School of Business

International Marketing Management

EMAIL MARKETING IN BUSINESS-TO-BUSINESS RELATIONSHIP

Master's Thesis

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ABSTRACT

The objective of this study is to find out how email marketing is conducted towards existing customers in Company X. The first chapter of the study focuses on theoretical literature on direct marketing, especially on solicited and unsolicited email marketing, and on relationship marketing. The following relationship marketing areas: database marketing, customer retention, trust and commitment, loyalty, engagement and satisfaction are described and the possibilities to use email marketing within these entities of relationship marketing. The empirical second part of the study revealed that email marketing tactics to be used on relationship marketing in Company X are little used and there is potential for significant improvements in relationship marketing especially with marketing automation tools.

TIIVISTELMÄ

Työn tarkoituksena on selvittää, miten sähköpostimarkkinointia käytetään asiakassuhteiden hallintaan yrityksessä X. Työn alkuosa keskittyy aiempaan kirjallisuuteen suora-, asiakassuhde- ja osittain verkkomarkkinoinnista. Sähköpostimarkkinointia tutkittiin tarkemmin asiakastyytyväisyyden, -pysyvyyden, -osallistuttamisen, -luottamuksen ja –uskollisuuden pohjalta. Työn empiirinen osio koostuu haastatteluista, jotka valittiin henkilöistä, joilla on vaikutusvaltaa aiheeseen liittyen yrityksessä X. Tapaustutkimuksessa kävi ilmi, että yrityksessä X asiakassuhteiden hoidossa on sähköpostimarkkinoinnilla vielä paljon saavutettavaa, jos aiheeseen liittyvät tietokannat saadaan yhdistettyä ja oikeanlaiset työkalut kuten markkinoinnin automatisointi hankittua.

ACKNOWLEDGEMENTS

It is finally time to finish my studies and continue towards other challenges. I have studied almost 25 years of my life and even though my studies in schools or universities might be over I am continuously learning. I would like to thank LUT staff and examiners for the help and guidance I received and I am grateful to my family and friends who supported me during my studies. Especially, I would like to thank my daughter Nelli who keeps reminding me every day what really matters in life.

Helsinki, 5.9.2012

Matti Rautanen

Table of Contents

ATTACHMENTS

Attachment 1: Interview questions for Company X marketing stakeholders

Attachment 2: Interview questions for Email Service Provider

Attachment 3: Interview questions for Key Account Manager

1 INTRODUCTION

Email is a popular and cost effective communication channel, especially for SME markets due to low operational costs (Chaffey, 2010). Low operational costs and measurability makes email widely used and desirable direct marketing communication channel. Even though, social networks and instant messaging are increasing rapidly and have surpassed email as most used medium email is still forecasted by some studies to increase to nearly 4.1 billion email accounts at the end of 2015 (The Radicati Group, 2011). Increased volumes of spam is a pest for email marketers, that requires more skills and knowledge to keep gaining good results from email direct marketing.

Increasing global competition, customers' easier reach of information, higher degree of market adjustment and many other things have shifted marketers paradigm from "what can we *do to* the customer" to "what can we *do for* the customer" (Grönroos, 1996). Relationship marketing has gained more emphasize on practical and academic level during past decade than ever before (Kelly & Scott, 2011). Often stated business phrase "it is easier to sell to existing clients" coins some of the essence of relationship marketing.

This thesis studies email marketing activities in relationship marketing context in company X from the organizations point-of-view. Especially the process, definitions and perceived value of email direct marketing in terms of relationship marketing activities will be looked upon more carefully. On managerial perspective this study should help to guide to more efficient and holistic use of email direct marketing within the studied company. Also, limitations and validity will be scrutinized. On scholarly perspective the possible areas of further studies will be discussed and possible lack of

research or definitions will be identified and mapped for further clarification or more current definitions.

1.1 Background for the study

Direct marketing has a significant impact on business-to-business markets due to business environment nature where e.g. relationships postulate usually long term, high volume or expensive acquisitions and where there are usually more influencers on purchase decisions (Berry, 1998). Due to direct marketing characteristics such actions in this context might support customer centric orientation that direct marketing activities supports compared to above-the-line marketing activities (Thomas & Housend, 2002). Moreover, email has been and continues to be effective direct marketing channel especially for SME companies in business-to-business environment.

Arguably, The relationship marketing paradigm constitutes a significant proportion of revenue in business-to-business context where such factors as cross- or up-selling and customer life cycle values gain weight to look upon more carefully. Compared to previous statement there are only few empirical studies conducted about direct marketing activities and business-to-business relationship marketing (Reis et al., 2009). Additionally, researcher did not find much literature about email marketing effects on business relationships.

Many authors claim (Bauer et al, 2002; Cram, 1996; Kotler & Keller, 2006) that winning new customers can be four to five times more expensive than maintaining existing customer relationship. Grönroos (2011) continues that the total value in business-to-business relationship marketing is more elusive and wide arrayed than in transactional marketing and therefore is

by no means an axiomatic phenomenon. In holistic perspective there is some overlap between relationship marketing and direct marketing and many scholars acknowledge this which is also arguable to common sense. This study examines some aspects of this phenomenon through email marketing, a form of direct marketing.

1.2 Research question and sub questions

The purpose of this study is to gain an in-depth understanding on the reasons why email marketing activities are currently done as they are within the empirical context. The first research question is

> *How is email marketing used to enhance business relationships?*

The sub questions supports the main research problem trying to gain deeper understanding of the different influencers and relationships of research areas relating to email marketing and relationship marketing.

> *How is email marketing affecting the life-cycle of customer?*

> *What is the relative importance of email marketing activities for gaining customer and nurturing relationship of existing customers?*

> *How is the email marketing recipient pool gathered?*

1.3 Delimitations of the study

In this study all other direct marketing channels were excluded except for email marketing communication. Email marketing communication is a heavily used communication method in the studied Company X and therefore subject of interest. In order to gain relevant and meaningful results the paradigm is narrowed to the above mentioned direct marketing channel. So, other preferred communication channels and possible multi-channel communication effects to email marketing are left out from this study. Also sales promotion is left to minor notice as researcher takes the side of prior scholarly distinctions of direct marketing and sales promotion.

Sub entities of relationship marketing concept have been chosen in relation to email marketing. There is no extensive literature between email marketing and its relative connection to relationship marketing paradigm. However, researcher shows possible confluences between email direct marketing and relationship marketing entities. Therefore, certain aspects of relationship marketing are examined more thoroughly than others.

Measurement of marketing activities is excluded from the scope of this study. While the importance of measurement is noted it is considered to be repercussion of the studied subject. Excluding this entity does not imply that measurement would not have an impact when constructing email marketing activities. Excluding measurement researcher can focus on more fundamental and in-depth perceptions of the studied issue and

possibly leave measurement for further debate if that is empirically feasible.

Email recipients behavior related issues are excluded from this study in order to focus on topics relating to the connection between email marketing and relationship marketing paradigms from organizational point of view. Email behavior is a focal topic of email marketing but it has been studied relatively much with in the narrow scholarly field of email marketing.

The results are by no means generalizable to wider interpretations but merely give possible future research areas for academics and observations and guidance to further development of company X's marketing strategy and tactics.

1.4 Key concepts in the study

Email marketing/Permission based email marketing is the use of email software to send out electronic commercial or other goal oriented communication to recipient in order to initiate action, purchase or to harness relationship (Jenkins, 2009).

Unsolicited e-mail (spam) is defined as commercial e-mail messages sent by marketers without consumer permission to correspond "(Morimoto & Chang, 2009).

Direct marketing is defined according to Bauer, C. & Miglautsch, J. (1992) "Direct marketing as a relational marketing process, that is marketing process of prospecting, conversion, and maintenance that establishes and

maintains an ongoing relationship with customers, and one where there is specific information feedback at the individual level for control and direction of future marketing activity.". This definition includes the relationship paradigm well, which is topical issue to this study.

Relationship marketing is "Marketing to establish, maintain, enhance and commercialize customer relationships (often but not necessarily always long term relationships) so that the objectives of the parties involved are met. This is done by a mutual exchange and fulfillment of promises" (Grönroos, 1990).

Customer engagement (CE) is a psychological state that occurs by virtue of interactive, co-creative customer experiences with a focal agent/object (e.g., a brand) in focal service relationships. (Brodie et al. 2011).

1.5 Conceptual framework

Conceptual framework represents the studied subject from previous theory paradigms while keeping researchers perspective to the studied issue. In this study framework includes two main marketing theory areas which are *email marketing* and *relationship marketing.* Supporting or narrowing paradigms which are selected by case related topics and represent intersecting areas of *business relationship marketing* and *email marketing* which is typologically categorized in *direct marketing.*

Email marketing is studied in terms of relationship marketing as the empirical sample represents a situation where use of such activities might be natural. It is good to note that the chosen empirically studied company operates in *business-to-business* environment and almost solely in *e-*

commerce context. These liabilities are taken in to account while evaluating previous studies and theories. Therefore, normal somewhat well-grounded non-internet related direct marketing channels are excluded from more in-depth observation. Relationship marketing is emphasized as it constitutes significant proportion in the business-to-business environment.
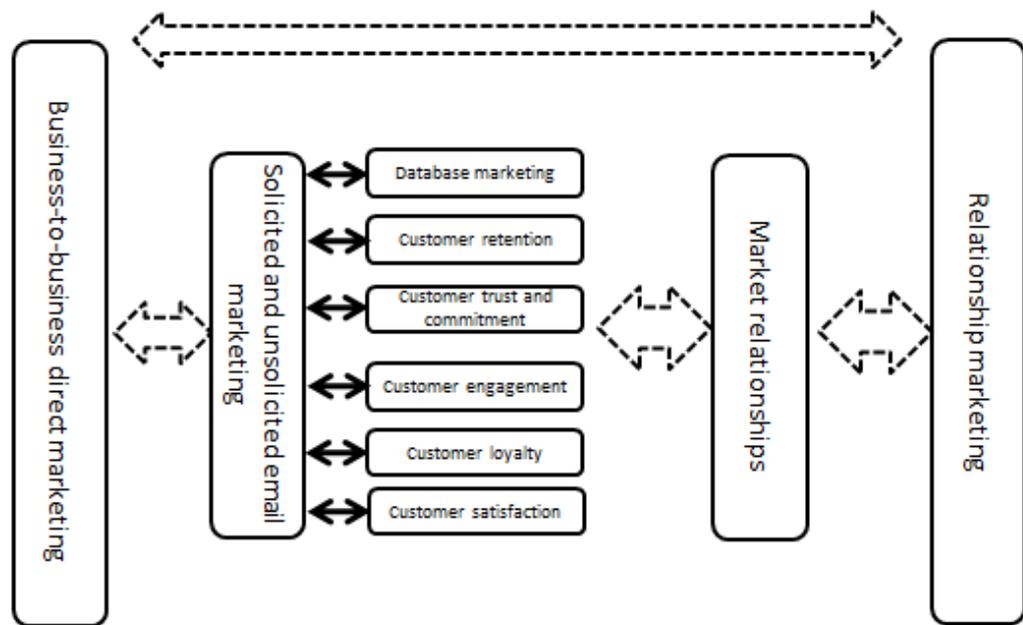
Figure 1. Conceptual framework for Email marketing in business relationships

Above framework represents the studied relationship between relationship marketing and email marketing. The direct marketing activities in business-to-business market relationships have been taken into account according to the subject company in this study. Also, market relationships help to understand the operating environment of the studied company. The dashed arrows represent more overall perspective and causal relationship between the entities. Small bold arrows represent the possible relationship between the main concepts of this study.

1.6 Literature review

There is an ongoing debate among some marketing scholars if the current evaluation criteria for articles and journals is representing the real value of research and thus beneficial and insightful for both scholar and business marketing industry (Easton & Easton, 2002; Polonsky et al, 2006; Svensson & Woods, 2008). According to some scholars there is a further need to discuss and propose new models for evaluating marketing scholar studies. They claim that modern marketing scholarly is heavily empathized and skewed to North America and it should be more globalized in terms of journal editors and reviewer members from different nationalities (Easton & Easton, 2002; Polonsky et al., 2006; Stremersch & Verhoef, 2005; Svensson & Wood, 2008). Depending on the measurement paradigm The North America dependency in leading marketing journals was between 67-90% of authors with an American nationality or working in America. (Polonsky et al., 2006; Svensson & Wood, 2008).

Other observations were that over 90 % of the published articles were conducted with quantitative methods. "There appears to be a strong conviction emanating from the top journals that human behavior, human perception and human phenomena are always able to be quantitatively measured. Are they?" (Svensson & Wood, 2008). Also, the research criteria, narrowness of the journal topics and rigidity and homogeneity of methodologies are under criticism. For example frame of reference and marketing methodology and framework of doing research seem to be American centric. This is claimed to hinder the innovation of marketing and bias the development through repetitive system via rigid and single minded framework of research. Due to previous statements it is also argued that it is harder to get published in top journals by non-American scholars as many favored attributes are North America centric. (Easton &

8

Easton, 2002; Polonsky et al., 2006; Stremersch & Verhoef, 2005; Svensson & Wood, 2008)

According to Polonsky et al. (2006) the two main approaches used in the literature are based on academics' perceptions and citation rates when defining the standards of journals. Roughly 1/3 of the articles in this study are from so called "leading journals" (*e.g. Journal of Marketing, Journal of Marketing Research, Journal of Consumer Research, European Journal of Marketing, etc*) and wheatear that classification is adequate was briefly discussed at the beginning of this section. Most articles in this study have been published in B or C class journals. Division to these classes is somewhat secondary issue. The researcher does not know if the European centrism, e.g. "Nordic school of thought" has anything to do with the actual publishing journal but it might be good to evaluate critically the actual publisher outlets. Also, the quantitative/qualitative research method is considered minor influencer to chosen articles due to previously mentioned arguments.

The exponential growth of internet business and email marketing has not gone unnoticed in scholarly literature. Email marketing had the fastest growth rate from any other marketing communication channel starting from 2 million emails in 1985 and breaking 1 billion threshold during 2002 (Chittende & Rettie, 2003). Email marketing is still growing even though the growth rate has slowed down significantly. None of the less, it is a cliché but true that email is here to stay. There are even some bold predictions that advertisers will spend as much on interactive marketing as they spend on television by the end of 2016 (Van Boskirk et al, 2011) and In 2011 approximately 1,5 billion $ is spent on email marketing (2009). Godin (1999) populated term opt-in e-mail, meaning permission based email marketing. Gaining consumer permission to send customized advertising material via e-mail improves segmentation, and targeting

capabilities, and so cutting through advertising clutter as the communications is one-to-one based (Ibid). Compared to these numbers and popularity of email marketing researcher is slightly bewildered on how little there are studies of email marketing in general.

