Origin and Definition of Interactive Marketing

Regina Virvilaitė, Rima Belousova

Kauno technologijos universitetas
K. Donelaičio g. 73, LT-44029, Kaunas

The middle of the 1990s is generally being acknowledged as a turning point within the field of information technology (IT). It is obvious that nowadays organizations and people (consumers) will find it difficult to separate a relationship from information technology and other technological advances. Relationship marketing based on new modern IT gave an impulse for the origin of interactive marketing (IM). The article describes evolution of interactive marketing and presents the analysis of various authors’ thoughts on it. The authors describe the nature of interactivity phenomenon, present theoretical analysis of IM’s definitions and characterization. The influence of new modern IT is described and the essence and importance of IM is identified in the article.

Keywords: interactive marketing; interaction; relationship marketing; concept.

Introduction

Intensifying competition, quickly changing consumer behavior, constantly increasing quality requirements, fast changing technology and its results in business changes highlight the inadequacy of traditional marketing principles in the current situation. Reduction of price is the only a certain way to attract a consumer and remain competitive in hypercompetitive markets where supply of products and services exceed demand several times. However it is not possible to reduce price all the time. It is rather difficult to survive and work profitably under market conditions. Those who gain competitive advantages, use marketing means and act creatively win the competition. Qualitative goods and consumer service as well as the implementation of new competing methods ensure success in both local and global markets. The development of interactivity phenomenon when a consumer is involved in a bilateral active communication process with the help of the newest modern technologies stimulated evolution of interactive marketing.

Virtuality and systemic networks as a result of technological advancement marked modern economy. Informational technologies have changed composite elements of marketing theory. Interactive communication means allow clients to respond to the offers of a company, present their wishes and requirements. One-way flow of information was changed by mutual interactive communication between the consumer and the company. Nowadays information transfer means become more and more important while seeking to create competitive advantages. However new technologies themselves can neither reply the consumer nor solve his / her problem. Integration of information technologies into activities of interactive marketing makes the possibilities to serve the clients properly and compete in the market successfully.

While describing interactivity many theoreticians and practices point inevitable its influence on the rise of new directions of marketing paradigm. Interactive marketing is a hot topic and an exciting area for research due to its relative novelty and explosive growth. However, despite its popularity and importance in the digital economy, no comprehensive analysis has been conducted in the field of interactive marketing.


Aim of the article. The article aims to theoretically analyze interactivity as the phenomenon resulted in fast advance of modern technologies, reveals evolution of interactive marketing, characterizes the essence of interactive marketing.

Object of analysis – interactivity phenomenon stipulated by information technologies and also origin and definition of interactive marketing which arose as a result of interactivity’s influence.

Methodics of research. Systemic and comparative analysis and generalization of scientific literature were used while theoretical studies of interactivity phenomenon and interactive marketing were carried out.

Essence and description of interactivity

In common sense interactivity is defined as it is often cited but rarely used in practice with global network (World Wide Web) connected concept. Interactivity was analyzed by scholars of marketing, informatics, journalism.

A. Bezjian, Calder, Cho, Leckenby, Haeckel, Heeter, Miles, Pavli define interactivity as a concept based on the process; Carey, Ha, James, Straubhaar,
LaRose, Novak, Hoffman, Yun define interactivity as a concept based on the opinion. A. B. Avery, B. Calder, D. Iacobucci, Shankar, Smith, Rangaswam argue that interactivity makes negative influence, other authors – Ch. Gronroos, K. M. File, J.L. Mack, R. A. Prince, Cho, Leckenby – underline that it is an excellent possibility which new modern technologies give to the interaction of a consumer and supplier.

Interactivity is an intermediate element between a consumer and company. It may emerge in direct communication but it is not compulsory. Although one can treat it like a feature of a dialog, interactivity is not limited neither to two persons nor to direct communication. It may be treated as a changing reaction in interpersonal or public communication. The usage and employment of informational technologies themselves are not an interactive subject. They may be only mediators which facilitate or trouble interactive communication. Interactivity comes as an outcome of changing environment and rising demand of consumers’ to get personalized services / products.

Internet is the most favorable environment for the development and implementation of interactivity. According to Burgoon, Bonito, Bentsson Internet as a new communication and informational technology may be referred to as an interactive technology. Internet stimulates changes in communication process. Two – way flow of information emerged in internet may be treated as the main change. Namely due to interactivity internet has changed tandem of “message supplier – receiver” which was acknowledged as classic one for several decades and infuses the possibility of free mutual move of information’s flow. Consumers gain the possibility, which they did not have in traditional communication – the possibility to be heard. Thus consumers become active advisers, companions and respondents.

