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## DEVELOPING A DIRECT MARKETING PATTERN BASED ON CUSTOMER RESPONSE AND EXPERIENCES

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### ABSTRACT

*The purpose of this research is to identify the effective factors on the formation of direct marketing based on the experiences and responses of Internet customers. This research is in terms of the purpose of development. Using a hybrid method, in two stages, the identification of the indexes was done by the theory of the grand theory and its test was done by a correlation survey method. The statistical population of the research is the customers of Isfahan Online Stores. The sample size was determined by multi-stage cluster random sampling of 310 people and the require data were collected using a researcher-made direct marketing questionnaire. The results showed that sensory, cognitive, emotional, physical, social, brand quality, communication quality, usefulness and perceived risk affect the formation of direct marketing based on the experiences and responses of Internet customers.*

**Keywords:** Direct Marketing, Customer Experience, Customer Response, Internet Customer.

### INTRODUCTION

Creating a strong customer experience is now a leading management objective. According to a recent study by Accenture (2015; in cooperation with Forrester), improving the customer experience received the most number one rankings when executives were asked about their top priorities for the next 12 months. Multiple firms now have chief customer experience officers, customer experience vice presidents, or customer experience managers responsible for creating and managing the experience of their customers. Schmitt (1999) was one of the first scholars to emphasize the importance of customer experience, and Pine and Gilmore (1998) specifically address the importance of experiences in today's society and the opportunities for firms to benefit from creating strong and enduring customer experiences (Bugel, 2010; Kumar and Reinartz, 2016). The idea of the customer experience appears to have resonated with practitioners and academics alike and many managers and service researchers now talk about the customer experience. However, research on the customer experience appears to be in its infancy, certainly compared to service related topics such as service quality and loyalty. Furthermore, the customer experience is sometimes seen only as an issue for „entertainment“ type organisations such as theme parks. However, the literature suggests that whatever the service (or indeed product) a customer is buying or receiving, that customer will have an experience; good, bad or indifferent, i.e. a service always comes with an experience (Carbone and Haeckel, 1994) and that all service encounters provide an opportunity for emotional engagement, however mundane the product

or service might be (Berry and Carbone, 2007; Voss and Zomerdijk, 2007). Despite an abundance of eco-labelling initiatives (Thøgersen, 2002), few formal evaluations of consumer response to carbon labelling have been published. As Leire and Thidell (2005) and Thøgersen et al. (2010) emphasize, there is a need for a better understanding of consumer response to eco-labels. In the absence of reliable information specific to eco-labels, studies of other food labels offer some useful guidance. Noussair et al. (2002) found that European consumers typically remained unaware of labelling regarding foods containing genetically modified ingredients. In direct marketing, customers are asked to take a specific action such as returning a questionnaire, placing a catalog order, mailing a prepaid postcard, calling a toll-free telephone number, clicking a link to a specific website, redeeming a discount coupon, or ordering a product online with a promotional code (Bose and Chen, 2009). In such a case, the customers' responses are directly traceable and easily measured by the direct marketer. Using the records of customers' responses over time, we can predict the customers' response rate and speed, and use such information in making important marketing decisions. Direct marketing is the specific targeting of a person or a company with the objective of selling a product, generating new business, or raising the profile of an organisation or product. The definition of direct marketing as proposed by Raaijmakers et al. (1992), and presented in this paper, allows for distinguishing several levels of direct marketing without the need for more than one definition. Defined in this way, direct marketing can be employed at several levels in the organization. Based on their definition, four levels of direct marketing can be distinguished (Hoekstra, 1994). Three of them concern strategic decisions and one is at the operational level. These types cover the ever broadening field of direct marketing, including the direct marketing system as well as the use of direct marketing methods. The role of decision support techniques and models for marketing decisions has been important since the inception of decision support systems (DSSs) (McDaniel, 2007). Diverse techniques and models (e.g., optimization, knowledge-based systems, simulation) have emerged over the last five decades. Many marketing domains, including pricing, new product development, and advertising, have benefited from these techniques and models. Among these marketing domains, customer segmentation or profiling is recognized as an important area (Olson & Chae, 2012). Considering the above, in this research, we are looking for a pattern of responsive marketing based on the responses and experiences of our customers in online stores.