The first internet marketing, and aside email, related studies were published already in 1987 (Ngai, 2003). Since then scholarly studies on internet marketing have grown considerably. According to Schibrowsky et al. (2007) internet marketing related articles grew by 870 % on yearly average in 2000-2007 in comparison to 1987-2000. It seems that the internet research has shifted to more mature, holistic and strategic research from concentration of consumer behavior studies. A valued marketing journal (*The Journal of Marketing Management*, Vol. 26) even published a special edition focusing on internet related strategies in 2010. It seems that internet marketing related articles are slowly gaining "foot hold" on top journals as well. Also, the studies are shifting from who is using internet to the efficiency, measurability and even more strategic study paradigm. At the same time email marketing tactics, recipient behavior variables and relationship related articles are paving the way for email marketing. Most notably, email was often secondary issue in wider array of interactive marketing related articles but of few exceptions. (Ngai, 2003; Schibrowsky et al., 2007; Gurau, 2008; Pavlov et al, 2008; Ngai et al., 2009; Chaffey, 2010). Email related articles are yet to gain approbation in "top tier" journals in the similar fashion as internet related articles earlier. It is yet to be seen if email specific studies will gain wider notice.

"The email offers a cost-effective medium to build better relationships with customers than has been possible with traditional marketing methods such as direct mailings, cataloging and telemarketing" (Moustakas et al., 2006). Even in the infancy state of commercialized email the potential was recognized almost immediately. The industry is miles away from

suspicions like "email and internet might replace direct mails in some extent" (Berry, 1998). Internet based rapid technological development was noted as an important yet unknown medium with high potential. Many authors claimed that it is not subject that can be disregarded. (Allen, 1997, pp. 15-35; Berry, 1998, pp. 81; Mehta, 1995). Still in 2004, internet related scholar studies had increased dramatically and constituted, some might state, only 15,7 % of all articles in top "tier-one" marketing related journals. Journal of Advertising Research had the highest number of publications whereas Journal of Marketing had the fewest. (Schibrowsky et al., 2007) and only every eighth article somehow related to email medium. Notable is that research issues such as consumer search had the highest growth in internet related marketing studies (ibid). As Kotler & Keller (2006) well simplifies, "the internet provides direct marketers and consumers with opportunities for much greater interaction and individualization". If internet related literature is scant, albeit increasing, then email marketing is even more in disregarded position.

Authors Palmer & Koenig-Lewis (2009, pp. 167) claim that new mediums such as social networking have changed the fabric of direct marketing communication from dyadic relationship to triadic relationship where company has to take in to account the customer and the community which the customer belongs to in the given social network medium. The risen interest towards social media has formed a question if email is dead? However, almost all statistics and studies still note the popularity of email direct marketing and use of emails to handle modern communication flow.

From the initial recognitions of the importance of relationships in the late 1970's by industrial marketers to the conceptualization attempts of relationship marketing paradigm it has taken over 30 years and the field is still evolving (Kelly & Scott, 2011). Dann & Dann stated in 2001 that there were more than fifty published definitions of relationship marketing.

Researcher suggests that the evolvement of electronic mediums and platforms have only expanded the usage of the term in question.

Among the first scholars who used the term relationship marketing and studied the subject more carefully were Berry (1983, pp. 8-20), Ford (1980) and Håkansson (1994) who explained the differences in the transactional versus relationship point of view and noted that individuals initiates the transaction between legal entities. It was further crafted and acknowledged by Grönroos and Gummesson who bespoke and argued resiliently this school of thought (1990; 1994) to actually conceptualize relationship marketing more thoroughly than previous studies did. It is still a relatively new although accepted marketing paradigm and therefore under lot of discussion. E.g. the suitability to consumer marketing, internal relationship effects, etc. (Gázquez-Abad, 2011; Iglesias, 2011; Saimee & Walters, 2003) and it seems that the whole relationship marketing paradigm is still somewhat evolving in terms of scalability of use, definition and inter-contextual impacts between key variables. One of the latest literature concepts in Relationship marketing field is value and definition of term engagement (Kelly & Scott, 2011). This indicates that within RM paradigm transition towards coherence is still an ongoing academic process.

1.7 Methodology

In this chapter, the chosen method and the reason for the selection are presented. First quantitative and qualitative methodologies are presented briefly which follows the reason for selecting qualitative approach out of these two methodologies. Then different attributes of qualitative methodology are presented according the relevancy of the research subject.

Classical definition describes quantitative analysis as argumentation of systematic statistical dependencies and variables between numbers or figures that is used to test given theory or claim with a certain group of information. (Alasuutari, 1995, p. 25-29). In this study, quantitative methods are not used as the focus is more to investigate the existing research gap between email marketing and relationship marketing

Usually qualitative research answers to descriptive, creative and diagnostic research with questions like why, how or what? Interviews, group interviews, structured or semi-structured questionnaires are familiar tools for qualitative research. It is much like detective work as Gummesson and Alasuutari state (2000, p.12; 1995, p. 96) where the researcher uses logical reasoning to see behind the empirical material within chosen paradigm. As Gummesson argues (2000, p.179) "in hermautics, the researcher tries to sweep away conventional wisdom and see new things and formulate problems". This description of qualitative method applies well to this study as the broader definitions and their relationship of direct email marketing communication and relationship marketing paradigms are somewhat vague in company X.

However it is worth mentioning that qualitative and quantitative methods are not opposite research methods and therefore not excluding each other. This is stated by almost every scholar and often stated that qualitative research is a good predefinition for further research conducted with quantitative methods. (Alasuutari, 1995; Gummesson, 2000; Carson et al., 2001; Järvinen,P. 1999). As stated earlier the subject of this study and relating existing theoretical frameworks are not saturated to well accept theories yet so qualitative research method is supported from this point-of-view as well.

As Alasuutari notes (1995, p.39) qualitative method is not chosen because resources are limited to do quantitative research but because large statistical sample is not relevant or quantitative analysis does not answer the research question accurately enough due to too large set of variables, iterative process or elusive point of view to the subject.

This principle applies to this study as research question favors simplification of certain aspects in the theory and would not be purposeful to conduct with quantitative methods. Qualitative method narrows the view of the studied subject so it is possible for the researches to examine narrow set of information more in-depth from different point-of-assumptions without losing the chosen paradigm. Qualitative method is chosen to understand the studied phenomenon in its entity.

Trying to exclude personal assumption and feelings to objectivity and examine processes that are often influenced by human emotions and opinions is often not a favorable approach. In this kind of studies Qualitative hermeneutic paradigm is often suitable method. (Gummesson, 2000, p. 179). This claim also applies to this study as the researcher tries to find out reasons why and how certain things are done in the way they are done at the moment.

Interpretivist research is not aimed to test prior theories but to "build" upon prior theories. Prior theory may guide and frame the research but it is mainly helping to seek an actual reality in a specific situation. If the results of the study support earlier theory, it is building theory occurrence. The main purpose is to achieve substantive meaning and understanding of *how* and *why* in relation to the investigated phenomena. (Carson et al, 2001). This also supports the chosen methodology as the researcher

himself is closely tied to the process development of the studied empirical subject. Using quantitative methods in the initial phase might resolve one issue in complex environment with huge amount of objective and subjective variables but the effects might not be substantial or even point to wrong direction. Therefore, qualitative research method is chosen for this study to gain understanding for further studies and developments that might suite better for quantitative testing.

Semi-structured interview is chosen because the interviewer can see the subject and react accordingly if necessary, for example, guide the subject with follow up questions. Holstein & Gubrium (1995, p.41) state that point of interview is not to maintain unbiased atmosphere and is not something to be eliminated. Rather, interview situation must be considered and can, to a degree, be actively manipulated to facilitate talk about relevant subject matters (Ibid). Also, interviewer has an in-depth knowledge of the subject organization and therefore has an ability to react on certain aspects without giving opinions. Moreover, group interview would have bigger risk of bias as the interviewees have positional relationship on each other. This would lead to bias if one group member was dominant and not all opinions and thoughts were mentioned.

According to Järvenpää (1999, p. 102) "content validity is the extent to which the data from the object under study reflect the domain that is intended to be measured". In this study the researcher can look the content critically if necessary through secondary data of the studied subject like previous results from marketing activities and operation process of the marketing data. Such secondary sources would be results from email campaigns done by existing email software tools tied to website analytics.

To summarize the previous paragraphs qualitative methodology fits to the objectives of this study. The objective is to study the reasons and usage of email marketing strategy and tactics to deal with business relationship issues in company X. It is also chosen method to understand why some actions are done as they are and what the purpose of email marketing is. The practical applications of qualitative method and validation of choosing qualitative methodology is explained before the empirical case.

1.8 Construct of the study

This thesis consist four chapters. First chapter includes introduction to the subject of email marketing in business-to-business relationships, main research problems and framework. In second chapter prior scholarly and business topic related material is looked upon more carefully to understand the entities of *email marketing* and *relationship marketing* and possible conjunctions of these two broad concepts.

Third chapter consist six in-depth interviews. Five of them conducted with employees of Company X and one with Email Service Provider that is used in company X. The interviews were held in-line according the topics of chapter two. Fourth, and final, chapter concludes the previous chapters by combining previous scholarly literature and interview results. At the end of fourth chapter, discussion for further research and limitations are looked upon.

2 EMAIL MARKETING IN BUSINESS RELATIONSHIPS

In this Chapter direct marketing is defined in overall aspect and more thoroughly from business to business paradigm. One direct marketing communication channel, email marketing, is defined with emphasis on business areas that the case company is operating on. Possible risks through unsolicited email marketing are presented. Relationship marketing and sub categories of wider RM school of thought in relation to direct marketing are defined with possible interconnections to email marketing.

2.1 Definitions of Direct marketing

Direct marketing is defined with varied exactness, which is briefly illustrated through following definitions. Also similarities and some differences occur. Among pointing out the core concept of direct marketing it also reveals the ambiguity of this area of marketing which might be misleadingly thought to be established paradigm inside the holistic marketing framework. This recognized ambiguity leaves room to discussion of the fit of current frameworks and theory against modern email marketing usage in business relationship.

Direct marketing is "Communications where data are used systematically to achieve quantifiable marketing objectives, where direct contact is invited or made between a company and its customers and prospective customers." Definition of ADM (Allen. M, 1997, p.10).

"Direct marketing is any form of one-to-one communication with potential customers. The ultimate objective of using any of these promotional tools will be to affect a sale but much of the communication will be to keep open

a dialogue that is vital in long term relationship building." (Allen. M, 1997, p.10)

Roddy (2002) defined direct marketing also emphasizing direct advertising ''the delivery of a marketing message or proposition to target customer or potential customer, in a customer favorable format, put to the customer from the seller or the seller's agents (including call centers) without an intermediary person or indirect media involved".

Bauer and Miglautsch (1992) argued to conceptualize the DMA's definition already 1992 as too generic and narrow description of direct marketing that emphasis too much to direct advertising. Bauer and Miglautsch claimed that current concept is much more reliant to describe direct response advertising excluding broader aspects of direct marketing. Their modified suggestion is focusing on conceptual definition as following. Berry (1998, p. 6, 91-93) is criticizing the current definition. He states that dialogue and relationship harnessing is not emphasized enough (Ibid). In more recent literature the new mediums of internet such as social networking has been carefully suggested to the misnomer concept of direct marketing as companies have to be in indirect relationship to social communities (Palmer & Koenig-Lewis, 2009). This is one indication that direct marketing is seeking its form in much spoken "change of marketing landscape".

"Direct marketing as a relational marketing process, that is marketing process of prospecting, conversion, and maintenance that establishes and maintains an ongoing relationship with customers, and one where there is specific information feedback at the individual level for control and direction of future marketing activity." (Bauer, C. & Miglautsch, J., 1992).

Sorri-Kaiju (2012) from Finnish non-profit organization Asiakassuhdemarkkinointiliitto Ry stated (Attachment 1) that definition of direct marketing has been revised and the emphasis is in customer relationship more than in direct marketing. It seems that the local Finnish equivalent of DMA supports the Bauer, C. & Miglautsch, J. concept in their current definition.

"The direct marketing literature distinguishes between marketing communications that directly stimulate product or service sales and those that focus on the maintenance and development of customer relationships." (Gázquez-Abad et al, 2011, p.161-181). This study focuses on the relational side of direct marketing and from email marketing perspective. However, all the direct marketing characteristics and definitions apply to email marketing as well and on the basis of previous definitions the relationship side seems to be gaining foothold in the direct marketing paradigm. E.g. the Finnish DMA is revising their definition of "direct marketing".

As email marketing is considered part of direct marketing it is relevant to show that direct marketing definitions, which means the whole concept of direct marketing, is also developing in such way that it is more naturally interwoven with relationship marketing aspects as well. This also helps to analyze and understand relevant studies which are not necessarily from email marketing perspective but might as well work with email marketing. The next sub chapter discusses business-to-business environment which is relevant to the empirical part of this study.

2.1.1 Business-to-business direct marketing

This sub-chapter discusses the B-to-B specific direct marketing characteristics which are also taken into account in company X which is more closely scrutinized in chapter 3. Also, the changing land-scape of direct marketing is discussed. Communication methods that were not be classified as direct marketing in previous decades are now becoming describable as direct marketing due to technological development.

Many authors claim that recipients basic reasons to respond to communication in direct marketing does not vary significantly wheatear it is business-to-consumer or business-to-business oriented. Timing, design, texting, colors, etc. have the same effect on how the message is interpreted. Moreover, direct marketing is usually favored in business to business sector. There are numerous reasons but for example budgets are more limited than in consumer business and wastage is often perceived more negatively. And therefore direct marketing's good measurability is perceived as an advantage against above-the-line marketing. Also, longer and more complex sales cycles favor the measurability aspect. (Silverstain, B., 2000; Allen, M., 1997; Avlonitis, G. & Karayanni, D., 2000). Many authors have listed somewhat similar differences which are the following

- Business-to-business direct marketing audience is usually required a special expertise, specific knowledge or skills/training to use the product or services presented to them (Sherlock, P., 1991; Silverstain, B., 2000)
- business-to-business target groups are usually more vertical and fragmented on wider geographical areas as the topic is more specific. (Sharma A, 2002)

- Is probably more expensive than the consumer product.
- Usually, has longer sales process as more people than one individual evaluate the purchasing need.

Due the technological improvement it is faster, cheaper and more measurable to contact the fragmented target group, which reflects modern marketing requirements to perform better in the increased global competitive environment. E.g. more information is available of your target group due information providing vendors and more sophisticated CRM solutions. Tools to contact the target group have advanced considerably giving more options to personalize and serve the message at the right time. Few examples of gaining these elements with the technological advancement are the behavior of the triggered and automated interactions, communication solution integrations, and better and more accurate usability of the marketing tools and analytics. (Sharma, 2002; Sharma 2007; Winer, 2009; Shaltoni & West, 2010;)

Fitzisimons & Lehmann (2004) tested communicating product offerings with results that if the offering was consistent with customers prior purchase behavior it would trigger reciprocity therefore embedding the relationship whereas if the recommendation is not in-line with customers preferences it would trigger reactance and annoyance. This relates to multiple communication channels but researcher claims that email would suite as one channel when the relative timing can be tied to web behavior.

