

Interactive IMC: The Relational-Transactional Continuum and the Synergistic Use of Customer Data

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In a business-to-business context in the auto insurance industry, the synergistic value of the continuum of relational-transactional data in developing interactive Integrated Marketing Communication (IMC) relationships was assessed. While all types of data were found to be important, relationship-oriented factors contributed more to perceived quality of the relationship than did mixed or transaction variables. The study also investigated the ability to segment business customers employing a combination using the relational, mixed, and transactional data. The customer segments differed in their evaluations of the firm's performance on the various relational, mixed, and transactional factors, but not on their overall evaluation of the relationship. This finding provides support for the notion that different customer segments are interested in different types of relationships. In addition, the segments were significantly different in terms of the amount of insurance written with the company, underscoring the financial importance of segmenting customers on these variables.

INTRODUCTION

Integrated Marketing Communication (IMC) has received significant recent interest in the advertising and marketing communities (cf. Gould, 2004; Kim, Dongsub, and Schultz, 2004; Kitchen, Brignell, Li, and Jones, 2004; Swain, 2004). IMC assesses the integrated role of diverse communication media and how the merger of these media can enhance the overall effectiveness of buyer-seller relationships (Kliatchko, 2005). Not only has IMC impacted the way marketers communicate with customers and prospects, its extension into an "interactive" marketing realm has placed great value on bringing together multiple data touchpoints, media, and messages (Peltier, Schibrowsky, Davis, and Schultz, 2002). However, the mass communication nature of IMC is no longer sufficient for developing buyer-seller relationships in today's data-driven and customer-oriented world of marketing (Peltier, Schibrowsky, and Schultz, 2003), particularly with regard to how best to tailor and deliver marketing communications that maximize

a "return on marketing investment" (Cook and Talluri, 2004; Swain, 2004) and how multiple touchpoints can enhance an organization's selling efforts and customer retention strategies (Reinartz, 2005).

The growth in the use of interactive IMC is in part a function of emerging technologies that afford businesses the opportunity to tailor how they communicate with exchange partners and the form in which this interaction takes place (Kim, Dongsub, and Schultz, 2004). Transactional and communication media can take many forms, including mail, in-person, over the phone, fax, online, and via an ever-increasing number of wireless technologies, with the resulting exchange information stored in the firm's database. The information collected from multiple touchpoints can then be utilized to create individualized exchanges and longitudinal contact strategies (Peltier, Schibrowsky, and Schultz, 2003). Despite the increased attention given to interactive IMC, little research has investigated how buyer-seller communications

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in business-to-business markets can be exploited through increased data-driven relationship building practices (Cook, 2004).

Although “transaction-based” data are receiving increased attention in the business-to-business literature, still underdeveloped is the extent to which “relationship-oriented” data can be used to create customer relationship strategies that yield long-term loyalty (Moncrief and Marshall, 2005). “Relationship-oriented” interactions surface through multiple data touchpoints such as personal contacts, phone calls, satisfaction surveys, emails, and web encounters. Given the importance of developing effective contacts between exchange partners in business-to-business relationships, research is needed that explores the dynamic nature of relationships and how customer data at both a transactional and a relational level can be leveraged to form IMC programs (Zahay, Peltier, Griffin, and Schultz, 2004).

In his editorial comments in *JAR*'s special issue on IMC, William Cook (2004) noted that “It is especially useful for researchers to identify constructs that enable us to picture the very real world of business-to-business marketing through the lens of IMC theory” (p. 1). With this call

in mind, we report the findings from a study of business-to-business firms in the auto insurance industry that assesses the value of relational data and transactional data in forming IMC relationships. Particular attention is given to understanding the “interactive” nature of these IMC efforts in that the ultimate goal of these relationship building strategies is to strengthen the ability to personalize the spectrum of integrated communications that customers receive. In doing so, we introduce a Relational-Transactional Data Continuum. Importantly, because IMC requires a cross-functional orientation that encourages data-driven and personalized communications (Duncan, 2002; Kitchen, Brignell, Li, and Jones, 2004), we offer a conceptual model for providing strategic and tactical guidance regarding how an organization's relational and transactional database can be used to develop *personalized* relationships with customers, the very essence of interactive IMC.

SALES VERSUS MARKET ORIENTATION

The emerging focus on customer-centricity is placing increased importance on an information-intensive approach in which both marketing and sales personnel are responsive to customer needs (Leigh and

Marshall, 2001). Although relatively little research has investigated how marketing and sales can jointly create a customer-centric focus, there is a need in all organizations to merge multiple types of data in the search for interactive IMC approaches to building customer loyalty and profitability (Peltier, Schibrowsky, Davis, and Schultz, 2002).

The sales organization

In their role as the intermediary between buyers and sellers, salespeople have the responsibility for developing linkages with customers and have a key role in creating, nurturing, and preserving relationships. A problem that many sales organizations face is that selling encounters are often of a transactional nature and compensation systems frequently favor selling over relationship building (Day, 2000). Though the role that the sales organization can play as a “communication” medium from an interactive IMC perspective has received little research attention, the merging of information sources is becoming increasingly important in an era of electronic relationship building that has created an environment where customers have a plethora of possible salesperson touchpoints, including in-person and telephonic contacts, Voice Over Internet Protocol (VOIP), websites, extranets, text messaging, fax, and through an expanding number of other emerging communication technologies (Shoemaker, 2001).