## RESEARCH LITERATURE

### *Direct Marketing*

According to Odabsi & Oyman (2001), direct marketing includes four basic points. Firstly, direct marketing is an interactive marketing system. This interaction is realized between the organization and client, and based on mutual message delivery. Secondly, responses to the client's ability to move are obtained by the effect of direct marketing. Thirdly, direct marketing is used through the agency of advertisement media. This point allows an organization to reach a client outside of the sales environment, and therefore, information and communication technologies are required. The last point is that response and action toward direct marketing attempts are measured. Consequently, the results of direct marketing actions should be measurable. Direct marketing is measurable and can be tracked, in the sense that the success rate of marketing can be identified. For example, by dividing people who have been marketed, they set the percentage of marketing success to those who came. The type of marketing utilizes



various communication tools: post, email, SMS, fax. In some cases, direct marketing can be done using a cookie stored by the Internet Viewer. Direct marketing is one of the most effective marketing methods with an aim to maximize the expected profits. A number of cost sensitive learning methods which focus on predicting profitable customers have been proposed for direct marketing.

### ***Consumer Behavior***

Consumer behavior involves a set of psychological and physical processes that will be continued before purchase and after consumption (Paul peer et al, 1999). In each field of study, there are some basic theories and hypotheses that experts use to guide their ideas to the subject. In order to better understand consumer behavior, the seven basic concepts emphasized by most scholars of this subject have been investigated (Santosh et al, 2011).

1. Consumer behavior is motivated.
2. Consumer behavior involves a lot of activities. Each consumer has thoughts, emotions, plans, decisions and purchases.
3. Consumer behavior is a process.
4. Consumer behavior varies in terms of time and complexity.
5. Consumer behavior includes various roles.
6. Consumer behavior is influenced by external factors.
7. Consumer behavior is different for different people.

Usually, every consumer faces large purchasing decisions every day. Most companies that are researching consumer purchasing behavior try to find the right answers about what consumers buy, how much they buy, where to buy, and why they buy (Kotler, 2001).

### ***Customer Response***

Consumer WOM behaviors are formed as a result of commitment, a positive emotion (Amine, 1998). Customer Response (CR) is a concept that describes the process of receiving comments, requests, and complaints from clients in an organization. In fact, the customer response is a market research method that provides us with a precise set of structured and prioritized needs, demands and expectations of our customers. Today, the customer response plan has become an important part of the strategy of leading and customer-focused organizations. According to research conducted in 2013, those marketing managers who have the highest success rate in their operations, are 68% more likely to use client response programs than others. Most companies think that their customers' needs and expectations are well known, but their information is usually incomplete and even inaccurate. In other words, the customer's response has become a valuable asset to most leading customer organizations. Customers' responses to customer responses will allow organizations to more accurately understand their customers, and the result of this understanding can lead to the presentation of customers' expected products and services, which will certainly increase their satisfaction (Melancon & Dalakas, 2017).

### ***Customer Experience***

Early on, Abbott (1955) and Alderson (1957) focused on the broader notion that “what people really desire are not products but satisfying experiences” (Abbot, 1955). Furthering this path, experiential theorists in the 1980s (e.g., Hirschman and Holbrook, 1982; Holbrook and Hirschman, 1982) encouraged a broader view of human behavior, especially recognizing the importance of the emotional aspects of decision making and experience. Marketing practice has also embraced the study of customer experience. Pine and Gilmore (1998) conceptualized the



idea of “experiences” as distinct from good and services, noting that a consumer purchases an experience to “spend time enjoying a series of memorable events that a company stages ... to engage him in an inherently personal way.” Other researchers, however, have argued for a much broader view of the customer experience. Schmitt, Brakus, and Zarantonello (2015) suggest that every service exchange leads to a customer experience, regardless of its nature and form. The customer experience has been extensively discussed in the offline environment (Schmitt, 1999; Edvardsson et al, 2005). Meyer and Schwager’s (2007) suggest the customer experience is the “internal and subjective response that customers have to any direct or indirect contact with a company” (Meyer; Schwager, 2007). The customer experience is often theorised as a psychological construct, which is holistic and the subjective response resulting from touch-points with an organisation (Gentile et al, 2007).