According to Godfrey et al. (2011) the amount of communication contacts change from reciprocity to reactance depending on how multichannel communication is used. Their test concluded that increasing communication in all direct marketing channels (test was conducted with mail, telephone and email) decreased repurchase intention. Also,

predefined preferred channel choice from customer increased the amount of communication they tolerated in the chosen channel before diminishing effects of relationship started to occur. Optimum communication method appeared to be using two channels out of three to find the best return on relationship (ROR) ratio. The test had several limitations but some applicable managerial implications were e.g. if the direct marketers know the preferred communication channel, how the ideal point of total contact volume shift when multichannel communication is altered or if there is a protocol to limit the communication to customer through different channels when it is needed? (Ibid). Researcher notes that the initial channel effect of communication might correlate with the preferred channel. For example if communication occurs via website reciprocal communication with email might be encountered more favorably. This issue should be studied further.

Godfrey et al. (2011) noted an interesting result that among the non-respondents to direct marketing the repurchase behavior was higher than the respondents. The test was conducted in US among customers who had purchased a car form a specific national dealer. They also suggested that the non-respondents might have less time as a working people but they represent the main target group more accurately than the respondents who were either young or elderly. (Ibid). This raises a question of the effects and the measurement of indirect response to direct communication. For example how valid is the open rate as a success factor of email campaigns and what is really measured?

Researcher takes the side that sales promotion is mainly short term solution to gain conversions as direct marketing includes long term planning affected entities like database marketing and relational marketing especially in business-to-business context. Even though, the actual behavior towards the message in one specific communication occurrence probably resembles the same fundamental behavioral attributes which

occur in business-to-consumer environment. Also this will be clarified further on this chapter by identifying possible intersections between direct marketing, that is email marketing, and relationship marketing. Therefore activities like sales promotion are left to minor notice. Prior descriptions are important factors to take into account as company X's target audience mainly operates on business-to-business sector and how the typical behavioral factors have been taken into account when communicating via email. E.g. what is measured might indicate the level of understanding of email marketing in organization and more in-depth preferences and attitudes to email marketing in general.

2.1.2 Permission based email marketing

Permission based email marketing is part of direct marketing and is widely used especially in business-to-business sector. Direct marketing and business-to-business characteristics were discussed in earlier sub-chapter and this part of the study concentrated to email marketing in more detail. Email marketing is also widely used in company X which is introduced in chapter 3.

Permission based email marketing is sending electronic mail using email software with commercial intentions that require pre-approved permission from the recipient (Jones, 2009). It is called also opt-in marketing practically meaning the same thing (Godin, 1999). It seems that legislative definition of permission based and unsolicited email pave acceptance and clarity to email marketing as a marketing communication channel. When recipient agree to provide information to get commercial solicitations, marketing can become more personalized and efficient (Cases et al. 2010).

Commercial research company of integrated marketing called GI Insight did a survey last year in the US with over 2000 answers from consumers and found out that over 70% of customer opted-in to the good or service suppliers emails and over 50 % opted-in to emails from companies that they did not have previous relationship before. However, over half of the survey sample said that messages are irrelevant to them. According to the survey by slowing down the send out frequency, personalizing the message and by delivering only truly interesting and focused content emails stood a change of getting through to the customer. Also, it was noted that age, technology acceptance level and web behavior had a significant impact on opting-in, reading and reacting to emails. Younger audience under 30 years, rarely responded to the messages even if they opted-in whereas middle-aged sample reacted to emails more often and even started to enhance the relationship with the email sending company. Surprisingly against prejudice high income and consuming segment preferred email and demanded good content to foster and develop the relationship to sending party. (Anon.,Marketing Week, 2011).

Often sincere permission is absent or at least dependent on the circumstances when the permission is given as the survey in previous paragraph showed. Despite survey's impressive sample size, the results cannot be generalized as from a will to receive an email to actual conversion is an ambiguous process with multitude of behavioral, psychological, environmental and cultural variables affecting the desired result. It does give implication in wider perspective that giving permission to receive email is only the first step to gain results and there are multiple tasks that sending party should do in order to succeed. Although, psychological, demographical and biographical, issues are important they are left out of this study.

Some indications of initial personal human contact to get the email marketing permission have been noted. For example empirical test conducted by Tezinde, Smith & Murphy (2002) found out that hand addressed personalized letter to get the permission yielded three times higher response rate than printed labels and ten times higher response than bulk email send out. This is also in line with the cross-channel direct marketing introduced earlier in this chapter.

Benefits of email marketing can be included in direct communication with prospects and customers, interactivity, cultivate brand loyalty, lower set-up and distribution costs, targeting qualified leads on a one-to-one basis, and affordability by SME companies. It has the potential to nurture customer relationship inexpensively and it is easy to deploy compared to other channels. (Tezinde, Smith & Murphy, 2002; Merisavo & Raulas, 2004; Frick, 2010, pp. 171-184; Ellis-Chadwick & Doherty, 2012). Common customer contact cycle consists of

- Acquisitions phase: creation of sales worthy copy and gathering target group list.
- Testing phase: testing campaign with a sample group and analyzing what works and what does not work
- Retention phase: using personalization, loyalty programs, and referral programs to build relationships. (MacPherson, 2001)

Jim Sterne states about automated email customer outreach "if you drop all incoming e-mails in to your company database, you can categorize customers for outbound email contact. Then divide them up by how often they contact you, how recently they contacted you, what company they´re from and finally what subject they bought up" (2000). At the time of writing that clarification email automation tools we're non-existing and therefore

more difficult to build up such systems. Nowadays, even SME companies can benefit from automated email process as the tools have developed increasingly. Coussement & Van den Poel (2008) modeled financial benefits to be received if automated emails were used when handling complaints in business relationships.

Also, Danaher & Rossiter (2011) conducted a comprehensive study about marketing channel preferences where marketing communication receivers in business-to-business sector were more favorable to email marketing due to attributes like work environment suitability and speed and efficiency of the communication. The study was conducted in Australia so generalization might not be in order due to multitude of variables affecting the acceptance of communication.

According to Ellis-Chadwick & Doherty (2012) studies on email marketing tactics are scant. They studied (Ibid, 2012) twenty UK retail operators and their email marketing tactics. They found out such tactical marketing considerations as email timing, degree of personalization, length and relevancy of sender and subject, relevancy of heading, usage of pictures vs. body text, color scheme, number of hyperlinks and usage of branding attributes to have an effect on sender-recipient communication in order to affect sender's further executional decisions. So called "tactical email marketing" seems to be almost non-existent from many paradigms and therefore extensive subject for further studies.

Challenges in gaining permission for marketers include the need for the customer to already hit the website in order to opt-in to an email lists. This challenge is especially troublesome for startups, non-familiar brands and fast evolving business that has dynamic website strategy. Other challenges include vast amount of emails in already saturated email

marketing environment which hinders the willingness to give permission to "yet another email list". Also the changing recipient email addresses from various reasons makes it harder for marketers to keep their sending lists clean. (Tezinde, Smith & Murphy, 2002).

These above mentioned problems, challenges and possibilities are also existent in the empirical part of this study. Some parts in more literal and detailed manner and some little less. Relating to problems and challenges unsolicited email is acting an important aspect of that. Those problems are presented in next sub-chapter. Email marketing is one of the key parts of the study with relationship marketing being the other important part.

2.1.3 Unsolicited emails

In this study we use the following definition. *"Definition of Unsolicited Commercial E-mail (UCE):* unsolicited commercial e-mail (spam) is defined as commercial e-mail messages sent by marketers without consumer permission to correspond "(Morimoto & Chang, 2009). Moustakas et al. (2006) identified key stakeholders in the UCE process, figure 1.
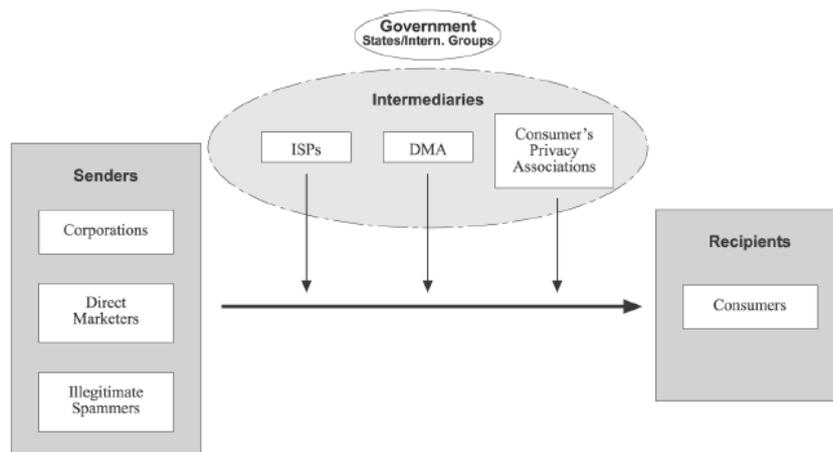
Figure 1. UCE Process and key stakeholders

Researcher would suggest Email Software Provider's (ESP) as an additional stakeholder to Moustakas et al (2006) model. However such an addition could not be found from scholarly literature even though there were some articles mentioning the role of ESP's. The ESP's can be blocked by internet software providers (ISP) by black listing their IP address in the case ESP customers send UCE through that IP address. The IP addresses are critical part of ESP's business as their customers send millions of solicited mails through them. Interference in that send out stream would probably have negative effects on ESP's business. Due to technical filtering advancements of UCE bulk email send outs are coming more difficult to do without tools that are meant for mass e-mailing.

Researcher assumes that termination of ESP customer relationship will have negative impact on the customer side as well through used time to find new ESP, possible sanctions of contract violation, bad word-of-mouth among ESP industry, etc. The role of ESP's in the UCE model should be examined further.

Simplified, UCE's are from unknown companies to receivers and this excludes all opt-in or permission based emails. In certain markets within EU similar procedures, record obligations and restrictions apply to other unsolicited direct marketing channels, e.g. direct mail, telemarketing or personal sales calls (Nettleton, E & Pham, C., 2005).

According to Mail Anti-Abuse Working Group (MAAWG) Email Metrics Program the amount of unsolicited email 2011 was between 88-90 % of all email traffic. MAAWG is a co-operative group of governmental agencies

and private sector companies like Internet Service Providers (ISP) and Email Software Providers (ESP). They measure the traffic of over 500 million inboxes globally and their main purpose is to find solutions to decrease unsolicited email. (MAAWG, 2011). Jupiter Media Metrix estimates that one UCE costs 1$ in lost productivity and some estimates claim that on average normal employee wastes roughly 4000$ /year in time, effort and disk space when dealing with spam (Moustakas, 2006).

Many companies still send unsolicited emails (MAAWG, 2011) even though it has been recognized as an unproductive and illegal direct marketing channel for more than a decade (Allen, 1997; Sterne, 2000; Mehta & Sivadas, 1995; Tezinde et al, 2002). However, lowered operating costs might explain unsolicited email as a direct marketing medium among other variables as well as lack of knowledge to process information from the recipients point-of-view (Pavlov et al. 2008). Gopal et al. (2001) study showed that 0, 5 % response rate was enough to gain cost-effectiveness in commercial unsolicited email campaigns.

Mehta & Sivadas (1995, p. 21) made a survey already in 1995 to test if attitudes differ when receiving unsolicited emails or targeted opt-in emails and by no surprise unsolicited emails were regarded as "cyber junk". This attitude still stands but it can be noted with caution that many marketers disregard this fact as "spamming" is still a significant part of all email traffic. Note, that the actual amount of unsolicited email depends on what is considered to be "spam" and how it is measured. According to Morimoto & Chang (2009) the amount of unsolicited commercial email was about 40 % of all emails in 2009. The actual amount is secondary issue as it is clear that there is a sizable quantity of unsolicited emails in the market. Also, Morimoto & Chang (Ibid) had smaller sample pool than MAAWG and MAAWG regulations have bigger practical impact as the impact to email business is wider through legislative recommendations.

The fragmented and often nationality based legislation relating to unsolicited emails seems to lag behind widely recognized more international "industry rules". E.g. contrast can be seen between Finnish legislation where you can send email to business email addresses without prior approval if the recipients industry, position or working related responsibilities relates to the received email (ASML, 2012). Whereas MAAWG defines quite clearly any email that is send without prior approval as a spam. This issue is somewhat steadily discussed since 2003 when the "do-not-call" register law in USA was amended as it created a national list to block telemarketing under the threat of legislative penalty to companies that break the rule (Cain, 2005). The general discussion ponders the issue if CANSPAM act will be amended to the similar nature of "do-not-mail" or "do-not-call" acts. Other interactive direct-marketing restriction has been proposed for pop-up banners and cookie technology usage to show well targeted messages to a potential or existing customer on the internet. (Ibid).

Another restrictive legislation towards internet based direct marketing mediums like behavioral banner ads and any advertisement that is based on behavioral analytics with cookie technology came into effect in May 2011 within EU countries. These cookies are also implemented and used in emails. The EU cookie law states that companies need to have an explicit consent to use cookie tracking from website visitors excluding "necessary cookies". (The Cookie Collective, 2012). For example at the time of writing this study UK based companies had 122 days to amend their websites and procedures to meet the requirements of the new law. After the deadline violations are under a penalty of the stated law. However, DMA executive director Chris Combemale states (May, 2012) through a DMA conducted survey that enforcement of cookie-law is a trust building factor to marketers and not a threat. The overall effect to marketing of this law is yet to be seen. Cookie law will affect email

marketing as many ESP's sell and provide cookie based technologies to better serve customer needs especially in relationship marketing.

Also, email industry is aiming to decrease spam by developing more robust information filtering algorithms and pre-sorting capabilities to recipients email inbox user interface (Pavlov et al.,2008). Pavlov et al. (2008) continues that even so called double opt-in confirmation is shown to be efficient and needed functionality which have been recently tested in email marketing. Double opt-in means that recipient has to approve twice to receive the emails. So there are numerous methods under constant development to resolve unsolicited email problem. At least the major email providers like Gmail, Yahoo and Hotmail is in the forefront of this technological filtering development. E.g. Gmail will automatically classify mails as spam if recipient does not open email in 5 consecutive times.

It is fair to state that public legislation and technical developments are restricting the possibilities of certain mediums to practice unsolicited direct marketing on the more recent internet based mediums. This seems natural, as there are few precedent cases and the environment is still evolving in these relatively new mediums. Weather these restrictive actions are good or harmful is left to further debate.

According to scholarly reports (Edwards et al., 2002; Cho & Cheon, 2004; Morimoto & Chang, 2009) unsolicited emails are intrusive which might lead to irritation (also towards internet ads in general). Same researchers claim that above mentioned negative issues may trigger affective and cognitive responses to the company in general, leading to unintended behavior like skepticism towards the "spamming" company. Morimoto & Chang (2009) test indicated that consumer resistance increased towards the sending party. The behavioral changes continuum should be studied

further as the implications are severely negative towards the direct marketer. E.g. what kind of affect the cognitive-affective-conative continuum in receiver behavior has in other surroundings like business-to-business?

The scholarly studies of internet's negative impacts are somewhat rare even though the subject has been referred to in many studies. Such examples are studies of sales peoples' job insecurity when increasing internet channel contributions. *Perceive internet cannibalization* means that if sales people view incremental addition of internet channel by the employer party as a threat to current and future sales or tasks, perceived cannibalization should be high, and vice versa (Sharma & Gassenheimer, 2009). According to Narayandas et al. (2002) few studies have empirically shown that sales agents' outcomes in existing channels are likely to decrease in market share to competition when selling through internet. This will hardly diminish as internet as a concept is still evolving. Sharna and Gasenheimer (2009) argued that when perceived cannibalization is high sales person's motivation and commitment to firm and tasks at hand lowers significantly. This should be noted when amending measurement tools and incentives to include internet channel (Ibid). This might have an effect to relationship marketing via email as well if email is seen as a replacement of sales effort and tasks of the sales rep.