Figure 1 illustrates the position of interactivity in interaction between a consumer and supplier and the factors that influence interactivity (according to L. M. Delene and D. M. Lyth).

Figure 1. Position of interactivity in interaction between a consumer and supplier and factors that influence interactivity

Scientists argue that all the employees of a company should be involved into the process of implementation of interactivity into activity of the company in order to make it successful. Figure 1 shows that stuff may use both internal and external sources of information. A consumer in his / her turn uses its own sources of information. Both parties collect information from their own sources before getting into interactive zone.

When interactivity phenomenon is described we may not forget its influence on the evolution of interactive marketing. After revealing of the main characteristics of interactivity and evaluating the influence of fast improvement of information technology, these factors were applied in the activities of marketing. This stimulated the beginning of interactive marketing formation.

Origin of interactive marketing concept

At the heart of most presentations of marketing management there lies the time-honored concept of the 4Ps – product, price, promotion, and place – the Marketing Mix – that summarize key decision responsibilities of marketing managers. It was first formulated over 20 years ago by McCarthy as a pedagogical tool. The concept of the 4Ps represents a parsimonious and comprehensive way to describe the chief tasks of marketing managers. After selecting a target market, marketing managers must develop a systematic plan to sell to these customers and create long-term relationships. The marketing plan consists of decisions about product, price, promotion, and distribution. These are the major decision areas where marketing managers allocate scarce corporate resources to achieve their sales and profit goals. Little has changed in this presentation since McCarthy's original statement. Most marketing texts still feature the 4Ps as the central, coordinating concept around which the many other aspects of marketing practice are organized.

Almost for three decades marketing was treated as organisation’s function responsible for 4P. Nowadays mass production markets which dominated in the fifth and sixth decades in North America, high competition in distribution channels and very powerful journalists are considered as a result of origin of marketing 4P complex. Marketing manager should choose target market and after he / she must make a systemic plan which seeks to sell products and services to clients of that market and establish long term relations with them. Marketing plan consists of product, price, promotion and place decisions. Marketing manager accumulates all the company’s resources in the context of 4P (product, price, promotion and place) in order to achieve sell and profit goals.

Recently plenty of criticism focused on the limitation of theoretical 4P paradigm emerged. It is maintained that marketing oriented to product but not to consumer is a result of 4P paradigm.

After a number of actions marketing must convince a consumer to buy a good. We may maintain that attitude of 4P to the consumers is manipulative. If a manager chooses proper means, right combination and intensity, a consumer buys. This is pressure on a con-
Commonly managers know little about consumers’ thoughts, how they think and what they feel. Today’s society demands another type of production. Consumer oriented offers and more personalized marketing should be used instead of mass production.

Classic marketing theory is based on the marketing of consumer goods but not on the studies of service or business-to-business marketing. Marketing complex is a result of standardized mass production for industrial society and its separation from individual consumer. Marketing complex consists of mass marketing and standard consumer goods (figure 2). As an outcome of the influence of new informational technologies new marketing theory evokes (figure 3).

Advocates of new marketing trend treat new attitude to relations with consumers as a base for the development of new marketing concept – relationship marketing (figure 4). Essence of new concept may be expressed as a shift from the school “tell us what color do you want” towards the school of marketing concept “let’s together decide if and how the color will fit your aim”. In this concept satisfaction of a consumer is finished with comprehensive his / her integration into a mutually active process of value creation in the aspects of bilateral dependence and interaction. Relationship analyses how to find products for the clients contrary to the transaction marketing which focuses on finding of clients for the products. (Goldsmith, 2002).

American marketing and other scholars were the first who became interested in interactivity and interactive marketing. However, there is no generalized and structured definition of interactive marketing that would satisfy thoughts of plenty academics. Often term interactive marketing is treated as relationship marketing, internet marketing, data base marketing. Scholars analyze interactive marketing in the context of different marketing research traditions.

Interactive marketing objects to orientation of traditional marketing to the management of separate elements of marketing (price, product, etc.) and stands for the integration of the company’s marketing information system into the whole information system of the company: the same flows of information, processed information reports, messages, decisions, etc.

