includes data from a number of sources. In this particular case the majority of the data were supplied by an in-home energy audit survey completed by the home-owner. The questionnaire contained questions pertaining to attitudes about energy conservation (e.g. people should be able to use as much energy as they wish as long as they pay for it), beliefs (we are using up our energy too fast), motivations (we need to save energy for future generations) and lifestyle questions related to energy use and conservation (e.g. I tend to entertain a lot at home); behavioural data such as average monthly home energy bill, amount of effort given to reducing home energy bill, specific behaviours already adopted to reduce energy bill; and respondent demographics.

Procedure

A mail survey was sent to 2000 randomly selected home-owners. To enhance the response rate, a postcard was mailed prior to distribution and a \$2 participation incentive was attached to the survey. Of these, 68 were returned as undeliverable. A total of 1330 people responded to the survey request. Of these, 33 were deemed unusable due to an excessive amount of missing data. This resulted in a total of 1297 usable surveys. The net result was a response rate of 67.1%

(1297/1932). The data were integrated with other available information from the companies' database (e.g. energy usage, previous energy audits) to form the initial database.

DATABASE MANAGEMENT ANALYSIS

Forming segments

Respondents were classified into energy conservation segments using k-means cluster analysis. While a number of different segment construction analyses were employed, in the final analysis the use of the individual energy-oriented attitudinal and psychographic questions (in contrast to using factor scores), along with a 'summed energy conservation score', worked best. The summed energy conservation score was formed by adding up all of the self-reported energy conservation behaviours from a battery of 16 activities (e.g. had an in-home energy efficiency audit, installed storm windows). Conceptually, this suggests that behaviour and energy psychographics/attitudes in combination were superior in forming segments than were psychographics/attitudes alone. This is an important distinction from previous research in interactive psychographic segmentation where only psychographic information was used to form the segments.

Ultimately, a four-segment model best represented the data. The segments were named as follows: apathetics, proactives, receptives and comforts. Each cluster/segment had specific psychographic characteristics associated with it, and the names of the segments were derived from their scores on the battery of psychographic and behavioural questions. Table 2 contains a general description of each segment.

Profiling

It should be noted that the information contained in Table 2 would normally be sufficient to develop a customised IMC plan employing only traditional advertising media. However, the interactivity of the new electronic media requires that all individual customers be classified into one of the relational segments. Since the extensive psychographical and behavioural data captured via the in-home energy audit survey would not be available for all the customers, there needed to be a way to generalise these psychographics to those energy customers in the database who would not be surveyed so that they

TABLE 2 ENERGY CONSERVATION SEGMENTS

Segment	Percentage of sample	Demographics	Attitudes towards energy conservation	Energy conservation behaviours	Communication issues
Apathetics	19.5	Oldest and youngest 2nd highest percentage of men Lowest % of college graduates 2nd highest monthly bill	Least concerned about conserving electricity, the environment, seeking information on how to reduce energy consumption, and about saving money by using less energy. View energy conservation as requiring more effort than it is worth	The least likely to have made their homes more energy efficient and report that they are not likely to do so in the future	The least knowledgeable about how to save energy
Proactives	19.7	Largest % over 45 More likely women Highest % of college graduates Lowest monthly bill	The most positively predisposed group regarding energy conservation attitudes	Most careful about elec- tricity and home heating use. Try hardest to reduce energy. Most reported in- home energy conservation	Most knowledgeable about how to save energy. The most likely to respond to a new way to save energy
Receptives	33.8	Younger Highest % of women Lowest income group	Have a willingness to cut back on future energy usage and are more likely to feel that they have not done all they can to lower their in-home energy costs. This group is concerned with the environmental impact of energy usage	Somewhat careful about how much electricity and natural gas/heating oil/LP gas they use, but are less likely to have tried to reduce their energy bill in the past	Would be willing to try to conserve. Need information and direction
Comforts	27.0	Greatest number of 45 to 64 age group Highest % of men Highest income group Highest monthly bills	Concerned about energy usage, but place considerably high priority on using energy sources to keep their home and themselves comfortable. They want freedom in choice of usage control	Likely to use lights as a means of enhancing comfort, security and home attractiveness	Will not respond to the 'it's the right thing to do' message. Need to be convinced that energy conservation can be accomplished without sacrificing comfort

could also be categorised into the energy conservation segments. To accomplish this, demographic information, a limited amount of easy-to-obtain psychographic information and behavioural data were used to develop the scoring models. These data were chosen because it was felt that they were either already contained in the database (e.g. size of the electric bill) or could be obtained easily through external means such as warranty cards, on-line surveys and data warehouses. In addition, the profiling results and past research has shown that while individual variables tend to be 'relatively good' discriminators, the real value in this type of modelling is the predictive power of the combination of variables used to construct the model (Peltier *et al.* 1998; Peltier *et al.* 2002a).