When discussing about business relationships and how one can handle them with email communication above mentioned issues cannot be without notice. As others have studied and legislative cases illustrated unsolicited email and all the causal issues relating to unsolicited email have gained more weight in importance as email communication have become standard and saturated communication channel. This is also a good stepping stone to the field of relationship marketing and areas of relationship marketing where email marketing might have its own place.

2.2 Relationship marketing

The definition of relationship marketing (from now on referred as RM) is examined and chosen definition explained. Also, different perspectives and forms of RM are defined shortly to indicate the pluralism of RM and to gain practical consensus why certain aspects are chosen for this thesis. Relevant aspects such as customer retention, satisfaction, engagement, and loyalty of RM will be examined and tied to email marketing directly or according wider direct marketing definitions explained in the beginning of this chapter. Some relevant studies and articles illustrate their results through direct marketing or RM which is relevant to email marketing as well even though the studies would not use email marketing as a communication channel.

In this study, *socio-economical psychology* and *the theory of relational forms of agreement* approaches are used to define RM variables (Bauer et al, 2002). In particular, *socio-economical psychology's* main constructs of RM are looked-upon and then deployed in the empirical part of this study. Main constructs are trust, satisfaction, and commitment or engagement (Oakley & Bush, 2012; Kandampully & Suhartanto, 2000; Hernandez & Santos, 2010). However, as Morgan & Hunt (1994) states that there are numerous concepts of RM and that the concept definitions are dependent on the business sector paradigm and therefore little different from each other.

These paradigms to RM have been chosen as they fit to describe the empirical sample's actual business situation most suitably. Also, clear definitions help to guide the qualitative interviews on the right track.

2.2.1 Definitions of relationship marketing

Berry (1983, p.8-25) introduces term relationship marketing to clarify the idea of harnessing already gained customer beside transactional marketing paradigm. It took few years before the idea was put to theoretical context by so called "Nordic school of services". However, as Dann & Dann (2001, pp. 347-348) found out that there are nearly 50 published definitions of RM it is fair to state that this marketing paradigm is not fully conceptualized without reason to argue for further definitions.

Gummesson (2002) defines RM as follows

> *"Relationship marketing is marketing based on interaction within networks of relationships"*

He also continues that CRM and one-t-one communication is sub categories of the broader RM concept. "CRM is the value and strategies of relationship marketing – with particular emphasis on customer relationships – turned into practical application". (Ibid).

Another pioneer Grönroos (1990) in this scholarly area defines RM in the following way

> *"Marketing is to establish, maintain, enhance and commercialize customer relationships (often but not necessarily always long term relationships) so that the objectives of the parties involved are met. This is done by a mutual exchange and fulfillment of promises"*

Cram (1996, pp. 19) define RM in the following way

> *"Relationship marketing is the consistent application of up-to-date knowledge of individual customers to product and service design which is communicated interactively, in order to develop a continuous and long term relationship, which is mutually beneficial."*

In this study, Grönroos definition is chosen as the definition of RM as it points out the view that not every relationship is productive and therefore ending of relationship should be taken into account. As many other definitions, it also clearly states the core concepts of maintaining and enhancing valuable relationship, and which suites the empirical subject of this thesis.

Both Gummesson and Grönroos among other scholar colleagues define RM by comparing it to traditional transaction based on marketing which leads to the conclusion, at that time, that marketing is actually often "left out" from the key processes in relationship continuum. Already back in the 80's and 90's, many RM and service marketing scholars referred to the importance of organizational behavior paradigm in successful RM. (e.g. Berry, 1983; Grönroos, 1990; Gummesson, 1990; Dann & Dann, 2001) . But according to Iglesias et al. (2011) there were no models of corporate culture/organizational behavior and RM conducted until last year. Already in 1994 Morgan & Hunt states that different conceptualizations of RM "cover some definitions but not all". Researcher found out that this statement still seems valid today.

Scholar papers as well as business papers discuss the inter-dependencies of direct marketing and RM as technology advances. As Cram (1996) states "marketing is about to close full circle" meaning that one-to-one direct RM was used already in 1800's by such brands as Schweppes or Heinz before more elaborate mass-media marketing strategies replaced this. Cram states that nowadays technological development has increased relationship and direct marketing tactics (Ibid, p. 8-25). For example direct marketing discipline is perceived to affect strategic RM through databases, which indicates deeper relationship or integration between these two disciplines. (Harridge-March, 2008). These issues are in line with scholarly studies presented in the beginning of this chapter where the shift of direct marketing definition was argued.

Database and on-line technology developments have widen the perspective and possibilities of RM paradigm to theoretically expand even to consumer markets as mass-communication in personalized and one-to-one manner is possible to execute (Palmer, 1999). Even Grönroos, who is a devoted advocate of the view that RM is solely beneficial for business to business sector, has altered his view and given the possibility to RM functionality in consumer mass-markets (Leahy, 2011). According to Leahy (2011) the debate goes on among scholars wheatear relationship marketing is truly applicable to consumer markets or is it just an illusion with no real RM benefits as there is no human contact. Leahy's study (2011) claimed that database and RM does not work for consumer good markets as consumers are clever enough to understand that it is not really personal communication and that they don't want to have relationship with FMCG's. It seems that RM benefits are far but clear between business and consumer sector. Also, subtle implications on what is "relationship" needs to be defined with more scrutiny as modern technology gives the opportunity to use personal messages on one-to-one basis but is it anymore relational communication?

Rust & Chung (2006) claims that relationship marketing will focus less on models of customer expectations and length of relationship, and more on dynamic marketing interventions with individual customers through e-services and truly personalized interactions. This claim is in-line with email marketing benefits, among other interactive communication channels, described earlier. Using technology such as automation and in-depth segmenting through demographic, on-line/off-line behavior, and relational data to send emails would be plausible connection to gain Rust & Chung (2006) presented benefits.

The following favoring market conditions in relationship marketing paradigm have been acknowledged (Gilbert, Powell-Perry and Widjioso ,1999):

- There is an ongoing periodical need for the services/products offered to the customer.

- The customer has relatively high control to select the service provider through many variable conditions, e.g. access to information.

- There is an alternative choice of supplier which is often the case on internet environment.

- Brand switching is easy and common phenomenon. Relationship is a strategic alternative when for example compared to lowest price.

- Word-of-mouth is especially an ideal condition. E.g. the internet is almost ready-made solution to distribute opinions especially in the service industry where experience happens after point-of-sale and

therefore seems to encourage conversation more easily.

- There is ability to cross-sell products or services. For example websites are often developed in layers to enhance experience and to up-sell or cross-sell services or products.

There are numerous articles and researches on how RM applies to consumer business and to B-to-B environment. Researcher noticed that there is not much literature on what extent and on which business areas RM is applicable no matter if it is business to business or business to consumer markets. Further studies on what type of situations RM is applicable in, methodology might be in order.

Interviewing aspect is that direct marketer tries to develop an ongoing series of transactions with the customer to increase sales, loyalty and reduce need of gaining new customers (Dann & Dann, 2001, p. 348). This is the case with email marketing as well and the goals are very similar whether it is looked through email marketing or RM perspective. For this reason there is similarity between these paradigms. As argued in this sub-chapter RM is also "blurred" in the interface of business-to-business and business-to-consumer. It can be noted that scholars are disagreeing somewhat heavily on this issue. In this chapter discussion have indicated possible re-definition needs on direct marketing and RM and their intersecting areas. Email marketing characteristics have been noted as a part of direct marketing and more in-depth and therefore possible implications to be used in RM strategies.

The following sub chapters dig into more deeply in the actual intersecting areas of RM and email marketing. Before that market relationships are explained to illustrate Company X's situation in the empirical part of this study.

2.2.2 Market relationships

The "classic" market relationships include:

- Two-party relationship: The most common and also self-explanatory relationship, where are two parties, the selling party and the external party which buys a commodity or service (Gummesson, 2002, pp. 35)

- A triad relationship: Usually there are many suppliers in the market. This RM point of view notices the customer, the customer's present supplier and competing suppliers. (Gummesson, 2002, pp. 46)

- The classic network: Most obvious example is the physical distribution channels but it is good to note the more complex and interwoven channels both in B2B and B2C, and the commodity can be information, services or physical goods. (Gummesson, 2002, pp. 52-54)

On top of the three above mentioned there are many "special" marketing relationships that have accumulated in-depth study and observation within the RM scholarly field. Relating to this study it is not appropriate to study them all but few possibly relevant approaches are explained.

The many-headed customer and the many-headed supplier is one special market relationship which is usual in B-to-B environment. As the definition reveals both parties have multiple people. The actual transaction might be delegated to computing knowledge but tangible assets are the people

behind the abstract company. Common is that procurement or relationship process are complex networks with multiple stages. Up-to-date knowledge of the networks and communication ability becomes paramount asset for marketing strategy. (Gummesson, 2002, pp. 72-79). For example project communication of customer service functionalities might use email to communicate to stakeholders automatically via ESP or other solutions. This would be in-line with Gummesson's statement above.

The relationship to the customer's customer can be part of the above mentioned complex network relationship with the differentiation of examining the relational attributes between customer and the 3rd party customer who usually is a customer's customer. These interdependencies with the three parties are defined from the customers' customer point-of-view. Supplier must understand the whole relationship value chain in order to provide valuable goods or services. Therefore, interaction and dialogue in two-way relationships are emphasized. (Gummesson, 2002, pp. 81-83). E.g. Email software providers need to understand for what reason their customers are using their software and where the operational business marketing trends are heading.

E-relationships basically reflect the idea of internet usage in business sense as its simplest form. Nowadays CRM or eCRM are tools for strategic marketing and not just electronic tools for mass processing information. This spectrum scrutinizes RM as managing e-relationships without losing humanity needed to maximize the potential of internet related possibilities like time consumption, communication efficiency, timelessness of selling, etc. (Gummesson, 2002, pp.101-11). Dann & Dann (2001, pp. 32-38) states that internet has a valued role for the development of business-to-business relationships between wider array of organizations that would not otherwise have met due numerous reasons

such as geographical distance, small market potential for niche service/product offering, unsuitable markets pace for B2B transactions, etc.

Also negative aspects of RM have been studied. *Relationship poison* has been studied mostly identifying opportunism, conflict and perceived unfairness as a source of negative impacts to relationships in business-to-business sector (Samaha et al., 2011).

- Conflict: "interactive process manifested in incompatibility, disagreement, or dissonance within or between social entities like individuals, groups, organizations, etc." (Rahim, 2002)

- Opportunism: An active or passive violation of explicit social or written contracts that govern an exchange (Wathne & Heide, 2000).

- Perceived unfairness: perceived unfairness is aggravated from opportunism and conflicts. Fairness is described as perceived outcomes compared to inputs with the corresponding ratios of others. "If the ratios seem unequal, the party with the lower ratio feels inequitably rewarded". (Samaha et al., 2011).

Samaha et al. (2011) studied in North America with a sample size of circa 1000 valid survey responses that perceived unfairness as an antecedent to conflict and opportunism had the biggest negative impact on poisoning relationships. According to Samaha et al (Ibid) marketing programs like direct marketing, loyalty clubs, pricing, customer acquisition, etc. should be reevaluated in the light of their findings.

Due the holistic relationship of studied subjects, previously mentioned market relationships descriptions and negative aspects needed to be presented. Also, noting these different relationship domains is grounded to the question if these issues are addressed in the subject company of this study and has email marketing perceived to influence on its own part the common above mentioned issues at any level. The studied company cannot be categorized to any individual market relationship definition. Rather it is a combination of the three "special" market relationships presented. The mentioned market relationships where company X operates affect the weighting and occurrence interval of the following sub chapter areas which all relates to wider concept of RM. Also, the following areas of RM are entities that email marketing could have an effect on them. They are presented so that first is the issue explained and what is it about and then how email might fit the issue.

2.2.3 Database marketing

Ngai et al. (2009, p. 2593) states that many companies have gathered massive amount of stakeholder data, but inability to discover valuable information from the data that could be turned to knowledge is a common obstacle. Ngai et al. (Ibid) made an extensive literature review of CRM and data mining related articles published in 2000-2006 which lead to 87 analyzed articles form the initial pool of 900 articles. The biggest limitations in this study are that they define direct marketing only as a promotional method and leave the practical communication channels out of the scope. Researcher thinks that communication is a relevant part of CRM entity or how otherwise the valuable information could be used/shifted to relevant stakeholders.

Gummesson (2002, pp. 3) defines CRM from the RM definitions as follows

"CRM is the value and strategies of relationship marketing – with particular emphasis on customer relationships – turned into practical applications"

Or as Srivastava et al. (1999) defined CRM as a process of

"…managing customers one at a time usually trough automated or database-driven marketing interventions,"

Rust & Chang (2006) claims that CRM differs from traditional direct marketing as it often involves customer contact over a variety of communication media's (e.g. website, telephone, personal selling, and direct mail). Above study clearly favor the coalition of e-direct marketing channels and RM perspective. Email marketing fall in as one communication channel to this perspective.

"CRM is defined as helping organizations to better discriminate and more effectively allocate resources to the most profitable group of customers through the cycle of customer identification, customer attraction, customer retention and customer development. Detailed knowledge must be built up systematically" (Ngai et al., 2009. pp. 2594). By no surprise, test performed by Sophonthummapharn (2009) stated that RM focus is one of the key elements in adopting eCRM or CRM tools in marketing organizations. Some scholars (Varey, 2002; Cram, 1996) claims that CRM system makes mass-customized one-to-one communication possible to organizations to use direct marketing tactics to build relationships with customers. Rust & Chung (2006) states that information technology revolution is a one-way street as the knowledge can be stored and passed

along to others which especially help the continuing expansion of the service relationship sector. Contrary claims exist to these optimistic visions. Leahy (2011) states that "existence of technology enabled contact between companies and consumers cannot be considered as evidence of a relationship". Probably the answer lies between these two continuums and therefore context considered frameworks should be created and studied in order to get clarity in this somewhat new and elusive area.

Information overload and how it affects customer behavior is an aspect that has been studied for few decades (Maholtra, 1984, p. 434-440). As internet has aged to a serious communication and business channel companies need to design timely and customized messages to customers or prospects in order to get through the clutter and overcome customers information overload (Chen et al., 2009). CRM has a key role in this due to its capabilities as a tool and therefore enables email marketing and relationship marketing to intersect in profitable way.

Due to networked computers internet enables wide array of customer information processing capabilities to better customize services, products or relationships. Secondly, internet's two-way interactivity makes customer information readily sought and enables customized real time communication. (Rust & Chung, 2006). Customer benefits from quick and easy information access in terms of reducing costs of fit (Bakos, 1997). The importance of reputation in e-surroundings is higher as physical attributes are not visible. Managing online relationships requires ability to measure behavior of website visitors, email recipients and also relational data. (Rust & Chung, 2006).