During the 1980s, IT became increasingly important to the development and execution of corporate and marketing strategies, and IT was increasingly applied in the search for competitive advantage (Weiber, Kollman, 1998). This caused IT to be seen not just as a useful tool for marketers but also something that represented a strategic challenge for them to manage. A substantial literature looking at the relationship between IT and marketing emerged, with particular emphasis on the generation of competitive advantage; the development of marketing information systems for marketing planning and control (Ngai, 2003); and the impact of IT on market structures (Peters, 1997).
As IT moves into the realms of communications and connectivity, its centrality to marketing becomes apparent. This is because formal marketing exists to connect producers and consumers who became distanced and estranged by the process of industrialization and the emergence of mass production for mass markets. The concept of interactive marketing is emerging in which new communications technologies allow marketers to bypass the distancing effect from customers created by long supply chains, market internationalization and an overreliance on unidirectional forms of marketing communication such as advertising. Possibilities of new marketing means gave an impulse for the origin of new trends in marketing paradigm. Modern IT will allow companies to link directly into customers to enable new relationships and interactions to develop.

Development of service, creation of products consuming knowledge, advance of new informational technologies and their implementation into business, formation of “business-to-business” model and modern organizational structures influenced the changed approach to standard marketing 4P complex and to the marketing generally. Interactive marketing revealed absolutely new approach comprising new ideas both in business and in management and marketing. Interactive marketing is treated as management of relations, networks and interaction (Goldsmith, 1995).

**Definition of interactive marketing**

It is obvious that the concept of interactive marketing has evolved influenced by independent and different directions scientific research and resulted in the abundance of different interpretations of the interactive marketing notions. Most of authors maintain that interactive marketing is management of relations with consumers. Later this notion was added that it is continuing process during which consumer’s needs, interests and possibilities are identified and satisfied.

After the analysis of different authors’ researches of interactive marketing, descriptions of interactive marketing formulated by different scientists and their comparison are presented in table.

E. W. T. Ngai presented the term – internet marketing – it is the process during which relations with consumers are established and maintained through online activities in order to facilitate exchange ideas on products and services more quickly that would satisfy the goals of both buyers and sellers.

M. Zineldin talks about technologicalship marketing – this is relationship marketing based on advanced interactive technologies.

Summarizing studies of various scientists on interactive marketing, we may ascertain that interactive marketing as new marketing philosophy reveals long term interaction between consumer and company based on information technologies which enables to nurture their loyalty and value and emphasizes significance of establishment and development of relations with all participants who take part in the activity of the company or influence its results.

### Table

**Comparison of interactive marketing definitions**

<table>
<thead>
<tr>
<th>Source</th>
<th>Description</th>
<th>Main accents</th>
</tr>
</thead>
<tbody>
<tr>
<td>T. Kendrick and K. Fletcher (1999)</td>
<td>Interactive marketing is combination of conventional marketing’s planning and methods of handling of relations’ with consumers and technologies, which enables establishment of interactive mutual relations and attraction of new consumers.</td>
<td>Establishment of mutual relations in order to attract consumers</td>
</tr>
<tr>
<td>Ch. Gronroos (1995)</td>
<td>Interactive marketing is management of interaction between consumer and supplier</td>
<td>Management of interaction</td>
</tr>
<tr>
<td>A. Bezjian, B. Caldery and D. Iacobucci (1998)</td>
<td>Interactive marketing is continuing process during which consumer’s needs and dreams are identified, described and satisfied.</td>
<td>Continuing process</td>
</tr>
<tr>
<td>Blattberg and Deighton (1991)</td>
<td>Mutual exchange of information. During the interaction needs, interests and possibilities are identified gradually. Such relations are established during some time while the company accumulates data base that gives favorable possibilities to act.</td>
<td>Striving for favorable possibilities to act</td>
</tr>
</tbody>
</table>

According to the fact that in interactive marketing both consumer and company presents information, figure 5 illustrates interaction between consumer and company in the context of interactive marketing.

Petter Drucker says “demand is the only guarantee of profit ... there is nothing more important as to establish and develop beneficial mutual relations with your consumers”. Interactive marketing means development of various forms of interaction and cooperation seeking to find out potential consumers and establish a dialog with them. Direct work with client based on interactive relations, which expands spectrum of forms and ways of services rendered to consumer in order to satisfy his / her individual needs as well as possible, is of particular importance.

Interactive marketing focuses on interactive nature of company – consumer. As far as back 1978 Ch. Gronroos noticed that interactive marketing may be very important to modern business. His statement that interactive marketing – is management of interaction between consumer and company – was disputed broadly.
Interactive marketing is complex system enabling to evaluate and maximize economic value of every company’s client and apply effective loyalty stimulating methods for the most valuable clients.

Interactive marketing

**Figure 5. Principles of interactive marketing**

Interactive marketing means not only individual communication with a consumer. It involves personalized products and proposals responding to consumer’s needs which are not imparted yet. Really close relations with a consumer may be established when a consumer is allowed to express his / her wishes clearly which he / she wants the company to satisfy – and mutual dialog is necessary for this purpose. Content of the actual marketing messages that are presented to the consumer and overall relations between consumer and company influence the future success.