The marketing organization

Kohli and Jaworski (1990) defined market orientation as an organization-wide philosophy that emphasizes collecting market intelligence concerning the needs of current and future customers. A stream of research is emerging that supports the view that the use of detailed customer data to create an interactive and consumer-centric focus expands the scope and

capacity of the marketing organization to understand buyer needs and to respond to them accordingly (Shoemaker, 2001). The net result of a more marketing/customer orientation is the ability to practice adaptive selling techniques tailored to individual customers or prospects (Park and Holloway, 2003).

TRANSACTIONAL VERSUS RELATIONAL DATA

Recently, Zahay, Peltier, Griffin, and Schultz (2004) reported exploratory research that examined the differential impact that transactional (sales) and relational (marketing) data had on business- and customer-based performance measures. Although an initial step toward better understanding the independent impact of relational and transactional data on performance, their research was focused on transactional and relational data on the extremes without consideration for different configurations along the *Relational-Transactional Data Continuum*. Different types of transactional and relational data that may be collected by sales and/or marketing personnel are discussed below along with how they might fit along a Relational-Transactional Data Continuum.

Transactional data

Transactional data, which can be accessed through an in-house database and/or acquired externally, have commonly been grouped into at least five categories: (1) demographic and geographic, (2) customer purchase history (e.g., types of products purchased, when, how paid, etc.), (3) response lists (e.g., commercial lists based on response to past offers), (4) magazine subscriptions, and (5) association lists. Direct marketers have used varied data-mining techniques to help define relationships and to predict response behaviors (Baier, Ruf, and Chakraborty, 2002).

Revealing the motives and psychological underpinnings of the subtext driving transactions affords firms the opportunity to initiate interactive marketing efforts that incorporate what customers are saying, and that are logically tailored to the communications and offers that they demand.

The focus on behavioral measures has led to the use of these data for measuring relationships in terms of sales and profitability indices.

Relational data

Peltier, Schibrowsky, and Schultz (2002) conceptualized relational data in terms of "interactive psychographics," which they defined as a "combination of inter-related psycho-social customer-specific information, including values, motivations, beliefs, attitudes, and lifestyles, captured via database technology for the purpose of nurturing individualized buyer-seller relationships" (p. 8). Revealing the motives and psychological underpinnings of the subtext driving transactions affords firms the opportunity to initiate interactive marketing efforts that incorporate what customers are saying, and that are logically tailored to the communications and offers that they demand (Peltier, Schibrowsky, and Schultz, 2003). Relationship-oriented data are typically under the control of marketing and advertising personnel and are used to understand customer loyalty. However, the sales force's ability to practice adaptive selling will be enhanced if they are supplied with meaningful customer-specific psychographic data.

The Relational-Transactional Data Continuum

Many organizations have detailed and well-utilized transactional databases and are starting to collect information of a more relational nature. Missing are practices that merge the transactional database with relational data. Transactional and relational data have been viewed as being positioned on the extreme endpoints of a relationship-marketing continuum. On one extreme, the classic transactional database enhances identification-based customer information with buying behaviors and financial considerations (purchasing, credit, and payment history, etc.) and useful demographic data. On the other extreme, relational data are collected at various customer-seller "interactions" or "touchpoints" (Hair, Bush, and Ortinau, 2003), including electronic and traditional customer surveys, service complaints, web inquiries, email communications, customer-initiated phone calls, customer loyalty programs, and the like (Peltier, Schibrowsky, and Schultz, 2003), the majority of which never reach the sales force (Zahay, Peltier, Griffin, and Schultz, 2004).

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nature, and as such, the distinction between transactional and relational data is not as clear-cut as one might expect. For example, products purchased and magazines read, traditionally identified with transactional data, by themselves have psychographic and lifestyle implications, and even greater value when merged with more detailed relationship-oriented data. Similarly, data collected from varied customer touchpoints such as surveys, web clicks, and discussions with customer service representatives all provide opportunities for learning more about the transactional nature and needs of customers. Recent research has supported the trend of business and consumer marketers effectively merging transactional and relational data (Peltier, Schibrowsky, and Schultz, 2003; Zahay, Peltier, Griffin, and Schultz, 2004).

MODEL DEVELOPMENT

The preceding discussion highlighted the importance of considering a combination of transactional and relational data sources when attempting to identify the types of relationships customers are seeking and for developing strategic and tactical programs to engender long-term loyalty. Inherent in this discussion is the need to identify the underlying nature of the relationship, especially with regard to determining the types of data categories that could logically impact customer loyalty. Although a myriad of possible data combinations exist, for this study we concentrated on transactional and relational data properties initially outlined by Peltier, Schibrowsky, and Davis (1998). In the context of the study, we focused on those transactional and relational dimensions most

pertinent to interactions unfolding within an independent sales agent–auto insurance carrier setting. Based on a review of the literature and qualitative research, Figure 1 provides a conceptualization of how various elements in the agency–auto insurance carrier relationship are located along our Relational-Transactional Data Continuum.