It seems that previously in this study mentioned direct marketing, that used to be classified as mass marketing, cannot be reasonably dealt without proper database marketing capabilities. This applies well to email

marketing characteristics. E.g. without prior consolidated knowledge of customer it is hard to do personalized email marketing.

2.2.4 Customer retention

According to study conducted by Reinartz et al. (2005) insufficient emphasis on customer retention actions will have a greater impact of long-term customer profitability when compared to similar allocations into customer-acquisition efforts. From service marketing perspective, which is relevant to the empirical part of this study, customer retention is attained by gaining customer satisfaction and service quality. Also, trust by some studies has been noted to affect retention significantly. (Ahmad & Buttle, 2002).

Rust & Chang (2006) defines three central themes in which internet can help RM. They include true interactivity with customer, customer-specific and situational personalization, and opportunities for real-time amendments to company offerings like in hotel revenue management. (Ibid). Even though email is not mentioned per se in Rust & Chang's study it is evident that many of the claims can be attained through email communication when real time personalized message is at center of the discussion. Therefore, the use of email marketing tactics on customer retention is suggested as a further area of research. Coussement & Van den Poel (2008) studied automated email classification for quicker responding to dis-satisfied customers concluding to cost savings and overall customer satisfaction. Well and quickly processed dissatisfaction prevents the beginning of attrition process (Stone & Liyanearachchi, 2007). So it can be arguably claimed that email marketing affects customer retention on its own domain for example responding quickly to "alarming" negative signals. Therefore email marketing and RM have intersecting qualities in terms of retention.

2.2.5 Customer trust and commitment

According to Morgan & Hunt (1994) both trust and commitment are necessities to create efficiency, productivity and effectiveness in business relationship. They continue (Ibid) that commitment is a strong belief and will to continue the perceived valued relationship. Other authors (Geyskens et al.,1996; Alhassan, 2005; Lancastre & Lages, 2006) more or less concur with this definition of commitment. All emphasize the warranty aspect and cost of change perceptions. Alhassan (2005) continues that commitment and satisfaction are necessities to prospective relationship marketing. Some central manifestations of relationship commitment

- increased willingness to work and preserve relationship with existing partner

- decreased willingness to gain short-term benefits with competing partners

- lower risk avoidance in the belief that partner will not act opportunistically. (Morgan & Hunt, 1994; Moorman et al.,1993; Bowden, 2009)

"Trust is a willingness to rely on an exchange partner in whom one has confidence" (Morgan & Hunt, 1994). Widely referenced model (Morgan & Hunt, 1994) presents trust as an antecedent of relationship commitment, see figure 2.
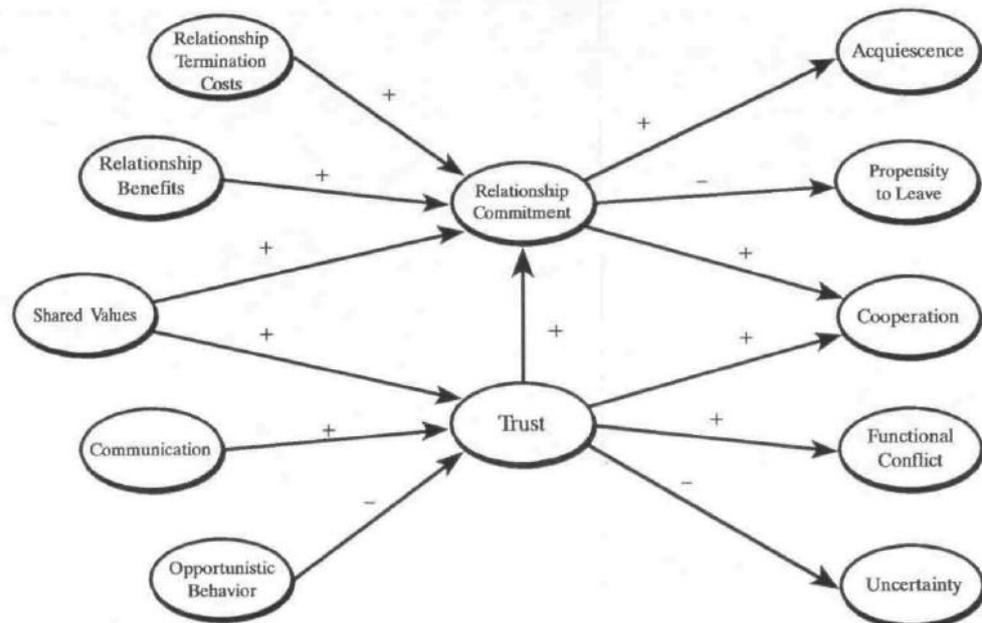
Figure 2. The KMW Model of Relationship Marketing

Trust may turn cognitive decision making towards more emotionally committed decision making and it has been found to be strongly linked with involvement (Bowden, 2009). Commitment means more vulnerability to the parties involved through multiple attributes like risk, shared sensitive information, etc. that this will lead to seeking of trustworthy stakeholders. Influencing factors to trust and commitments are termination costs of relationship, relationship benefits, shared values, communications, opportunistic behavior (Morgan & Hunt, 1994; Moorman et al, 1993; Geyskens et al., 1996; Gil-Saura et al., 2009)

Emotional commitment may lead to "stickiness" to the brand, positive word-of-mouth and increased consumption towards the committed brand. Recent studies indicate that emotional commitment may have stronger influence on loyalty creation than satisfaction. (Harrison-Walker, 2001; Bowden, 2009). Commitment and Loyalty are considered to be closely related constructs and it has been noted that commitment implies

customer loyalty but that loyalty does not imply customer commitment. (Bowden, 2009; Pritchard et al., 1999).

Customers operating in internet environment give contact information more willingly than biographical information. Financial information was least willingly given, by no surprise. (Meinart et al, 2006). Including the Cookie law act previously discussed, it seems that transparent distribution of information and clear indication for what reasons the information is collected from the customer might increase trust and further the relationship by its own part. Also, it could be argued that suspicion of opportunistic behavior would decrease if customer is clearly and visibly notified of what kind of information she/he will receive by solicitation. Alhassan's manifestations of commitment are aligned with clear solicitation to email as willingness to receive email to known purposes will enable higher email open rates. An empirical study linked trust and perceived information security in customer e-commerce relationship (Cases et al., 2010). If trust is considered as an antecedent of commitment and trust is an equation of multiple affecting factors then trust enabling email indicators have their own small part on this paradigm.

Ryding (2010) emphasizes the new technology enabled communication to extend customer life-cycle through customer commitment. She argues that relevancy, personalization and timeliness forms commitment when expectations are satisfied creating good experience to customer's relationship to organization (Ibid). Researcher does not see any relevant reason why this communication could not be formed with email as all mentioned attributes are feasible to achieve with email marketing. As discussed in chapter 2, email might even be favored channel of communication in certain situation like e-commerce when customer are informed and they perceive communication as a natural continuum of the operating environment.

2.2.6 Customer engagement

Customer engagement is an experiential and instrumental value adding intimate long-term relationship with the customer (Sashi, 2012; Brodie et al., 2011). Marketing Science Institute listed Customer Engagement (CE) as the key research area for 2010-2012 (Brodie et al., 2011). However, the "simple" definition is not merely accurate enough. CE is multi-dimensional and yet evolving concept that derives from multiple streams of science but according to Brodie et al. (2011) and Bowden (2009) CE transpired to marketing literature only in the middle of the past decade. Brodie et al. (2011) conducted service oriented concept of CE via rigorous academic analysis from colleagues and past literature review.

> *"Customer engagement (CE) is a psychological state that occurs by virtue of interactive, co-creative customer experiences with a focal agent/object (e.g., a brand) in focal service relationships. It occurs under a specific set of context dependent conditions generating differing CE levels; and exists as a dynamic, iterative process within service relationships that co-create value. CE plays a central role in a nomological network governing service relationships in which other relational concepts (e.g., involvement, loyalty) are antecedents and/or consequences in iterative CE processes. It is a multidimensional concept subject to a context- and/or stakeholder-specific expression of relevant cognitive, emotional and/or behavioral dimensions."*

Customers to engage supplier requires adaptation of the marketing mix to take advantage of new technologies and tools to better understand and serve customers. First of all, marketer has to have services that fit the need of the customer in order to engage and therefore engagement is customer-centric perception. (Bowden, 2009; Sashi, 2012; Ashley et al,

2011). As Kumar et al. (2010) well states that customer interacts with companies in various ways from which some are measurable and some are not. Van Doorn et al. (2010) emphasis the behavior and emotional aspect of CE and indicates that companies are now starting to realize the personal relationship's strategic meaning and CE when trying to optimize customer life-time cycle.

Satisfaction and retention will be more likely in repeat purchase but it does not necessarily mean CE. Retention leads to loyalty over the time. (Sashi, 2012). Bowden (2009) states that engagement is usually continuum of loyalty if the customer develops feelings towards the brand or supplier and becomes a "fan" of the service, product or brand. Bowden (2009) also, suggest a framework that encompasses trust, loyalty, involvement, etc. RM attributes to a much richer process, figure 3.
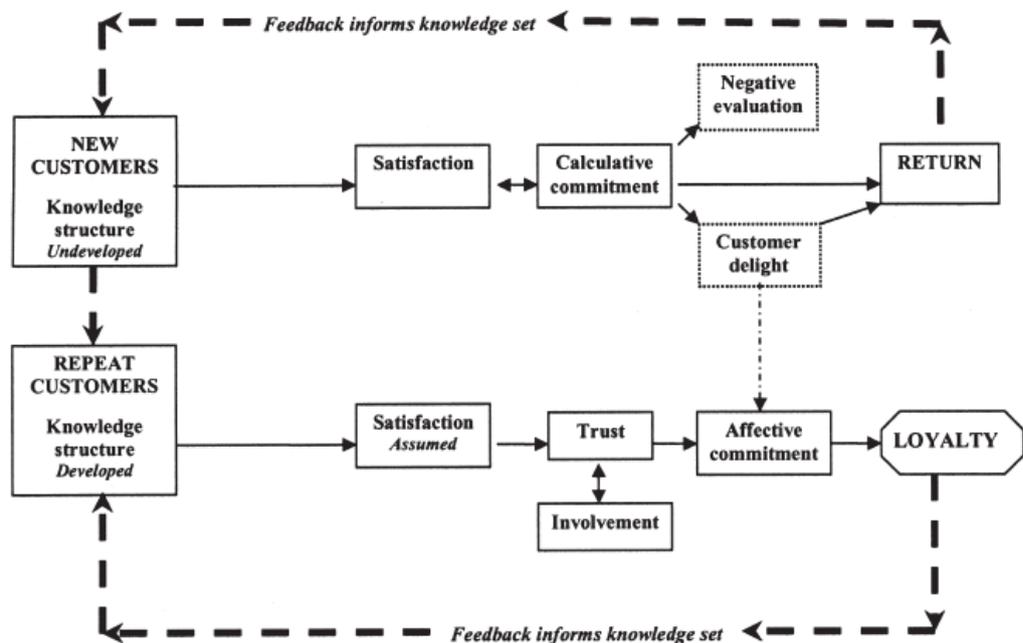

Figure 3. A Conceptual Framework for Process of Engagement

All the above mentioned descriptions consists the emotional and cognitive side of CE. Also, the interdependencies, no matter are they antecedents

or consequences, between other RM aspects is good to note. The service point-of-view fits well with the empirical part of this study.

Wu (2008) names distinguishing characteristics to internet and email marketing such as low set-up costs, irrelevance of distance or time, ease of entry and targeting. There seems to be parallel interest with modern robust email marketing tools and CE point-of-view, among many other issues, as triggered emails with elaborate command queries can be tied to accurate internet related behavioral analytics. If CE is a process that takes multiple interactions with customer then can it be enhanced with robust email marketing schemes that uses customer behavior as a validation to communicate accordingly?

As noted in Cases et al. (2010) study, few academic studies have qualitatively tested that pleasure features like design and uniqueness have even higher importance than previously discussed privacy/trust factors on purchase decision and repeat visits to the supplier. Again, researcher claims that email marketing could be used to guide customers to the right place at the right time as personalized content or experience cannot be assumed to be easily found from standard websites or content source as information overload would occur as discussed earlier (Maholtra, 1984, p. 434-440). Researcher suggests that when personal experience is pursued email marketing could be used as a seamless transition object through customer experience cycle. By viewing figure 3, it can be logically argued that communication gaps in the process could be handled via email in personalized, visually coherent, and timely manner.

2.2.7 Customer loyalty

A pivotal factor of RM is customer loyalty. Loyalty theory assumes that the development of trust, commitment, and responsiveness or engagement

51

will lead to customer behavioral and psychological commitment to the organization (Dann & Dann, 2001). Some studies state that high customer involvement creates loyalty in the long run (Bowden, 2009). Loyalty is often described to exhibit as a repeat purchase from one supplier when others are available, increased amount of transactions with the supplier, engaging in dialogue with the supplier, referring the supplier in positive manner, experiencing beneficial outcomes from the exchange, and many other manifestations. (Dann & Dann, 2001; Grönroos, 1990; Gummesson, 2002; Kotler & Keller, 2006). Bowden (2009) conceptualized a framework where two distinct paths to loyalty are identified, see Figure 3, divided by the differences between repeated purchaser and a new customer. She (Ibid) concludes that customer segment specific marketing strategies with natural loyalty progression should be conducted if RM is to become truly effective.

Many of the RM attributes are questionably viable in internet. For example face-to-face human interaction to build trust is lacking. Actually very few trust building mechanisms have been described through non-human communication. Also, the medium it-self present's problems as customer's comfort of using internet in transactions might become an issue when trying to build relationships. (Dann & Dann, 2001, pp. 359). Other barriers to build trust online is the lack of co-presence in time and space, narrow spectrum of human senses (sight, hearing, smell, touch, taste), capacity of interruption and learning is limited mostly to voice, and prior familiarity between stakeholders in transaction. (Ibid)

However, some studies suggest otherwise. For example Merisavo & Raulas (2004) found out that e-mail marketing builds up brand loyalty with multiple benefits. Among the sample e-mail without discounts, coupons or any other sales promotion communication evoked store visit and purchases, recommendations to friends and appreciation of constant

contact (Ibid). Therefore, Merisavo & Raulas (2004) suggest that e-mail marketing should be steered more towards existing customers rather than gaining new customers as it increased customer loyalty. Involved customers tend to favor limited number of brands in the same service scheme which therefore leads to higher level of brand rejection (Roser, 1990). It would be interesting to study if increased customer involvement via e-mail marketing creates brand rejection in customer attitudes towards other competing brands, especially in B-to-B sector.

Also, high involvement can be pursued with emails by its own right without forgetting other customer touch-points. Email marketing might seem to be even more feasible when operating surroundings are in e-commerce environment. Customer using such services is probably keener to receive or respond to email initiated involvement communication. Raulas & Merisavo's (2004) findings are especially interesting as empirical parts company X is operating solely in e-Commerce environment and email is one of the main communication channels. Does better email marketing increase customer loyalty?