Mass marketing efforts have often been poorly directed and controlled. Computer technology provides opportunity for micromarketing and better control of marketing relationships (Peters, Peattie, 1997). However, at the very beginning of “computers age” managers often failed to develop the potential that existed for better control. This is illustrated by the growth in junk mail, and reflected in the fact that direct-mail uses continue to market themselves on brute force (number of homes on their database) not precision. In other markets firms are using "manage-by-wire" systems to control marketing implementation.

However, it is important to realize that with all the futuristic talk of the role of computers in marketing, when it comes to processing information, computers and humans utilize fundamentally different means. As Chesbro and Bonsall state: “Human beings react to many different kinds of information, develop different conceptual systems to deal with them, and ultimately generate multiple ways of perceiving and understanding any single event or phenomenon. In contrast, computers possess a unidimensional conception of what reality is and how reality should be examined and understood”. Human beings link extremely divergent kinds of information, for example visual, logical, interpersonal, linguistic. The pathways, or nervous and sensory systems, are necessarily multi-dimensional, simultaneous and relational. In contrast, the computer links information in a linear and sequential manner because it employs only one type of knowledge – logical/mathematical. Computers operate in a context-free environment where circumstances and social influences do not apply. Such insensitivity to the situational features of data places greater responsibility on the humans using computers to understand the context of data and the appropriateness of its use.

It is very obvious that nowadays organizations and people (consumers) will find it difficult to separate a relationship from information technology and other technological advances. It is commonplace to rethink and talk about the speed of change in our present-day highly technological society, and of the need for the overall economy and business to respond to its rapidly changing environment and market conditions. Some factors that have had a major impact on the development of marketing and management during this decade are: knowledge explosion in technology, the arrival of a commercial computer, the emergence of a more broadly educated and more discerning consumer with increasing discretionary spending and purchasing power, the internationalization and globalization of business, and the emergence of the modern multinational companies.

Today, information technology skills have also emerged as a priority.

A company that does not learn and adapt to changing technology can face painful competition and may fall victim to competitors that switched their strategies to the more technologically-based relationships and advanced products and services. Douglas C. North, one of the Nobel prize winners in the economic sciences in 1993, argues that learning from each other, from past experience, and from new innovations, enables organizations to find a common, probably unexpected, pattern or network of relationships that works for them. Such learning leads to emergent strategies.

Technology is an effort to maintain a firm’s ability to handle an increase in product/service volume while controlling costs; it also enables firms to be innovative and market oriented. The communications and computer networks between companies helped them to remain competitive and profitable. Many roles are given to the computers and Communications networks. **Success is the symbiosis of technology and marketing.** Blending technology with customer requirements is an important success element in establishing and developing customer relationships (Zineldin, 2000). Any organizations that apply any of the above mentioned marketing cannot operate effectively unless they have the ability to communicate quickly, accurately, and over great distances. Advances in IT should make it much easier for managers and marketers to communicate and do business within national or international networks.

**Conclusions**

Studies of scientific literature and survey of empiric researches showed that while describing interactivity most theorists and practitioners emphasize its unavoidable influence on the development of marketing theory. A part of the scholars argue that interactivity makes negative influence, other authors emphasize that it is an excellent possibility which new modern technologies give to interaction of consumer and supplier. This incompatibility impedes the formulation of unambiguous conclusions on influence of interactivity.

As one may notice from the presented interactive marketing’s interpretations and descriptions (in spite of
the fact that they were formulated seeking to reveal different topics and perspectives), they are not contradictory but complementary and enduring the essence of interactive marketing as a new marketing concept – establishment, development and maintenance of mutually beneficial relationships with customers through modern technologies.

After the analysis of descriptions of interactivity and interactive marketing we may assume that interactivity is based on new information technologies which enable synchronic mutual communication during which a consumer is involved into the process of active mutual cooperation. Being a new marketing concept, interactive marketing reveals value of a long term interaction between the company and a consumer which stimulates consumer loyalty and emphasizes significance of establishment and development of relations with all participants who take part in the activity of the company or influence its results.

References

pažanga ir jos sąlygoti pokyčiai versle. Šie veiksmai išryškina tradicinio marketingo principų neadekvatūmą esami situacijai. Pripažinta, kad abipusiai naudingų santykių su vartotojais sukuria prieš palaikymus turėtųaptirto ir prišnekinius įmonės tikslus. Sėkmingų veiklių rinkoje užtikrina ne tik kokybiškos prekės ir vartotojų aptarnavimas, bet ir naujų konkuravimo metodų taikymas.