On the relational end of the continuum are touchpoints and subjective interpretations of the relationship between the agency and the customer service representative (CSRs) assigned to that agency. Also included in the relational category would be expectations of the extent to which the carrier understands the agent’s customers. Following the commitment-trust paradigm associated with relationship marketing efforts (e.g., Morgan and Hunt, 1994; Moorman and Rust, 1999), we also include perceptions regarding the current and future nature of the agent-carrier relationship. On the pure transactional endpoint are data elements used to describe purchase history and fulfillment alternatives, such as claims and claims processing encounters. Lastly, the midpoint of the Relational-Transactional Data Continuum contains information most closely associated with benefits, buying motives, and attributes important to agents, such as application speed, endorsement speed, and the abilities of marketing representatives. These data types are associated with the distribution and delivery of the insurance product from the provider to its agents and typically include some interactive elements. The hypothesized impact of the three data types on relationship quality and loyalty are also presented in Figure 1. We hypothesize that all three data element categories along the Relational-Transactional Data Continuum will significantly impact agents’ perceptions of the quality of the relationship. We posit that relational data elements will

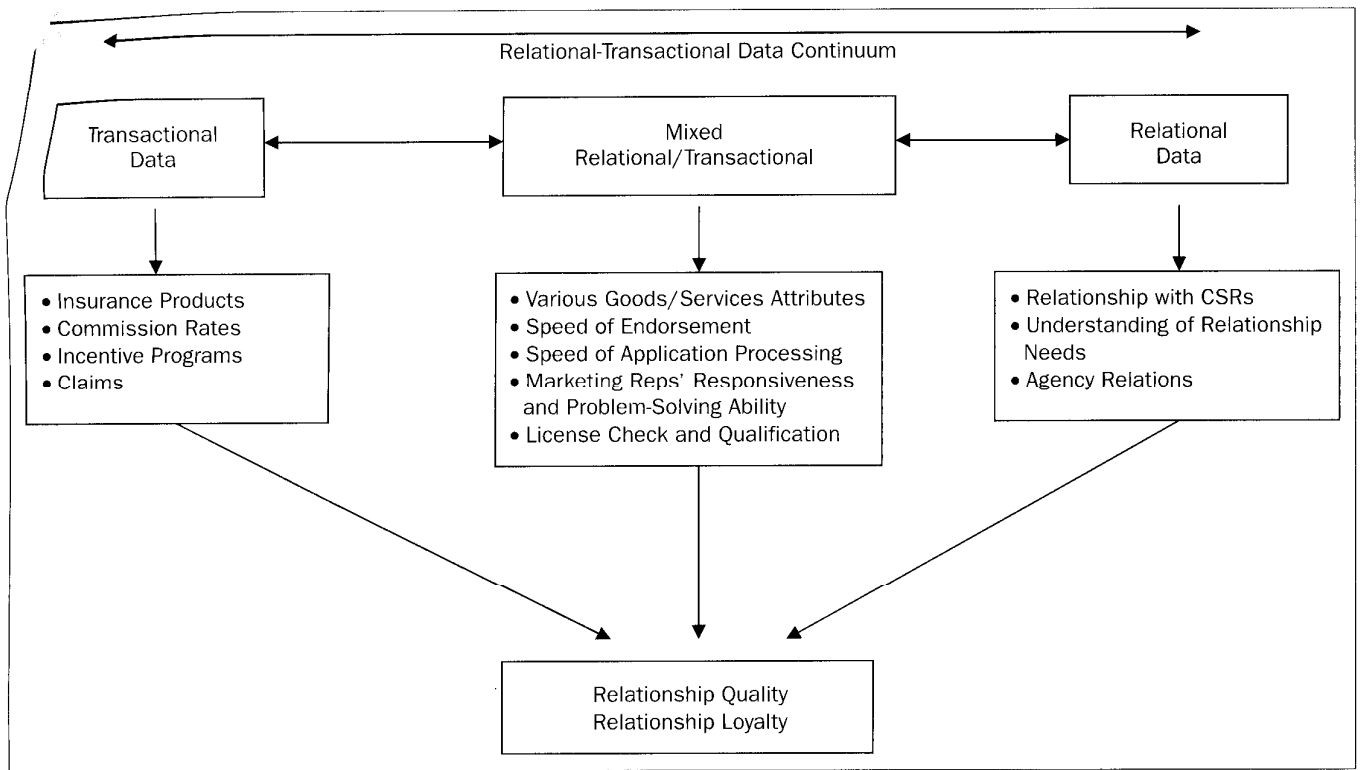


Figure 1 Relational-Transactional Data Continuum for the Insurance Data

most impact perceptions of the relationship, followed by mixed relational/transactional data, and then transactional data.

H1: (a) Relational, (b) transactional, and (c) mixed relational/transactional data positively impact perceptions of the quality of the relationship.

H2: (a) Relational data will have the greatest impact on relationship quality, followed by mixed relational/transactional, and transactional data.