2.2.8 Customer satisfaction

Customer relationship satisfaction is positive business affection between stakeholder's cumulative actions towards each other (Ganesan, 1994; Alhassani, 2005; Ryding, 2010). All the definitions point towards the fact that it is the net value of variables that define satisfaction whereas traditional transactional marketing paradigm focuses on periodic action or variable.

There are numerous articles and studies relating to the antecedents, precursors, derivatives, etc. of the previously described focal attributes of

RM. Some of the most relevant points relating to satisfaction were discussed in this RM related chapter with email marketing related point-of-views and possible interconnections. In their study Dufrene et al. (2005) stress the positive correlation between service/product provider's reputation and attitude and satisfaction toward an email campaign. Moreover, the satisfaction was not clearly defined to arrive from certain antecedents but it was few of the solicited email studies that noted the issue. As they continue, much more studies need to be conducted in the field of email marketing effectiveness on RM before generalizations can be stated and proven theories conducted. However, there are some implications for such a link to exist between email marketing and RM.

Researcher wants to note that by no means email marketing will bring satisfaction by its own entity. That is not the claim in this chapter even though some presented studies were quite optimistic on their own part. However, there are indications that email marketing might as well be influencing tactically in overall RM level by slightly contributing to individual RM sub areas presented above. These actions have an effect to satisfaction. The impact on satisfaction is left to other debate.

3 EMAIL MARKETING AND RELATIONSHIP MARKETING IN COMPANY X

This chapter is conducted by following the main and sub questions in-line with the second chapter. Second chapter opened up conversation starters for the interviews conducted and presented in this chapter. In last, fourth chapter, conclusions are presented with synthesizing theory and empirical material to gain knowledge and understanding to the studied issues.

3.1 Description of the case

Company X is operating in the hotel industry. It is a corporate online hotel booking company offering booking services, reservation and hotel distribution technology to corporate clients, hotels and agency partners. Most customers are corporate clients that need hotel accommodation for their business trips. Another significant business sector is providing hotel booking engines to third party client such as airlines and travel agencies in order to reinforce their service portfolio. Hotels gain additional revenue stream through better visibility if they include their properties in Company X distribution network. However, Company X differs quite a lot from the traditional leisure side businesses which act as vendors for hotel bookings to consumers. Company X is more traditional business-to-business company and it also appears from their marketing efforts which are somewhat in-line with the stereotypical attributes of traditional business-to-business company. Direct marketing is the main marketing set of tools and email marketing is the biggest communication channel in proportion of effort, quantity and also in budget. Company X operates in volume business where transactions and turnover are huge, and user base has to be large in order to create sustainable revenue stream. Data management and analyzing capabilities are vital to measure KPI's and to monitor possible changes within the KPI's.

The ESP is one of the biggest email marketing service providers in Scandinavia. As the ESP interviewee corrected the interviewer *"we call ourselves nowadays as an Email Service Providers and not Email Software Providers".* Also, according to two findings of chapter two this claim is feasible as the email tools is are becoming more sophisticated and therefore special industry related knowledge is needed and e.g. can be offered as an additional service.

In Company X, where email marketing plays such a big role it is under constant scrutiny. The line of thought in very simplified manner is how ROI can be optimized? The results have not been satisfying but neither negatively surprising to the management. Email marketing has brought in results as expected. The change has been in the good proportion to the costs. However, something has to be done "but what" is the underlying question for the whole communication channel.

3.2 Selection of the interview

The semi-structured interviews were done with key stakeholders in the company X with subsequent themes analyzed. Six free flowing interviews were conducted, recorded digitally and noted. Free flowing in this case means that the interviewer guided the overall interview by asking supporting questions when needed or clarifying the terms if necessary. Often, the interview dynamic was more discussing than actually dominant interview oriented. Five interviews were done in Company X and one with a country manager of one of the biggest email service providers (ESP) in Finland. The ESP is also used in the Company X. The interviewed persons in Company X were CEO and employees of the marketing and sales department. All interviews were carried out in Finnish and in Helsinki,

Finland. The ESP providers´ questions vary from Company X as the perception, knowledge, and point-of-view differ that from Company X's stakeholders. Also, the sales/account management was interviewed with slightly different questions.

Table 1: List of interviewees

Company	Title	interview dates
Email service provider	Country Manager	17.7. 2012
Company X	Head of Marketing	18.7. 2012
Company X	CEO	1.8. 2012
Company X	Marketing Coordinator	2.8. 2012
Company X	Digital Marketing Coordinator	2.8. 2012
Company X	Key Account Manager	3.8. 2012

All the interviews were one-to-one situations and recorded. Three interviewees were decision makers and three were practitioners that actually do the tasks appointed by management. It was important to get the point-of-views from all the relevant stakeholders in terms of conducting email marketing. The ESP role is the only "outsider" stakeholder but it has an emphasized role as it is the actual tool that conceptualizes the chosen email marketing strategy. The other marketing related roles are quite obvious as Head of marketing is responsible for providing the results and CEO is responsible for the chosen strategy. Marketing coordinators actually do the practical tasks and therefore important to hear their opinion's and point-of-views. Key Account Manager is responsible for the customer relations and is also rewarded on the revenue that the signed customers bring in. That is also relevant credibility enhancing factor especially when discussed about the customer relationship side of this study.

3.3 Data analysis

The interviews were open discussions with the researcher who acted as the moderator guiding the conversation in line with the theory part of this study. The follow-up questions were asked and the explanations of certain terms given when so required. There were three sets of questions that were more guiding than definite and rigid. This helped to get wider perspective answers from the respondents and not force the interviewee's opinions to certain aspects and therefore narrowing and distorting the results and credibility of the interviews.

Data is gathered and analyzed by topic areas according to the structure of this study. Straight answers from the interviewees cannot be cross-analyzed as the ESP provider and key account manager had slightly different set of questions. They had different questions because interviewees could not answer them. It is not reasonable to expect them to know certain issues relating to the questions. If interviewer sees it necessary, previous results could be checked from ESP or web analytics software to concur with what interviewees possibly reveal. For example, previous email marketing campaign results and booking volumes. Also, the possibility the check hard results increases credibility and helps to reveal possible hidden agendas or meaning behind the actual answers.

3.4 Direct marketing activities in Company X

All respondents, except Marketing Coordinator, described direct marketing more or less as it is described academically or by industry specialists like DMA in chapter two. At least all the main definitions implemented to the explanation. Most notably advertising and emphasis on instant short term results gained weight. Even stakeholders that are non-marketing related

influencers but not main users or conductors of marketing activities knew what direct marketing is. Also, most of the respondents categorized email marketing as direct marketing activity and emphasized it's importance in Company X's marketing strategy. As the Head of Marketing and Communications in Company X stated - *"while we are searching for alternative communication channels that have well established ROI none have come even close to email marketing. Simply, it is just so easy and cheap to do that even though results are not totally satisfying me it still has better ROI than other channels that we use or try"*.

CEO and Head of Marketing, who are top decision makers, of the email marketing strategy in Company X pointed out that they have studied marketing in university and they have conducted other more traditional direct marketing campaigns in their previous work life. Compared to other direct marketing communication channels and experiences from those methods email was by far their "cup of tea" even though they were not fully satisfied with the results of current email marketing campaigns. Somewhat surprisingly this was seen as the antithesis of modern email marketing by the Country Manager of the ESP. When discussed about challenges of email marketing as an industry she strongly emphasized that *"old marketers, meaning people who used to do one-way outbound direct marketing with print etc."* are hindering the development of email marketing as they want to keep sending huge amounts of email on one sitting, like they used to do with other communication channels, and only then consider the actions as email marketing. The ESP representative stated that in her point of view the global industry is going to more robust, strategic email marketing tactics which are highly personalized small send outs using *"big data"* to map on- and off-line behaviour. She continued that *"ESP's are nowadays more Email Service Providers than Email Software Providers. Right message at the right time to the right recipient is the motto to follow which unfortunately seems to be lagging in Finland"*.

Key Account Manager, Marketing Coordinators, the actual practitioners who mostly act in customer interface, stated that they send regular mail especially on holiday seasons but they use email behavior and CRM data to limit the send out volume only to the most prospective customers. Marketing Coordinators both mentioned more or less in the following way "*I see it as somewhat pointless as we don't have plans to follow up these initiatives*". When asked how they would follow up no concrete suggestions aroused. Digital Marketing Coordinator bluntly said *"it is just a waste of my time and I would try to measure it somehow or just stop sending regular marketing mail"*. Also, decision maker of marketing said that she has a feeling based on previous experiences that the recipients of these send outs would appreciate normal mail. It was based more on demographic prejudice than in actual knowledge.

3.5 Business-to-business environment and email marketing

The following comment "*we are operating in business-to-business environment*" was often stated in situation when no clear answer could be given. At least once per interview in company X, the interviewer heard the previous phrase. For example if campaign results were not satisfied but the reason was not obvious or if the actual message was not according to "benchmarked best practices". Whereas, the ESP representative commented *"we like to use term P2P (person-2-person) marketing and communication. It does not matter if it is B2C or B2B sector, the reader of your message is still a person."* when discussed about aspects of business relationships and usage of email marketing tactics. She also gave an example of nurturing customer relationship that can occur in B2B or B2C sector where from the non-active customers could be asked "can we help you somehow?". Company X comments of business user centrism contradicts the engagement part discussed in chapter 2 about creating personal emotional relationship with the customer wheatear it is B2B or B2C.

All the interviewees form the CEO to Marketing Coordinators considers the narrow and hard segmenting clearly as the problem. Only CEO and Head of Marketing stated that *"but then again it is usual B-to-B problem"*. Head of Marketing said "*Travel managers and maybe Procurement directors/managers…and oh, yes! Some HR representatives also, are our main audience for email marketing. Naturally, to get notable recipient list to campaigns, it must be Europe and maybe Asia wide sample"*. Another B-to-B characteristic which is in-line with Sharma's definitions is that company X sales cycle is multileveled and takes about 3 to 4 months on average. Usually, the decision maker is someone else than the initial point-of-contact. The initial point-of-contact is usually travel managers or procurement managers.

Oddly enough, the Key Account Manager was only one that noted "*I use normal post cards or letter as a conversation opener if I want to get my point through. For example, Christmas cards are good way to contact clients by stating that did you get my card (or statement in similar fashion)"*. Marketing department representatives or CEO didn't mention anything about other channels than email.

3.6 Permission & unsolicited email marketing in company X

Permission based email marketing was described by Head of Marketing as *"mass email send-outs with segmenting capabilities to recipients that know us"*. Also in general the design of the email letter, send-through rates and analytics were mentioned. Most significantly stressed was that the email marketing is conducted *"with a tool and not through your Outlook"* like Marketing Coordinator in Company X stated. Also the Key Account Manager stated *"in account management it seems that we have similar*

goals with the marketing department but even though I send out massive amount of email I don't see it as marketing".

There was clear and emphasized definition with all the interviewed stakeholders that in order to do email marketing an ESP tool is needed. If mass emails were sent from Outlook it was not considered as email marketing. By emphasizing, researcher refers to remarks like *"The better the tool is, the easier it is to do good email marketing"* –Digital Marketing Coordinator or *"At once we changed email tool our email marketing improved drastically".* – Head of Marketing

Marketing Coordinator gave an example comparing previous tools to the new one. She noted *"previously we used a lot of time, money and energy figuring out why our newsletter open rates were so poor. Once we changed the ESP it was revealed that 38 % of recipient email addresses were not even active! I can only imagine what such a low delivery rate has done to our IP reputation in the ISP spam monitor."*

Head of Marketing said that she's not happy with the results of email marketing campaigns. Company X had to decrease the amount of the send outs from 1000 to 500 per sending, as bounce rates were too high and complaints about unsolicited email to ESP increased and deliverability decreased. Open rates were usually less than 5 % and click through rates less than 1 %. She also continued that sending commercial emails is getting more difficult nowadays. Recipients are wiser than before; they know what unsolicited email is and how to easily block email. Head of Marketing stated that from their last mass email send out they received 7 spam complaints to the ESP provider. *"Also reporting malicious email has become easier, which has apparently affected our email campaigns. That's why we had to get another ESP in order to protect our main ESP's*

IP address and protect ourselves from legal consequences named in the contract" noted CEO.

Marketing Coordinators said that sending email campaigns have become more time consuming and less effective than earlier. Digital Marketing Coordinator stated *"notable part of the effort goes to waste"*. Marketing Coordinator noticed email behavior changes in the time of reading the email, *"When we sent email campaign to C-level recipients during working hours and at the weekend the weekend sent out had three times higher open rates and twice the click through rates compared to weekday sent out"*. The Digital Marketing Coordinator also considered if smart phone popularity has an effect on how and when emails are read as open rates during 7:00-8:30 in the morning have risen by 30%. Accidently, this claim was backed up by the ESP interviewee *"we have noticed in Sweden that people read emails during rush hour while going to work"*. The ESP Country Manager continued *"The `thing`" to consider today on top of the ethics and segmentation of content according your target group is of course the mobility. Email is more and more often read with a mobile device on the go and the readability and first impression become even more important than before"*.

All the company X interviewees noted that CRM should be used to track email behavior but coordinators, the ones that actually do the tasks, said that currently it is too work full to do. Head of Marketing hopes to develop email marketing towards better lead hunting meaning that follow up towards interested prospects is more resilient, intense and with better quality content. Also CEO wishes *"to increase conversion rate for those prospects who have shown interest"*. Whereas, Marketing Coordinators and Key Account Manager would like to shift the focus more towards current customers. The Key Account Manager said "*there is loads of work

to do to increase booking volumes from the smaller customers. I just don't have time to contact them".

All but Digital Marketing Coordinator stated that they don't read spam email and Marketing Coordinator and Head of Marketing even said that it instantly gives bad impression from the whole company and especially if the email is badly formed or is looking "amateurish". Only Digital Marketing Coordinator said "*Personally I usually have a look at them just out of interest, but not to act on it…*" So why Company X is still sending spam even though they know it is actually harmful in many ways? CEO does not consider commercial email to work related inboxes as spam. He does realize that it is not too efficient but "*that is the easiest and cheapest way of direct marketing in business-to-business context. Still with all the downfalls it is our best generator of leads to the sales department. That is if personal selling is excluded*". Also Head of Marketing stated that "*numbers count in management meetings. If I don't produce enough leads to sales I have done my job badly*". Although, it is harder and harder to produce sufficient amount of leads so something needs to be done. Head of Marketing thinks that their biggest threat is that company X is too heavily dependent on email marketing at the moment.

The ESP provider stated "*Generally, email marketing is doing great! Volumes are in increase and it is by far the most efficient way of communicating with your customers, prospects, and partners. What is satisfying is to see an ever-increasing number of e-mail marketers and companies doing good, versatile and legitimate e-mail marketing today. Unfortunately, there are, and most probably always will be, players who don't care about ethics and think that quantity is more important than quality*". She also stated that they do a lot of lobbying to big ISP's for developing blocking techniques of unsolicited email and to keep their IP addresses whitelisted. The ESP have stricken their contract clauses

towards unsolicited email marketing. She gave an example of Turkish client that was spamming with the ESP tool and had to pay a big fine to the ESP provider due to breach of contract. The ESP lost their IP address to black list as they had spent countless hours during past few years to get that IP address back to white list as they send millions of emails through that channel.