A variety of models employing various types of data were developed using discriminant analysis. (It should be noted that a number of statistical techniques have been used to develop customer classification models including discriminant analysis, logistical regression, CHAID and neural net modelling.) Once the models were constructed, they were investigated to assess their accuracy in classifying customers. The assessment was performed on a set of customers who had been given the home energy audit survey, so that their 'true' classifications were known.

First, a demographics-only model was developed. The model contained two predictor variables. It correctly classified 37.2% of the sample. This was an improvement of 41% over the proportional chance criterion.

Second, a model that included demographics and responses to a limited number of general energy conservation perceptions and attitude questions was developed. Examples of the overall energy perception questions include: (1) I am careful about how much energy I use; (2) I have already done most of what I can do to lower my energy bill; and (3) I should probably cut back on how much energy I use. This model correctly classified 47.1% of the respondents or an improvement of 78.5% over the proportional chance criterion. This represented a significant improvement over the demographics-only model and demonstrated the added value of including psychographics in the classification model.

Finally, a model that included demographics, a limited number of general energy perception questions and individual energy conservation behaviours was developed. Individual energy conservation behaviours included such items as: (1) I have turned down the

temperature on the water heater; (2) I have purchased energy-efficient appliances; (3) I use water heater jacket/wrap pipes; and (4) I installed energy-efficient ventilation and/or an air-conditioning system. This model correctly classified 68.5% of the respondents. This was an improvement of 260% over the proportional chance criterion. This was also a substantial improvement over the demographics and psychographics model, and signified the added value of including behavioural data in the classification model. This is of particular importance since behavioural data can often be obtained from internal records. This model therefore provides a logical starting point. It correctly classified slightly better than two out of three customers with relatively easy-to-obtain data.

The results highlight the value of collecting additional information from customers over time. The more information the organisation has on its customers, the more accurately it will be able to classify them. This also suggests that continuous analysis of data is needed to improve the classification models. In the final analysis, the ability of the organisation to create a differentiated integrated marketing communication programme is predicated on its ability to classify its customers correctly. It is important to note that, although the energy segments were validated via a test and holdout sample, the focus of this paper is on how interactive IMC may be enhanced using combined attitudinal data, and not on whether these energy segments are 'generalisable' to other studies. Moreover, the model is designed to turn this attitudinal and behavioural data into actionable interactive IMC strategies.

TURNING CUSTOMER DATABASES INTO INTERACTIVE IMC

The guiding principle of the 'interactive integrated marketing communication' model is that to take advantage of the interactivity of the new electronic media, an organisation's marketing strategy must be data-driven. To accomplish this, a firm must have a process in place to collect information at the individual level and use that data to create information intensive customer communication strategies that use the new media to generate customer interaction (Glazer, 1999; Davenport *et al.* 2001). The segmentation and profiling data illustrated that attitudinal and behavioural data collected through traditional and/or electronic means may be used to further understanding of what it is

that customers are looking for in their relationships with sellers and how those relationships might be developed and enhanced. At this point, we turn our attention to how this customer orientation can be converted into interactive integrated marketing communication programmes. The approach is outlined in Figure 1.

Blending traditional and interactive data collection

The starting point in this model of the relationship between database management and interactive integrated marketing communication is the collection of data to further understanding of customers. The issue is not whether an organisation can acquire individual level data; that is a given. Rather, the question is: What specific information should be gathered and what is the most efficient way to obtain accurate data from customers? Traditionally, marketers have relied on demographic information and perhaps some group-level psychographic data collected via survey research. Although traditional methods are likely to remain a strong component of the data-collection process, augmenting the existing or to-be-built customer database by collecting additional customer data through multiple interactive contact points creates both opportunities and challenges regarding how we describe buyer/seller relationships (Preston 2000).

Interactive IMC

The case study demonstrated the ability to develop segments, to identify the relationship each segment is seeking, and illustrated the process whereby all customers could be categorised. However, this is only the first step. Once segments are identified and understood in terms of attitudes, beliefs, motives, knowledge and lifestyles, an IMC programme based on these differences, employing both traditional and new media, can be developed. Significantly, the data-collection process we used was not contingent on whether energy consumers use email and other web-based information sources on a regular basis. Rather, interactive IMC is built on the ability of sellers to communicate with buyers and prospects through a variety of electronic techniques.