Segmenting with relational-transactional continuum variables

While it is important to identify relational-transactional continuum variables and to investigate their impact on overall percep-

tions of the quality of the relationship, using this information to segment the customers provides additional managerial value to the study. Previous research suggests that relational variables can be used to segment the market and that the resulting segments will differ in terms of their receptivity to offers. Peltier, Schibrowsky, Davis, and Schultz (2002) and Peltier, Schibrowsky, and Davis (1998) demonstrated that relational segments could be formed and that this segmentation approach could be used to develop tailored marketing strategies. This approach is based on the premise that (1) different customers seek diverse types of relationships, (2) that the varied relationship segments would respond differently to various offers, and thus (3) they will differ in terms of relationship evaluation and loyalty measures such as overall satisfaction and share of

business. Based on this previous work, we posit two additional hypotheses.

H3: (a) Relational, (b) transactional, and (c) mixed relational/transactional variables can be used to identify distinct relational segments.

H4: The relational segments will differ from each other in terms of (a) overall evaluation, (b) overall satisfaction, and (c) share of business.

METHOD

Research setting and questionnaire development

A national auto insurance company was interested in how independent agents viewed the performance of their firm on a

variety of relational and transactional variables, and how these evaluations impacted annual premiums. A literature review and a series of focus groups and personal interviews with independent agents, CSRs and marketing representatives were conducted to identify key elements of the relationship between the independent agents and the company. A 32-item questionnaire was developed that asked respondents to evaluate the performance and attitudinal items relative to how well the target organization compared to competitors on a 5-point Likert scale ranging from 1 = inferior to competition to 5 = superior to competition. To measure relationship loyalty they were asked to indicate their overall satisfaction with the organization (1 = very dissatisfied to 5 = very satisfied) and their share of business/loyalty with the target organization (1 = 0–20 percent to 5 = 81–100 percent). Because a factor analysis showed that these two dependent variables were highly correlated, they were summed to create an overall relationship quality score.

Sampling and data collection

The sample consisted of 800 randomly drawn independent agents from the company's database. Respondents knew that the survey was not anonymous and that the company would use the findings to manage their business. The survey was mailed to the respondents with an incentive to encourage response, followed by a second mailing to nonrespondents. A total of 489 usable surveys were returned for a response rate of 61 percent.

RESULTS

The measures

A factor analysis employing Varimax rotation was conducted on the 32 questions to determine whether relational, mixed, and transactional factors were represented in the data. Items that loaded highly

on more than one factor were dropped. A total of seven factors emerged and accounted for 65 percent of the variance. The coefficient alphas for final measures ranged from .91 to .48, with alphas greater than .80 on all but one factor. The results are displayed in Table 1.

From Table 1, and consistent with the proposed Relational-Transactional Data Continuum in Figure 1, three of the dimensions were relational in nature: CSR Relationships, Agency Relationships, and End-Customer Relationships. Three were deemed to be mixed relational-transactional dimensions, focusing on a combined need for personal and concrete outcomes: Endorsement Process, Application Process, and Marketing Representatives Abilities. Finally, one dimension, Claims, is transactional in nature due to its reliance on financial processing and outcomes. In addition, three single-item transactional/financial data variables were included: Commission Rates Versus Competition, Incentive Programs, and Number of Products.

Impact of relational-transactional data on agents' perceptions of relationship quality

We first examined the impact that each of the individual data dimensions along the Relational-Transactional Data Continuum had on the perceived quality of the relationship. Recall that Hypothesis H1 posited that all three types of data dimensions—relational, transactional, and mixed relational/transactional—would positively impact perceptions of the overall quality of the relationship, and that Hypothesis H2 posited that relational variables would have the greatest impact on perceptions of the overall quality of the relationship, followed by mixed relational/transactional, and finally, transactional data.

To test these hypotheses, a regression analysis was conducted using the com-

bined overall performance measure as the dependent variable. Independent variables included the seven multi item measures (factor scores) and the three transaction-oriented single items. Table 2 contains the results of the analysis. All seven of the measured factors significantly impacted perceived relationship quality. In addition, one of the single items, commission rate versus competition, was also a significant predictor of the perceived quality of the relationship. Overall, the model accounted for a considerable amount of variance explained (r -square = .697, $p < .001$). This finding provided strong support for Hypothesis H1 (that relational, mixed, and transactional data impact perceived quality of the agent-carrier relationship).

From Table 2 it can also be seen that agency relationships ($\beta = .587$, t value = 22.253, $p < .001$) and CSR relationships ($\beta = .414$, t value = 15.509, $p < .001$) had the greatest impact on predicting overall relationship quality. The next three most important variables were mixed data elements. Finally, three of the four least influential variables were transactional data elements. These findings support Hypothesis H2, which posited that a hierarchy exists across the continuum, with relational data having the greatest impact on perceived quality, followed by mixed and transactional data elements.