3.7 Market relationship in Company X

Gilbert, Powell-Perry and Widjioso (1999) market conditions are fully applicable to Company X situation so according to given definitions RM is suitable for company X. Even though, Company X has a multitude of relationship types to different stakeholders the traditional triad relationship accurately enough consists of the common business model. Company X operates in the middle of service value chain where customer is looking for a hotel to stay at. From the business revenue viewpoint this means that even though hotels literally pay the fee from the booking made through Company X channels the actual revenue source is the end customer who is looking for accommodation. The traveller always triggers the revenue process. Simplified, hotels have no other interest to be shown in Company X booking channels if there is not sufficient enough reservation volume to their hotels. From hotel perspective, it is a question "could we attract that same group of people to our premises with our own marketing efforts?"

According to the CEO *"it took some years to actually comprehend that the revenue comes from the end customer even though the money is paid to us from hotels. Maybe we could think more thoroughly about the different relationship that we have".* He continues *"I mean we knew it but we didn't act accordingly. Now corporate customer relationships are in way better shape…"* The other interviewed persons didn't really grasp the idea even with careful explanation. *The many-headed customer and the many-*

headed supplier definition aroused from conversation with the Head of Marketing but t*he relationship to the customer's customer* and surprisingly *E-relationships* did not occur even with the researcher's help to guide the discussion towards these issues. The researcher did not expect terminology knowledge but the surprise was, that ideology did not occur in the conversations. Hence the question, how much these issues are pondered in the company when strategies are viewed?

The importance of communication and relationship value in general was not brought up without pursuing for answer. Head of Marketing laughed for the common statement she made that *"internal communication could be better"*. She said that *"it is the one constant statement that you can always rely on no matter where you work".* Key Account Manager worried and frustrated that she has not enough time to contact all her clients even though she suspects that with little communication effort bookings of the existing clients could be higher.

The relational marketing risk awareness was scant. This was no surprise as the definitions and comprehension of RM in general was somewhat incoherent in practical level. However, all three *relationship poison* facts occurred while discussing with CEO, Head of Marketing and with Marketing Coordinator. For example, CEO talked about disruption between company X and one of the biggest travel agencies in Finland. The travel agency had misled company X by promising higher booking deliverability than they actually delivered. They were "caught up" from shared email marketing campaign where the content and linking to landing pages were almost opposite what was agreed upon. So this can be interpreted as *perceived unfairness*.

Marketing Coordinator and Head of Marketing were clearly disappointed to their website renewal project provider. The initial *conflict* aroused from communication gap relating to the agreed contract. Website provider wanted to handle customer support issues via email ticketing system that they use in their support organization. Whereas Company X marketing department, that was leading the project, were not satisfied with the response time. Head of Marketing, *"I would assume that being a big project we would receive somewhat personal service. Also, what pushed my buttons was that I didn't know if our change request or malfunction notice was received or not"*. Therefore, it seems that *conflict* led *opportunism* and that it could have been diluted to some extent with better personal email communication or just better relational communication in general. The conflict eventually led to termination of contract and therefore increased labor costs when finding and evaluating new website provider partner.

3.8 CRM and customer data usage in email marketing

"We have used one of the biggest CRM systems called Salesforce since 2008" said CEO of Company X. He continued that he uses CRM and booking engine data to measure the performance of sales and marketing and to managing the state of the company with exception of R&D. When asked from marketing representatives "how do they gather the recipients to Email marketing campaigns?" the answer was mostly non CRM related. E.g. Newsletter recipients are gathered from booking engine to the ESP tool or from website if form is filled in there. Also, Head of Marketing said *"we purchase business lists consisting relevant recipient segments according to title, country, company size and industry"*. She also noted *"that technically speaking this is not at least in Nordics illegal"*. Marketing Coordinators both said that they actually manually upload or try to find automatic ways to import email marketing campaign leads to CRM and then transfer them to new sales representatives. Other lead sources were

mainly through website analytics, and events. Marketing Coordinators didn't seem to follow enough carefully how their uploaded contacts are developing in the CRM. They don't follow, if they are still valid contacts, how the lead perform when turned to sales, if they opened the following email campaign letter, or they are even anymore working in the company.

CEO also stated that they use tool that graphically demonstrates in dashboards the whole information of the company that can be analyzed from so called 360° view. However, Key Account Manager told that she sees the graphs from CRM but it takes hours to work for getting the recipients gathered and contacted so it is not useful, *"I see the problem that I would need to solve from different graphs but where I find the time to contact almost 1000 SME corporate clients"*. Also, the ESP provider representative stressed the importance of CRM or other forms of *"big data"* when talked about the modern usage of email marketing tactics. ESP provider stated that *"simply, efficient email marketing will be daily basis small send outs"*.

When talked about possible problems of CRM, email marketing and RM the actual practitioners claimed similar problems of the information overload that was described in chapter two. For example Marketing Coordinator said "*it is frustrating that we are measured form the campaign results that we generate. If I want to generate better results it takes me hours to segment, personalize and so on before launching campaign and then I have not made my quarterly quota because it takes time. If I create bigger campaigns and with tighter frequency I make my quota but the results are depressingly poor*". The usage of CRM data was seen as a stumble stone even though everyone liked to use the CRM and understood the benefits gained. CEO stated that *"CRM has developed better sales cycle and understanding"*. In overall, decision makers were

happy with the CRM system and especially as a management tool. CRM is only used by sales and marketing within company X.

3.9 Email marketing connections on business relationships

Many respondents mentioned issues that are related to RM as described in chapter two while talking about marketing campaigns aimed to gain new customers with more traditional direct email marketing methods. Even though, measuring was excluded from this study it can be said that goals does not seem to match, with the actual practices conducted while creating email marketing campaigns. Disruption might occur when interpreting results that do not fit the pursued goals.

Marketing Coordinator explained that she has seen a big improvement on results after she started using Event Module, functionality in the ESP set of tools, which increases communication but decreases arduous practical functions. For example she sighed with gusto *"I never thought that basic email reminders two days prior to event and in the morning of the event via SMS could have so much effect on how many actually turn up to the event. And it is still easier to do than before even though I have to do more tasks!"*. Travel manager training and event participation percentage have increased by 30 % since the email automation functionality was taken into usage. This was one example as the practitioners talked about the differences between tools which they have used. All three actual practitioners indicated that they like more the "new ESP tool" which is not connected to CRM system. Whereas, "the old" ESP tool is connected to CRM system but as Digital Marketing Coordinator stated *"we use that to so called SPAM campaigns which we need to do"*.

3.9.1 Customer retention and email marketing

Company X had their first constant email campaign solely to existing customers launched November 2011. *"If you don't have a contract signed, you will not receive these messages"* said Head of Marketing. All the company X interviewees mentioned somewhat proudly this campaign that uses information from the booking engine to send emails to inactive customers. CEO also stated that *"to this date, this has been our most profitable campaign and it is even as a case example in ESP provider's website. Too bad that it does not generate new customers because then it would be a true lean mean machine"*.

In order for email to be launched from the "new ESP" tool the following criterions had to be met. First, the recipient had to be tied to the company that has a valid contract with company X. The role had to be main user of the system or multi-booker which is a person that book hotel rooms for multiple corporate clients. Final criterion was that no login details had been recorded during past three months and that the customer company was not an A or A+ level customer. As Marketing Coordinator mentioned *"the results surprised us all. From the start until now it has generated more than 3000 bookings and about 20 notifications to account management that the recipient is not anymore responsible for the hotel bookings within the company and pointing to the right person"*. The account management/sales were very contented with this. E.g. comment from Key Account Manager *"now I can just react. Otherwise it would have taken ages to contact these customers. How on earth would I have known that these companies have internally shifted responsibilities"*. Even though it was not mentioned it is good to note that only about 1300 recipients has accumulated to this campaign list, with 40 % open rate and 20 % click-through-rate. From conversions (hotel bookings) it is evident that even non-respondents have been active towards company X services. As email recipients have been heavy users of Company X services it is not unusual

to gain multiple bookings from one recipient once they become active again.

There was clearly some discontent in account management that these kind of campaign's are not more common. Key Account Manager said *"account managers handle company's top customers but medium and small accounts are not actively taken care of. On the other hand this has turned out to be working fine as the company still offers customer service 24/7 via phone. Also technical support is available on request. Already during last couple of years company has lost roughly the same amount of customers which is won annually. In the long term this shouldn't be the case so new ways to handle customer retention should be invented."*

3.9.2 Relationship trust and email marketing

Trust and commitment towards email service provider was mentioned when interviewees indicated that they like to work with current ESP partner. They were still satisfied with the provider even though this made mistakes and were responding slowly from time to time. This trust towards the service provider bases on the stakeholder which in turn Company X uses for serving better its own customers. Another issue that rose up in the conversations especially with marketing department employees was hindering suspicion towards their initial website provider that apparently slowed down the website development plan. Head of Marketing regrets that their initial plan to integrate website, CRM and email marketing did not work. She mentioned *"I just didn't believe that company Y could provide what they promised se we had to lower our initial expectations and use the ESP's solution to integrate email marketing and websites. Unfortunately our CRM was left out of this equation due to the unexpected issues with Company Y"*.

When discussed about differences between email campaigns towards recipients that have already some kind to relationship to Company X versus recipients that have not all interviewees, except Key Account Manager, said as Digital Marketing Coordinator *"Naturally open rates and click-through-rates are better when recipients are clients"*. An example was given when international company offering translation services send an email campaign and five out of six management team members received the same email. Head of Marketing stated *"that we were somewhat amused by the so called personalization that the email had. It definitely did not get voice of confidence towards the company"*. Researcher notes that this same issue was not mentioned when discussed the negative effects of Company X's own unsolicited email campaigns. The only negative or troublesome issues mentioned were technical or legal related aspects.

Company X uses two different ESP tools. One for so called "spamming" and one for proper email marketing as was simplified by the interviewees. The one which is used for unsolicited email marketing has deteriorated trust on IP address as well as for data management capabilities. For example Digital Marketing Coordinator said *"some recipients have been really angry as a) they have not found the unsubscribe link easily and b) they still receive email even they unsubscribe"*. Head of Marketing said that *"this is a common problem. Not so much with the proper ESP tool but still. Often people use two different email addresses and when they receive email they don't understand that data is handled according email addresses bot by name"*. Company X has limited ways to detect if the same person has 2 different email addresses in the system. It has been a limited problem due to CRM integration but unfortunately company X has the so called lousier email tool attached to CRM. Recipients cannot even find the un-subscription link from the email which that tool provides.

Head of Marketing and Key Account Manager even stated that they have prejudice towards companies that send email without consent even though it would be from proper and legitimate company. Again this was neglected when own email camping's were scrutinized. Marketing Coordinator stated that unsolicited email campaigns had 10 times longer conversion circles. This must be taken with a hint of healthy suspicion as the implemented cookie had often shut down due to regulation that cookies measure only the following 30 days from the start of the campaign.

3.9.3 Customer engagement in Company X and email marketing

Customer engagement as a RM concept was recognized by the interviewees but practical cognitive examples were scant. However, individual accidents occurred in the conversations regardless if the interviewee noticed that she/he is actually speaking about customer engagement. For example, Marketing Coordinator stated *"after we had the Event Module in use we got spontaneous positive feedback on the events that I organized. People were coming to me saying that it was nice to woke up and be reminded with SMS about today's event. Some were even asking how we manage all this communication"*. Researcher notes that the Event Module is a solution from the ESP interviewed for this thesis. Also Head of Marketing stated that Company X has been able to developed its events to fit for customer service needs from the events as the feedback gathering from the events can be automated through ESP Event Module. These small examples clearly tallies with Brodie et al. (2011) definition of customer engagement.

Key Account Manager was struggling to find time to contact smaller customers and ask how everything is going on and if she could be of an assistant? As she stated *"I know I can and that way I probably would get the booking volumes up. It is not much but from little streams the river*

flows". When talked about if marketing could help sales towards stakeholders that are already customers, the CEO pondered *"probably yes, but I fear it is too small game to play. Not enough human resources to get big enough volumes. We are in a volume business and few hundred bookings don't keep bread on the table"*. Key Account Manager stated that she usually prioritizes her work according to statistics and figures from the booking engine. She states *"if the A-B size customer needs are satisfied then I look to CRM or more probably booking engine provided figures on whom to contact. I check how the bookings of my clients have developed, when the last bookings have been made or how much the travel manager (or responsible facets) has booked for other employees. Resolving these kind of issues makes my salary"*.

Also, the design of the email rose up in the conversations. Head of Marketing commented *"once we changed ESP provider, the new tool forced us to use more simple design of email and that was actually very good thing! First of all, we noticed that we had too much information on columns in the emails before. Secondly, the system forced every user to conduct the email in similar fashion so all email content that we send is in-line with the brand guideline now."* Marketing Coordinator also noted *"I was quite pleased to hear proactive guidance from the ESP that we should use call-to-action buttons and that orange, yellow and red are industry benchmarked colors in the geographical areas that where we send email. No dice, that our old ESP would have guided us. Although, the ESP got little money for creating the buttons but so did we".* The click-through rate increased almost 50% when graphical call-to-action buttons were added to newsletters and other email campaigns. Researcher notes that other amendments were made to email template as well so there is no straight causal relationship with result improvement and call-to-action button.

Researcher notes that clearly customer relationship has an impact on the bookings as Digital Marketing Coordinator bewilderedly said *"they don't even have contract anymore but still some assistants, etc. book from Company X as they get club points and can order some free stuff with the points twice a year".* This might indicate similarities between Bowden's (2009) definition of "fan" and engagement but it would need to be further studied. However, Digital Marketing Coordinator also stated *"I send email to the club members twice a year and it has really good response rates, partly because they ask how many points they have".* Those above mentioned references were collected to point out possible connections to the possibility of using personalized messages and behavioral based email solutions to serve customer with less intermediaries and to engage customer to react according different situations.

3.9.4 Customer loyalty in Company X and email marketing

Head of Marketing stated *"we drop too many opportunities. I know there would be much more to do in RM and lead hunting but we have not figured out the way to get there".* Bowden (2011) states in chapter 2 that involvement creates loyalty in the long run. Compared to this claim Company X is on the right track regardless the goal is in numbers or in the general level of increased loyalty. When asked if Company X has planned loyalty progression Head of Marketing answered *"we're planning action to ensure that but to be honest we have too little of loyalty enhancing features and services. We've had loyalty club for years and some people are very keen on that. We are planning to upgrade, modernize and expand our loyalty club and other loyalty related services as well".* Marketing Coordinator said that *"actually we have been gathering with account management a list of possible trigger messages that we could send to recipients that reach to certain level of monthly/yearly bookings".*

Interesting difference between what marketing representatives said and what Key Account Manager stated. Key Account Manager's opinion was that events and trainings where you can meet people are actually bringing more loyalty and bookings than email marketing could ever do. When asked the same issue form Digital Marketing Coordinator and Marketing Coordinator they stated that definitely email marketing would bring more bookings but about loyalty they couldn't really tell. E.g. Marketing Coordinator said *"definitely email marketing would bring more bookings as we've just done the one trigger campaign, which it has already brought about 3000 bookings. And I don't have to do anything unless the trigger somehow malfunctions, like some people have got multiple messages even though they have booked during past 3 months. It seems embarrassing to say 'we have not heard of you for while' if the recipient have just booked".* It is probable that if email marketing would be heavily steered to RM there would be more malfunctions whereas with human contact there would be fewer mistakes towards clients. The impact on loyalty by these "embarrassing" mistakes on loyalty is another topic for further studies.