Interactive IMC strategy development differs from that of traditional IMC in that the goal of interactive IMC is to establish ongoing dialogue and communication programmes with specific groups of identified customers. The starting place is to prioritise the

segments in terms of IMC efforts and investment levels and, from that, to use various media tools to establish segment-specific communication objectives, messages and incentives. In other words, the general approach should be to develop an analysis of the individual segments, determine their value to the marketing organisation and then prioritise them in terms of the amount of the communication budget and other efforts directed towards each one of them. In most cases, the potential return on invested communication dollars will be much higher for some segments than for others. The smaller the overall communication budget or investment level available, the more critical this stage becomes.

As is the case with traditional IMC, the interactive approach has both overall objectives and themes. However, with the interactive approach there are segment-specific goals based on those overall objectives. The segment-specific information contained in the database determines the goals to be achieved with each group. One advantage of the database is the ability to develop more specific and measurable goals and objectives, and to provide a meaningful form of measurement of results.

While traditional IMC has demonstrated the value of creating a consistent theme and/or creative platform for the communication campaign, the CRM foundations of interactive IMC highlight the importance of being able to develop individualised messages that are consistent with the overall theme and creative platform of the communication programme. The synergistic value of this combination of consistency and customisation, all under a broad communication umbrella, is one of the key strengths of interactive IMC.

Once the interactive IMC strategy has been developed, segment-specific IMC plans can be formulated. First, every communication should be tailored either to fit with, or to alter, the prior attitudes and behaviours of the customers in that segment. For example, in the energy study, it was found that the 'receptives' were concerned with the environmental impact of energy usage, while the 'comforts' were not interested in environmental impact issues at all and felt that energy conservation was an individual choice. To be effective, the messages targeted at each of these groups should be dramatically different, yet reinforce the overall theme of energy conservation.

A second important point is that every communication with customers should be considered as an opportunity not just to 'talk to' the customer but to 'learn more about the customer' as well. Thus

there should be a goal of collecting more individual-level data with each and every communication contact. In our view, virtually every communication contact should encourage some type of traceable response from the customer, which can be added to the marketer's store of knowledge.

Both traditional and electronic media create opportunities to target specific segments. However, with an interactive IMC approach, the emphasis should be on how the media types may be used together to develop more effective and efficient communication programmes. Specifically, each customer is placed a priori in an attitudinal/behavioural segment and personalised messages are sent according to their segment classification. In this way, IMC becomes interactive IMC. The following are just a few examples of how the various traditional and electronic media tools can be employed to create customised, segment-specific IMC communication approaches. What all of these techniques have in common is that an organisation's database is used in a fashion consistent with that outlined in Figure 1.

- (1) Targeted permission emails, along with electronic and traditional segment-customised newsletters, can be sent to the individuals of particular segments. The message of the email and any click-through URLs should be designed for that specific segment. The newsletter would employ the same strategy of directing its readers to segment-specific links and information sources. The same strategy could also be employed for targeted bill inserts. Members of each segment would receive bill inserts asking them to go to a specific URL designed to provide information for that segment, or to phone a particular number to request a segment-specific brochure or catalogue. Peppers and Rogers (2002) reported research by Yesmail which showed that having a number of personalised elements in an email significantly boosted the campaign's click-through rate. Specifically, in a study of over 90 million messages, Yesmail found that emails with no targeting or personalisation pulled an average click-through rate of 4.7%. The click-through rate jumped to 7% when three to six personalised elements were introduced, and to 14.8% when seven or more personalised elements were used. The authors contend that email messages can be differentiated using demographic, attitudinal and behavioural data. They caution, however, that inundating users with data-collection enquiries

must be done with caution and advise businesses to make sure their customers know exactly how personal data will be used.