Relationship segments

A cluster analysis was conducted using the dimension factor scores and the three-single item transactional items to test Hypothesis H3 (that relational, transactional, and mixed relational/transactional variables could be used to identify distinct relationship segments). In total, two-, three-, four-, and five-cluster models were tested. Based on the literature, focus group information, the diagnostic statistics, and the desire to create a parsimonious model,

TABLE 1
Factor Analysis

Relationship Items	CSR	Agency	Endorsement	Application	Marketing	End	
	Relationships	Relationships	Process	Process	Reps' Ability	Customer Claims Relationships	
CSRs' knowledge	.727						
Accuracy of customer information	.686						
Ability of CSR to solve/handle problems	.675						
Friendliness of CSRs	.638						
Amount of available customer information	.629						
Clarity of customer bills	.605						
Speed of application process (nonweb)	.581						
Hold time to speak with CSRs	.565						
Moving in the right direction for my company		.866					
Values my agency's success		.817					
Management team looks out for my company		.796					
Are innovative thinkers/company		.791					
Speed of the endorsement process (web-based)			.873				
Speed of the endorsement process (nonweb)			.743				
Speed of claims processing			.534				
SR 22 filings				.804			
Speed of application process (web-based)				.750			
Marketing reps' ability to solve problems					.864		
Marketing reps' knowledge					.863		
Amount of customer claim information						.885	
Fairness of claims						.815	
Understands my customers are price conscious						.804	
Understands my customers lack of insurance knowledge						.781	
Coefficient alphas							
Cumulative variance explained = 64.7%	.86	.91	.81	.81	.83	.80	.48

a three-cluster model was determined to best represent the data. The resulting clusters are shown in Table 3. Note that each customer segment viewed the performance of the company differently. Specifically, the Relational Segment perceived the company as doing a good job relative to competition in terms of CSR relationships, agency relationships, end customer

relationships, and the ability of marketing representatives. The Transactional Segment provided the highest evaluations with regard to claims and incentive programs, and also scored the applications process relatively well relative to competition. Finally, the Mixed Segment evaluated the firm high in application processing, endorsement process, and the ability of mar-

keting representatives. In summary, the cluster analysis successfully segmented the customers into clearly different segments based on relational, mixed, and transactional data elements. This analysis supported Hypothesis H3.

Hypothesis H4 posited that the relationships segments would differ in terms of competitive positioning and the two

TABLE 2
Model Testing

	Data Type	Coefficient	t-Value	Significance
Agent relationship	Relational	.587	22.253	.000
CSR relationship	Relational	.414	15.509	.000
Application speed	Mixed	.220	8.667	.000
Marketing rep	Mixed	.164	6.501	.000
Endorsement speed	Mixed	.160	6.331	.000
Claims support	Transactional	.124	4.869	.000
Commission rates versus competition	Transactional	.086	3.056	.002
Customer understanding	Relational	.050	1.995	.047
Incentive programs versus competition	Transactional	.038	1.319	.188
Number of products versus competition	Transactional	.029	.987	.324

Note: Dependent variable 10-point overall evaluation scale ranging from poor to excellent; $R^2 = .697$.

loyalty measures—overall satisfaction and share of business. To test this hypothesis, a means analysis was conducted on the perceived quality of the relationship and

amount of business written measures for the segments developed above. The results are shown in the bottom of Table 3. As predicted, the Relational Segment was

most satisfied with its overall relationship with the organization ($p < .01$). Similarly, the Relational Segment and the Mixed Segment did a significantly higher share

TABLE 3
Comparison of Relational-Transactional Segments

	Data Type	Relational Segment	Mixed Segment	Transactional Segment	F-Value	Significance
CSR relationship	Relational	3.81	3.62	3.55	5.6	.01
Agency relationship	Relational	3.85	3.39	3.62	13.5	.001
End customer relationship	Relational	3.92	3.79	3.32	26.0	.001
Endorsement process	Mixed	3.41	3.67	3.14	22.0	.001
Application process	Mixed	2.93	3.99	3.89	104.5	.001
Marketing reps' ability	Mixed	3.79	3.82	3.06	32.8	.01
Claims	Transactional	3.67	3.60	3.79	2.9	.05
Incentive programs	Transactional	2.92	3.05	3.23	2.9	.05
Overall evaluation		3.59	3.46	3.50	.74	n.s.
Overall satisfaction with relationship		3.79	3.49	3.53	4.2	.01
Share of business		2.84	2.29	2.86	10.2	.001

of business with the target organization than did the Transactional Segment ($p < .001$). There was no significant difference regarding the overall evaluation of the target organization relative to competition. Although this last finding does not provide support for Hypothesis H4, it does demonstrate the strategic value of analyzing relational- and transactional-based segments. The analysis revealed that while the three customer segments had similar feelings regarding relationship quality, each group's assessment was based on different favorable evaluations of the company. This provides support for Schultz and Bailey's (2000) contention that not everyone wants the same thing in a relationship. In summary, support for Hypothesis H4 was found in terms of overall relationship satisfaction and share of business with regard to the Relational and Mix Segments compared to the Transactional Segment.