### ***Objectives of The Study***

In this research, the researcher is seeking to provide a model of direct marketing based on experience and customer response in the online stores of the city of Isfahan.

## **METHODOLOGY**

This study is a developmental research because its purpose is direct marketing modeling based on the experiences and responses of Internet customers, thus adding our information in the theoretical field of direct marketing with a new perspective. On the other hand, the research is a combination of which in the first stage, to identify the structural factors affecting direct marketing by the method of GT and then in the next step, using the correlation-structural equation modeling and confirmatory factor analysis, the structural validity and validity of the factors affecting direct marketing has been addressed. The first phase of the study included identifying the structural factors affecting direct marketing formation based on customer experiences and responses. At this stage, using in-depth and non-structured interviews, we gathered data on the structural factors affecting the formation of direct marketing based on customer experiences and responses. At this stage, the judiciary or target sampling method was used to select the statistical sample of experts. In this way, the researcher tries to choose, on the basis of his own judgment and expert opinion, a model which is as specific as possible to the characteristics of the real society. This method is essentially applied when the number of persons with the characteristics or requirements in the field of study limited. Following the selection of experts, interviews with them on the topic of study continued to theoretical saturation. It should be noted that after conducting 18 interviews with university experts and Internet saturated online store managers, the researcher concluded that the continuation of the interview did not add new information to previous findings, then analysis of the data in this The phase was performed using the theory of gradient theory method.

After completing the qualitative phase of the research and identifying the final indicators, the required questionnaires were designed by the researcher and after determining the reliability and validity of the questionnaires, its distribution was made in the statistical population. To assess the reliability of direct marketing questionnaire based on experiences and responses of Internet customers and direct marketing questionnaire, Cronbach's alpha has been used. Cronbach's alpha coefficient for total direct marketing was based on customer experiences and responses (0.857) and for direct marketing questionnaire (0.825). Considering the Cronbach's alpha coefficients, it can be concluded that the research tool has a desirable reliability. For evaluating



the face value of a direct marketing questionnaire based on customer experiences and responses and direct marketing questionnaire, five experts have been used. The Content Validity (CVR) of the direct marketing questionnaire based on customer experiences and responses was 0.88 and the content validity of the direct marketing questionnaire was 90%. The validity of the questionnaire structure was also verified by using confirmatory factor analysis.

The statistical population of the research was quantitative phase, including all customers of Isfahan Online Stores. The multistage cluster sampling method was used to analyze the statistical population. This methodology is used when a list of people in the community is not available or the geographical distribution of people is very scattered and wide. In this type of sampling, the sample unit is not individual, but includes a group or cluster of individuals. In this method, first, clusters are sampled, and then from units within these clusters. After returning, collecting and modifying the questionnaires, 310 questionnaires were analyzed using SPSS-23 software and Amos software using structural equation modeling technique.

In order to answer the main question of the research and according to the research methodology, interviews with 18 professors, managers and expert experts on the subject were conducted in Internet stores. Interviews with the experts were fully recorded with permission from them. In order to analyze the data and to measure the reliability of the results, the interviews recorded by the research team (researcher and two colleagues) were analyzed separately. The lack of any difference in the results obtained by each of the researchers showed the reliability of the results. In order to measure the validity of the method, in addition to the general, organizing, and basic themes based on theoretical foundations and research backgrounds, the views and views of a group of experts have also been used. The specifications of the participating experts in the study are listed in Table 1.



**Table 1: Describe the status of the experts**

education	Abundance	Frequency
Masters	6	33/3
P.H.D	12	66/7
Total	18	100

In this research, the researchers eventually achieved 9 broad themes in the context of the constructive themes, which can be explained in the context of the research. Below are the constructive themes that have been extracted from them.