- (2) Broadcast and print media could be designed to work in a similar fashion. The original advertisement media selection and message would be segment-specific, based on the profile of each customer group. For example, the segment-specific profile might be used to match the demographics of a particular magazine or television show. The specific advertisement placed there would be based on the message selected for that segment. In addition, the message could include a request for a traceable response, such as contacting a segment-specific URL or calling a unique segment-dedicated telephone number. It is essential that all responses be directed to segment-specific traceable locations, such as URLs or telephone numbers. Segment-specific URLs should contain segment-customised messages, information, links, goods and services, chat-room information and so on. If the user has been to the site before, a cookie could be used to further customise the site. A good example of using mass media to form interactive relationships is that of *Voice*, Europe's first mass-customised consumer print magazine. Published in Sweden, *Voice* targets women between the ages of 25 and 44, and creates hundreds of different variations by combining editorial, advertising, and insert content according to how subscribers have answered a wide range of questions. There are unlimited advertising combinations, up to 36 different 'advertorial' inserts, and nine editorial sections. This interactive IMC strategy is powered through self-provided demographics, communication channel preferences, buying attitudes, general interests, editorial interests, and media and product preferences. Since its introduction in 1998, *Voice* has a circulation of more than 100,000 – the third largest in Sweden.
- (3) The potential of the telephone as a link in the new electronic media should not be overlooked. Advances in computer telephony integration (CTI) allow the telephone to become a virtual 'terminal' so that callers can use the keypad to send and receive information. The information collected from this form of response can then be electronically integrated into the database. This is a key electronic tool for markets and segments

that do not generally have access to the internet or other interactive devices. In addition, inbound and outbound call centres may be used to further customise messages by developing segment specific scripts and by using instant access to specific customer data. Although in its infancy, banks are starting to see the value of customising both telephone-based and personal contacts. For example, Peppers (2002) reported commercial research for a bank which showed that providing customer service reps with a complete view of each customer's history and account information and programmed on-screen prompts greatly increased cross-selling of the bank's products. Peltier and colleagues (2002a) found similar results for the use of personalised messages for different bank segments.

- (4) Finally, the key element in interactive IMC is just that, 'interactivity'. The ability of the new electronic media to provide two-way, customised communication allows organisations to develop 'smart' communication programmes that evolve constantly over time. It is the firm's ability to respond to customers' responses that makes the IMC programme truly interactive. Interactivity should be designed to create 'conversations' with customers rather than simply trying to sell them an idea or product. With interactive IMC, what the customer has to say thus becomes central to customising future messages. E-Trade is a prime example of a company that is successfully integrating interactive IMC. E-Trade's appeal is not solely that customers can transact business on-line. It also offers toll-free phone support through call centres, provides tailored online portfolios, has broadcast studios that create proprietary content for clients to access selectively on the website, has personalised trade alerts, and on-site programmes and seminars. Driving these interactive IMC programmes is the company's data warehouse that has stored customer information on its retail and corporate customers, which may be accessed to cross-sell and up-sell the company's various products. These data are then used in the form of 'propensity modelling', which provides value-added products that are personalised based on targeted customer profiles. Key to each of these examples is the ability to track precise customer responses in terms of specific messages delivered, media used,

products offered, and any of a wide range of other responses. Media responses from customers can take many forms such as replies to email messages, visits to URL-specific websites based on targeted advertisements, returned bill inserts, direct mail efforts, traditional and electronic newsletters, online and traditional surveys, and online and telephone-based polls.

These are just a few of the ways to build a database and dialogues with customers. For those communicating over the internet, visits to specific websites may be tracked via cookies and other customer tracking software. Other types of cookies may be used to remember preferences, browsing behaviours and past purchasing activities, along with the ability to personalise and customise home pages. In addition, response information and cookies may be used to personalise and customise extranet pages where access is password-protected. These pages can contain individual usage information along with a variety of analysis tools that use individual data to make calculations. An example of this type of customisation is the TIAA-CREF website, which allows individuals to estimate their future retirement accumulations based on their current accumulations along with a number of additional variables selected by the individual. In this way, the customer is provided with individual-level information that would be very difficult for them to either obtain or determine on their own.

It should be noted that some segments are more likely to respond to various forms of communication than others. For segments with low levels of responses, it is difficult to develop smart marketing programmes. In these cases, creative proactive approaches to gathering additional data must be considered.

Moreover, the data received from customers may be used to make the database more accurate and complete. They can also be used to refine the current segments, identify new ones and to develop more accurate classification models. Finally, the data may be used to track the effectiveness of the current communication efforts.

CONCLUSION

'This is the most exciting, most challenging time in the history of advertising research. We are sure to see innovations in research during the next several years the likes of which have never before been seen

in the field' (Lavidge 1999). When this is coupled with the new approaches of IMC and electronic media, the face of advertising will be changed forever. Our belief is that marketers must identify ways to integrate the new media into their current communication plans. We have argued that the unique characteristics of the new media require that a database-driven segmentation approach to communication strategy be employed. This should include the development of a customised, interactive, integrated marketing communication plan as well. However, an integrated IMC plan should not be considered an end goal but rather a starting point in the development and implementation of a 'smart' marketing programme. This approach changes the way we have traditionally viewed 'advertising' and the concept of integrated marketing communication as well.

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