DISCUSSION

The regression results supported our major hypotheses that relational, mixed relational/transactional, and transactional data positively impact perceptions of the quality of the relationship, and in an ordered/hierarchical way. From the regression analysis, the agency relationship factor had the highest beta weight (.587) when predicting relationship quality, supporting the trust-commitment ideas of relationship marketing as synthesized by Morgan and Hunt (1994). The CSR relationship factor had the second highest importance weight (.414), illustrating the relative importance of relationship data to these service firms. Interaction over time builds relationships between a firm and its customers and appears to be particularly important in a business-to-business context. These results support the notion that it is the individualized buyer-seller relationship that leads to competitive ad-

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vantage. To measure the success of that overall firm relationship, firms must collect relationship-oriented data.

As predicted, the most transaction-oriented factor, claims, along with purely transactional items such as commission rates, incentive programs, and products offered had the lowest beta weights in the regression predicting perceptions of the quality of the overall relationship. The mixed variables, application speed, endorsement speed, marketing representative ability, and customer understanding had factor regression weights between the mostly transactional and mostly relational factors. These mixed factors contain information about various services as well as about aspects of the customer relationship. For example, the marketing representative's ability factor includes information about the marketing representative's knowledge as well as about the product assortment of the company. Customer understanding includes an assessment of the price orientation of the agent's customers as well as how much "hand holding" the agent must perform. As predicted, these mixed-transactional/relationship factors do contribute to the perception of the quality of the overall relationship.

This research has investigated how transactional and relational data can be used

jointly to define all aspects of the customer relationship. Transactional data are needed for improving customer profitability along all aspects of the relationship (e.g., we would not suggest that the firm stop processing claims). However, the results support our contention that the evolution to an integrated customer orientation and strong relationship is critical for creating the information-intensive and interactive strategies demanded today. These relationship-oriented strategies and data to measure them ultimately maximize relationship profitability (Jacobs, Johnston, and Kotchetova, 2001).

STRATEGIC IMPLICATIONS FOR INTERACTIVE IMC

There is increasing evidence that IMC programs cannot focus solely on what customers do and the transactions they make. While no one would suggest that IMC program planners should stop using transactional data, our results clearly indicate that relational data are extremely informative for explaining relationships and for impacting the value of the relationship, both of which are viewed as important prerequisites for successful IMC efforts (Kitchen, Brignell, Li, and Jones, 2004; Swain, 2004). In fact, the regression results indicate that the importance weights of the relationship data are much higher

than for transactional data. Moreover, the study provides support for the notion that not all customers want or need the same type of relationship and that these various types of customers can be equally profitable to the firm if their needs can be met.

Relationships are often two-tiered in business-to-business firms. The first level of relationship is the relationship between the firm and its customers (i.e., the agent). The second level of the relationship is that between the salesperson and/or customer service personnel and individual customers. Our research shows that both are important predictors of perceived quality of the relationship. However, it is the relationship between the firm and its customers (i.e., the agency), not individual relationships, that contributes most to relationship performance. Thus, the firm needs to monitor perceptions of its own behavior as well as those of its sales representatives and service personnel in terms of furthering the relationship with its customers.

Potential relationship problems are highlighted by the strong weight on the agency relationship factor in the regression model and should direct managers to consider the importance of incenting sales representatives to collect and report data in the course of their relational interactions with agency customers. One of the problems in business-to-business sales environments is that critical information in these individual relationships is often held in the minds and personal files of sales personnel. When a critical sales resource leaves, valuable customer information and often valuable customer relationships follow that representative. Any data collection efforts that can capture relational information from customer interactions will lessen the transition from one sales person to another and increase chances of customer (in this case, agent) retention. In these data, customers clearly value the agency relation-

ship and, given a choice, would probably prefer to stay with the agency rather than follow their representative to another firm. However, it is up to the company to identify and capitalize upon relational information that may help cement the agent's loyalty to the company. Ultimately, the agency relationship aspect is harder to manage and more difficult to implement, but more rewarding to the firm. Brand-building activities are expensive, so any relationship building that can be done on the individual level will reap rewards for the company.

Based on our findings and a review of recent IMC literature, in Figure 2 we offer a model for conceptualizing how the relational-transactional continuum can be utilized for developing interactive IMC programs. The model is separated into two broad components, database management and development of an interactive IMC plan. In addition, it incorporates multiple strategic and tactical relationship building and measurement components. To help demonstrate how the relational-transactional continuum and an interactive IMC framework can jointly impact buyer-seller relationships, we first offer a brief case study. Because the previous discussion focused on a B2B relationships, to add generalizability of the model we shift to a B2C setting. As a backdrop, a national home hobbyist retailer working with the lead author has recently undertaken an initiative to get closer to its customers. The retailer has franchise stores around the United States and also markets via its catalog and internet operations. The strategic and tactical relationship building tactics denoted in Figure 2 are discussed below along with examples from this retailer.

Relational-transactional data sources

An important initial criterion for successful interactive IMC efforts is the existence

of a data collection engine for amassing information needed for understanding the types of relationships customers seek, contact preferences, and the types of communications appeals to which they will be most receptive (Peltier, Schibrowsky, and Schultz, 2002). Kitchen, Brignell, Li, and Jones (2004) termed this process an outside-in approach to IMC. Consistent with the Relational-Transactional Data Continuum, data collection opportunities encompass a multitude of touchpoints including surveys, electronic communications, call centers, sales contacts, and internal records. Given the new electronic age, relational and transactional data collected via email, internet, mobile linkages, and other advancing technologies are becoming increasingly important to interactive IMC (Kim, Dongsub, and Schultz, 2004).