**Table 2. Conceptual and constructive themes resulting from interview analysis**

Inclusive theme	The theme is constructive	Basic themes	Abundance
Customer Expertise	Sensory Dimensions	-Aesthetics and sensory quality during an interaction	11
		- SENSE Marketing	9
	Cognitive dimensions	-Including consumer thinking or the conscious mind-making process	6
		-Using wisdom, creativity or problem solving	8
		-THINK Marketing	8
	Affective dimensions	-This dimension relates to the states of the client, emotions and emotional responses resulting from an interaction.	7
		-The emotions and feelings of the customers	6
-FEEL Marketing		10	

	Physical dimensions	-Returns to consumer actions and behaviors as a result of his engagement with a company or brand .	9
		-Companies target consumers' lives with physical experience.	11
		-In the marketing literature, it's called ACT Marketing.	7
	Social dimensions	-Experience of communication with others and society	11
		-Each social experience can have an impact on the individual in social ways through the family, peers and the mass media.	8
		-Customer Service	12
Customer response	Brand quality	-The company, by relying on its knowledge of the customer, fully understands their needs.	8
		-Feel the confidence and encouragement	9
		-Establishing a two-way relationship between customers and companies	10
	Communication quality	-CRM	13
		-Any information that I need to use the company's services is readily available	11
		-Use of the service is very easy and convenient	10
	Usefulness	-The services of this company are very useful and useful for my needs.	7
		-Brand confidence and fear reduction	8
	Perceived risk	-Confidence in purchasing space	6
		-Consumers are more vulnerable to risk aversion in ambiguous and new situations.	8

### Research Findings

After conducting in-depth and semi-structured interviews with professors, managers and experts in the subject matter of online stores, all the code in the interviews seemed to be directly related to the subject of the research. After completing the interview process, the researchers eventually achieved 9 broad themes. According to the classification obtained from the qualitative method and according to the clauses in each factor, one can use the first factor, called "sensory dimensions", from the second factor "cognitive dimensions", from the factor Third, titled "Dimensions of emotion", from the fourth factor "Physical Dimensions", from factor five, entitled "Social Dimensions", from the sixth factor, "Brand Quality", from the seventh factor, "Quality of Communication," from the Agent Eighth, called "Utility," and from factor nine, "perceived risk". Therefore, in this study, the structural factors affecting direct marketing consist of the nine dimensions mentioned.

A quantitative research step was used to evaluate the construct validity of the designed model for factors influencing the direct marketing formation based on experiences and customer response from the first order confirmatory factor analysis using AMOS software. The results of verifiable factor analysis with partial index P were investigated to examine the acceptability of factor load for observational variables. The results show that the factor loads are all greater than 0.4 and the value of P is less than 0.05. It can be said that the observation variables are well measured by the hidden variable. Also, according to the results of the fit analysis of the model in Table 3 and according to the fitting indices, it can be said that the model of the factor analysis has appropriate fit. In other words, by fitting fitness indicators, this model can be used to determine the direct marketing factors.

Table 3: Fitness Indicators for Model

Indicator	$\chi^2/\text{df}$	Df	$\frac{\chi^2}{\text{df}}$	P	GFI	AGFI	FI	TLI	CFI	NFI	RMSEA
Fitting values	91/946	68	1/35	0/000	0/90	0/88	0/93	0/92	0/93	0/90	0.05

## CONCLUSION

A study of new ways and methods of direct marketing, commensurate with the complexity of marketing issues, can be considered as one of the most important tools for managing marketing in the better management of affairs. Direct marketing is a type of marketing that communicates directly with a suspicious client. In this way, people who are marketing are chosen directly from the target market. The opposite of direct marketing is called indirect marketing in this kind of marketing it is trying to indirectly attract customers. Direct marketing is measurable and trackable, in the sense that the success rate of marketing can be determined. This kind of marketing uses various communication tools: post, email, SMS, fax. In some cases, using a cookie stored with the Internet Viewer can also be used for direct marketing. Promotional campaigns can also act as direct marketing. This research was aimed at developing a framework for direct marketing based on the dimensions of Internet users' experiences and responses in Isfahan. The results of the interview indicated that there were nine components for direct marketing based on customer experiences and responses. Also, using the Amos method, the fitting of direct marketing indicators was reviewed and confirmed. Therefore, it can be argued that today customers are very important customers and companies are always trying to create positive experiences in the minds of customers, so if the marketers use appropriate marketing tools to access and communicate directly with customers and their response to receive. Therefore, they can better communicate with the customer and check customer feedback. Positive customer experiences make communication and interactions the next customer, and even the client can spontaneously advertise the company and its products to others, and it will attract more customers, therefore, the understanding of direct marketing indicators due to direct access to Customers are important.



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