Regarding the home hobbyist retailer, extensive survey data across the transactional-relational continuum were collected from both customers and prospects. The survey included such information as buying motives, attribute importance, satisfaction, perceptions of the company and specific competitors, media habits, and behavioral/purchase data. Customer data were collected via in-store intercepts, personalized email, the internet, and direct mailers sent with the monthly catalog flier. Prospect surveys were collected via the mail. The remaining examples pertain exclusively to customer strategies and tactics.

Customer database

Relational and transactional data need to be merged into the organization's database in such a way that users of this information can have easy access to it and are thus able to derive the benefits that this intelligence offers for developing interactive IMC initiatives (Duncan, 2002). It is here where customer relationship

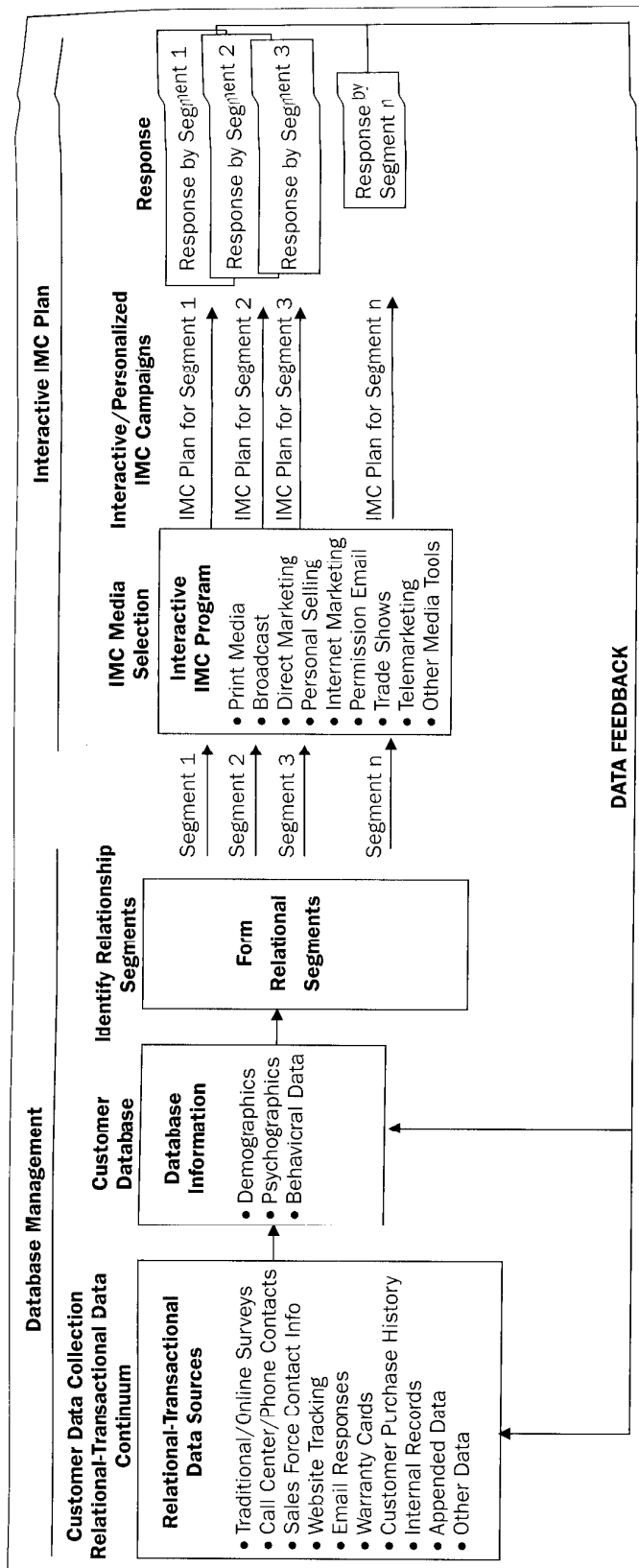


Figure 2 A Conceptual Model of the Relational-Transactional Data Continuum and the Development of IMC Strategies and Tactics

management (CRM) efforts often fail in that although adequate technology is available, there is a weak linkage between data collection and data integration. Many adopters of CRM technology are thus frustrated and have learned firsthand that becoming customer-centric requires a high level of coordination between IT and marketing, and that the entire organization must undergo a cultural shift with regard to how customer data are integrated and shared within and between functional areas (Gulati and Oldroyd, 2005).

In the home hobbyist-retailer project, the extensive array of survey data was appended to each customer's behavioral data file, closing the loop between relational and transactional data. The retailer now had access to a wide range of data across the transactional-relation continuum upon which strategic and tactical decisions could be formulated. Over time through email communications, internet visits, warranty cards, etc., the retailer will collect and merge information from periodic surveys requesting specific relational experiences (i.e., satisfaction with last store visit, quality of the home page, etc.).

Identify relationship segments

In that not all customers want the same type of relationship with an organization, the key to developing interactive communications is the ability to form relational segments based upon data across the relational-transactional continuum. Emerging CRM systems have the ability to finely define segments, even down to a segment of one. In this study we were able to segment customers into three different segments based on relational, mixed, and transactional data elements. Although a myriad of relational segments were formed using the home hobbyist survey data and customer files, three interrelated segments are identified here: experience level

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(novices require more advice), price versus quality (low price segment less loyal), and store versus nonstore channels (store buyers more loyal). As a note, each segment could also be subsegmented down into smaller target groups and could overlap (i.e., an experience buyer often used more channels and made price comparisons).

IMC media selection

Bringing together multiple media in a synergistic fashion is one of the cornerstones of IMC (Duncan, 2002). In many ways understanding media exposure is a relatively easy task in that in addition to the ability to examine the internal database to see which media and communication touchpoints are most utilized and generate the highest sales, one can simply ask customers their preferred modes of contact. With that said, it is becoming increasingly clear that marketers no longer have complete control over the media system and that customers gain power over which type of media they will attend to and at a time of their choosing (Schultz, 2005). As a consequence, media testing will be an ongoing component of successful interactive IMC programs.

A large portion of the home hobbyist customers purchased nearly all of their

items at the retail location. This group of customers appreciated a high level of contact with the experienced sales staff and visited the store regularly. The internet-exclusive group visit competing sites and tended to purchase from the lowest priced source. However, these customers would often purchase from the target retailer if the price differential was not too significant. Catalog exclusive shoppers are relatively loyal and live too far from the franchisee to visit on a regular basis. Multi-channel buyers were the most experienced and enjoyed receiving information from both personal and nonpersonal sources and visited the retailer for the shopping experience.

Interactive/personalized IMC campaigns

The primary goal of IMC programs is to affect behavior through directed communications (Gould, 2004), particularly when communications can be interactive and individualized. The relational and transactional information generated from varied customer-marketer touchpoints would then be translated into individualized communications and longitudinal contact strategies (Peltier, Schibrowsky, and Schultz, 2003). Past studies have illustrated the importance of developing data-driven and

longitudinal interactive IMC strategies (Peltier, Schibrowsky, and Davis, 1998; Peltier, Schibrowsky, and Schultz, 2002).

Interactive IMC campaigns are the crux of the transactional-relational continuum and the model outlined in Figure 2, and are only made possible when database information is used in a meaningful, value added, personalized fashion. For example, knowing which home hobby items are purchased most often by a customer, what their buying motives are, and the type of projects they most commonly work on at home, will allow the franchisee and national headquarters to send personalized offers and communications. The retailer also uses their in-store point-of-sale system to update purchases and store visit purposes (i.e., a demonstration, a class, etc.) on an on-going basis. Although in the early stages of development, the home hobbyist retailer is experimenting with a wide range of potential communication strategies and tactics.

Response and measurement

Segmenting customers into the types of relationships they seek via different forms of relational and transactional data in and by itself has no real value unless by doing so IMC programs can be personalized in such a way that behavioral tendencies differ across the assigned segments. Response differentiation and the measurability of IMC efforts are therefore extremely important considerations for closing the interactive IMC loop (Cook, 2004; Schultz and Kitchen, 2000; Swain, 2004), particularly with regard to return on investment and customer retention (Cook and Talluri, 2004; Reinartz, 2005). Although a number of measures could be utilized to assess the value of IMC programs, in a study of communication executives Swain (2004) found that the top four in importance were attitudes/attitudinal change, response/behavioral change, brand

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equity, and customer feedback, all of which are used by the home hobbyist organization. Customer retention is also used by the retailer. Consistent with the results from the current study, separate studies (Peltier, Schibrowsky, and Davis, 1998; Peltier, Schibrowsky, Davis, and Schultz, 2002; Zahay, Peltier, Griffin, and Schultz, 2004) illustrated the differential financial value that arises from segmenting customers along the relationships they desire and the communications they receive. Information regarding the results of the interactive IMC program would then be part of the feedback loop used in future data-driven efforts.

CONCLUSIONS AND FUTURE RESEARCH

Our study highlighted the importance of integrating relational and transactional data into the development of interactive IMC programs in a business-to-business setting, an area that has received relatively little research attention. We were able to show that customers seek different types of relationships with service providers, that these relationships can be segmented using relational and transactional data, and that relational data seem to be more important when explaining relationship success. The study demonstrates the added value of incorporating a continuum of data types, from transactional to relational, into the database. One limitation of the study is that it only investigated one industry, auto insurance, and only at the agent-insurance carrier level. We encourage research that explores multiple industries and in the B2C and B2B mar-

ket. It would also be interesting to see whether different types of relational and transactional data jointly impact relationship value and whether there are structural paths to these relationships. Lastly, because our model for how the relational-transactional continuum can be utilized for developing interactive IMC programs is quite extensive, studies attempting to investigate any of the individual areas seem warranted. **JAR**

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