When asked of communication's nature in align with Merisavo & Raulas (2004) findings (this was not told to interviewees) Head of Marketing told that email marketing is basically way to remind of Company X existence but there are few findings they have further developed to other means. *"From the analyses we saw that our CEO's annual summary of how business travel hotel bookings are evolving in general have got attention very well. This was from our monthly newsletter. Now we're about to make those same reports as an inducement to join our lead-hunting mailing list".* This is a good example of dribble effects to new customer programs which have been initiated to be RM in addition to email marketing. Company X is not knowledgeable if newsletter recipients, loyalty club members and so called multi-bookers are the same people as those data sources where the information locates is not merged to CRM. As Marketing Coordinator said

"I was given a task to measure the profitability of Loyalty club. We pay about 9 000 € to keep that thing running and we just have the feeling that it creates bookings and keeps customers using us. It wasn't easy to measure it as I had somehow to cross-refer booking engines reservations/user and Loyalty club members and club points. I still don't know if the figures match up. I just hope I don't have to do it often". The ESP representative stated that quite many e-commerce based customers in Sweden use email marketing to enhance the loyalty through triggered email bonus programs but not too many in Finland. She had a feeling that vivid email marketing is a bit lacking in Finland compared to Sweden.

Head of Marketing, CEO and both Marketing Coordinators admitted willingly that they should do more towards gain and ensure customer loyalty. CEO stated *"this has been too long on our to-do list with the same excuse that there are more important tasks to be done".* Digital Marketing Coordinator said *"thank God, we finally got rid of that awful old CRM system. It has hindered this progress far too long. I could not even use demographic data to see what kind of users are using to loyalty club".* Many comments referred to the problems that Company X "first must handle" before progressing. It might indicate the fatigue towards the non-progressing issue or just order of importance in general.

3.9.5 Customer satisfaction in Company X and email marketing

"Of course customer satisfaction is at the core of what we're trying to achieve. At the management meetings, it is often on the issue list. We also, make questionnaires to cover satisfaction on semester basis" said CEO. Satisfaction is measured towards the service/product every sixth months but the antecedents of the satisfaction are not covered very deeply. If they are it relates to the product as Head of Marketing said *"I would probably ask a bit different questions but usually this survey is conducted for R&D*

so I understand why they want to ask different things than us". Marketing Coordinator wanted to ask how often recipients would like to receive email but it has not yet been added to survey satisfaction pool of questions. Head of Marketing stated that satisfaction monitoring is a bit laborious but "must do" task which takes time off from redeveloping the methods of gathering satisfaction information.

As stated in chapter 2 the satisfaction is the sum of multitude of variables that are widely argued in the scholarly literature. "*Quite many customers are happy but those are customers that are not committed to the company hence their full potential is not discovered. Also, in many cases 'happiness' is based on personal experiences towards the products or customer service. That is very risky as personnel changes can change the situation without the company even knowing it."* Key Account Manager's comment reveals that there is lot of information to be analyzed and properly measured to identify the KPI's and the satisfaction is only one but, important aspect.

Digital Marketing Coordinator said *"the few email campaigns similar to 'new sales' that we've sent to the existing customer base have generated quite nice open rates. Especially among customer companies that already use us or have been lately initiated to use more our services by account management".* ESP's Country Manager mentioned *"most of our clients use email's as distributing and collecting satisfaction surveys but rarely people realize that it could be used also to generate satisfaction".* When asked if she has examples the following was answered *"well, e.g. providing the personalized email content to the customers that have purchased from an online garment store. If I bought women's shoes and my demographic data reveals I am woman, then I probably don't want to get email with men's shoes on discount".* Even though this example is not from Company X related similar actions can be done in most e-commerce companies.

3.10 Summary and main findings from interviews

Email marketing was most used marketing communication channel by volume, allocated time of work, and by gained goals but events/exhibitions and club were the most expensive marketing communication activities in monetary value. Direct marketing and RM were conceptually recognized and understood. Variety of aspects in RM was least acknowledged in general level.

Due to the operating environment and business model of Company X data management has an important role and also to the development of email marketing. The current email marketing activities are mostly so called "lead hunting" activities for gaining new customers.

CRM and the other stakeholder databases relating to email marketing are presented in table 2. Practically this means the sources of possible recipients and relevant reasons to send email to these recipients connected to RM paradigm. The presented interconnections were already "in use" or hoping/planning to be used.

Table 2. Data sources for email marketing and possible influencing touch points in RM that affect overall satisfaction.

	customer retention	trust and commitment	engagement	loyalty
Demographic information			X	X
Email behavior			X	X
Relational data	X	X		X
Web behavior	X	X	X	
off-line behavior	X	X	X	

Demographic information such age, gender, location, product preference, buying for self or to others were mentioned or referred when email marketing and engagement or loyalty were on the discussion agenda. Email behavior rose up in the conversations also with engagement or loyalty. E.g. Marketing Coordinator commenting *"I can see that loyal customers are quite often the same people that open our newsletters and interact with us in almost any channel or place we act"*.

Possibility to use relational data like purchase history, survey results and loyalty points for email marketing purposes were mentioned while talking about customer retention, trust or loyalty in RM. This kind of data usage for customer retention was already in pilot phase as non-active customers according booking history were reminded of Company X existence. Web behavior was mentioned for example *"we would like to contact the persons who have abandoned the booking at the very last step. At least know why they did it if nothing else"* – Head of Marketing. Customer retention and trust & commitment could be affected by email marketing via other web behavior related variables such as hotel location searches, form completion, file downloads, viewed videos or slide shows, or other custom events like customized landing pages.

Customer retention, engagement and trust & commitment related topics were also on the agenda whilst discussing about email marketing usage on off-line activities. As Marketing Coordinator told that *"I upload all the attendees of events to CRM and to the better ESP, from where I used the Event Module to gather the attendees, and compared the data and also contacted the attendees to thank them and ask them to fill in the event related survey"*. Other offline touch points for email marketing could be voucher redemptions, call center activities and requests like catalogs and white papers, etc. Like Key Account Manager told that *"while I visit customers figures and numbers of industry forecast seem to gain trust"*.

This was also CEO's wish and will *"I want to Company X to establish the fore-runner-status and providing expert content is in my opinion the best way to gain and keep this image to our customers, financing stakeholders and industry opinion leaders."* While Email marketing was not mentioned per se it could be used and this was kind of taken for granted from the interviewees mentioned above. As the CEO said *"of course, how else we would distribute the information?"*

Figure 4. Wider perspective to email marketing
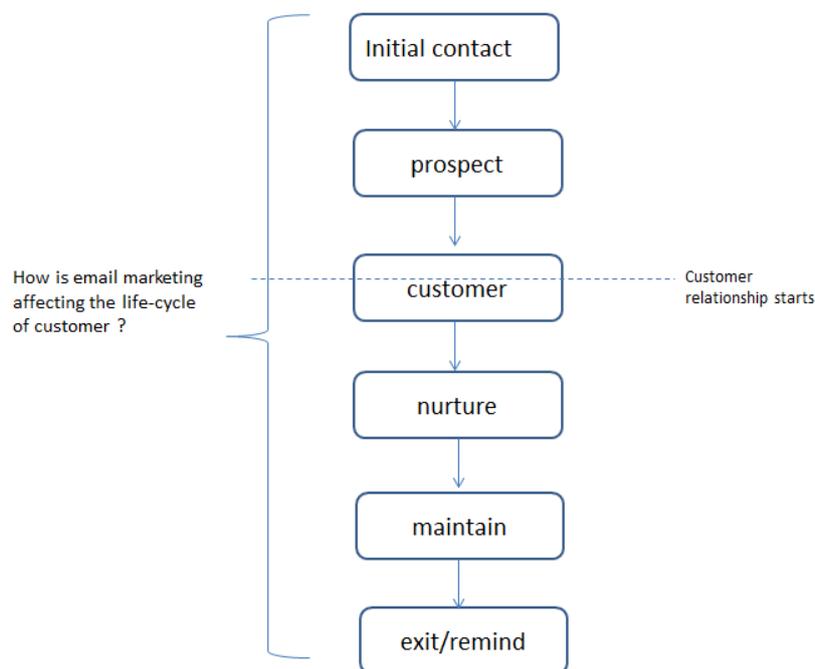
In figure 4 the arrows represent emails. The idea is that email marketing should be studied through the whole business relationship. Nowadays, we have the technological and analytical capabilities and counter points to do it, which did not exist before. From theoretical studies to interviews in this study different touch points for email marketing can tied to above presented figure.

4 CONCLUSIONS

This chapter summarizes the findings of this study, email marketing in business relationships. The theoretical observations and the findings are presented first and then the practical managerial implications. The last section deals with limitations and possible further research areas. Below paragraph connects practical and theoretical implication trying to summarize the overall wider finding of this study.

How is email marketing used to enhance business relationships?

Email marketing should be looked upon from the value chain of customer's life-cycle. The researcher believes this case example illustrated that there are multitude of variables affecting reasoning and decisions that relate to email marketing whether it is unsolicited or solicited email marketing or if it is towards gaining customers or nurturing relationship. The theoretical and practical implication is that email marketing is viewed through too narrow paradigm. Often important antecedents or consequences are left out the equation, which actually influence to email marketing in great length. For example methods of the measurement might restrict and guide the email marketing strategies into the wrong direction in the managerial point-of-view. Whereas, theoretical discussion and argument are disputing on all the looked up areas of marketing communication which are direct marketing, relationship marketing, and to some extent online marketing. On more holistic level the existent theoretical discussion is probably the basis of previously mentioned managerial imperfections or possible malfunctions to harness email marketing to its full potential. The below sub-chapters explains this claim more thoroughly form the theoretical and managerial point-of-view. To summarize, currently email marketing is not

reaching full potential and is not fully used to enhance business relationships either theoretically or practically, which are both each other's conceptual influencers.

4.1 Theoretical contributions

What is the relative importance of email marketing activities for gaining customer and nurturing relationship of existing customers?

The researcher studied theoretical definitions and scholarly papers on direct marketing, email marketing and RM. Some studies were on the field of online marketing which is hard to avoid due to the mutuality of key variables within the studied subjects. Direct marketing has changed along with technological and business environmental evolvement. Modern direct marketing share similarities with RM more than ever before (e.g. Palmer & Koenig-Lewis, 2009; Gázquez-Abad et al, 2011). RM is taking into consideration the technological advancement that is also called "marketing revolution". Majority of the RM disputes, in simplified manner, discusses if technologically based marketing can be regarded as the relationship and to where to draw the distinction.

Email marketing falls between these two bigger entities. Naturally, it is online based as otherwise emails could not be sent. But unsolicited email studies indicate that it is harder to send commercial email and all the action making it harder are actually driving it towards even more distinctive solicitation from the recipient (e.g. double opt-in confirmation). But still most of the studies ponder the issues of actual email sending and variables that effect opening like time, design, content, demographical issues like comparing recipient X and Y, and so on. The researcher thinks that the development in unsolicited emails studies, and results of these

studies, decreases the importance of current solicited email marketing studies as the actual sending is becoming harder. To simplify the logic, what is the use of email if it never gets to the recipient? Also, the role of ESP's is totally neglected at the moment and it should be further studied and implement to frameworks like UCE process. This case has shown the importance of email software provider to email marketing. More studies should be considering why email is sent. Not just from the basic direct marketing point-of-view which considers email marketing as a sole individual concept among other communication channels without any other variables that actually has a major effect on email marketing. Email marketing studies are scant, and most of them concentrate on the actual send out manifestations whereas studies should be more directed towards antecedents of actual email send out. Simply put, studies are still concentrating more towards "new sales" whereas it should shift towards existing contacts or customers.

How is email marketing affecting the life-cycle of customer?

Trust, commitment, and engagement affect the customer loyalty therefore it can be argued that interview answers, previous studies and theoretical claims partially back up that email marketing has its own part to play in this continuum. It is evident that no single spectrum can fulfill the customer promise which would create real relationship between company and customer. Therefore email marketing should be used more as a transactional object through relationship life cycle, especially when trying to create, engage, retain and generally maintain the relationship. This should be also studied further as it is almost nonexistent at the moment. Possible coherence and gained benefits of email marketing and RM should be studied in wider perspective. Now, the theoretical studies construct of multitude of puzzles but are not tied to the life-cycle paradigm. In layman's terms, can we see the forest from the trees?

How is the email marketing recipient pool gathered?

The databases have even the bigger impact on email marketing than before. Dealing with data has become easier, faster, and more efficient. Email is a bad first point of contact and researcher claims that "ordering newsletter/ bulletin", which is most popular example in scholarly studies, is not merely enough to encompass or represent a meaningful contact with a prospect or customer. Therefore, core data gathering for email marketing should be studied further. Also, unsolicited commercial email marketing is becoming even harder so email recipient pool should be gathered from somewhere else than sign-up lists or contact vendors if efficient and lucrative email marketing is to be done. That is why email marketing studies should be extended to touch points from where customer or prospects interact with the sending stakeholder.

How is unsolicited commercial email perceived and controlled?

UCE is perceived negatively, by no surprise. Also, UCE have been identified to encompass multitude of behavioral and psychological influencers that affect the recipient's actions. UCE Control is a constant concern and legislative, regulatory and ethical restrictions and guidance is ever more increasing. Compared to these facts it is surprising that recipient gathering and validity of the email receiver is not studied more because it seems that as "standard" email marketing is becoming harder the efficiency would drop as there would be less email receivers. So UCE is a major concern but also other paradigms to the subject should be studied, e.g. ways of doing good email marketing from the UCE point-of-view.

4.2 Managerial implications

How is email marketing used to enhance business relationships?

Email marketing is not used efficiently enough in business relationships of existing customers. The researcher believes that the biggest benefits would come from RM side of email marketing in Company X. From the perspective of RM communication it seems that company X is, among many others, struggling with information overload that could be turned to knowledge more efficiently. Possibilities to handle the relationships were not known. Even though Company X has managerially important statistics and dashboards of email marketing available for helping the decision making it is not transferred to practical processes so that recognized issues could be handled and solved in sizeable enough manner that would produce meaningful outcomes to overall productivity of the company. These issues came up in the empirical sample when compared CEO's statements and Marketing Coordinators or Key Account Manager's answers as well in the theoretical part of the study, for example Chen et al. (2009).

In general researcher states his main contribution. Company X would benefit from a marketing automation solution in many ways. Work time would be saved, data handling would become easier and measurement of entities would fall under one concept. The management would get email marketing results from one place, which would decrease data combination to analysis, and would increase strategic possibilities for the development of email marketing. Email marketing would be connected to RM in more comprehensive way and so decreasing "the need to send UCE" and

therefore protecting Company X from the malicious effects of UCE. The researcher believes that marketing automation would help Company X by connecting databases and email marketing together to open business possibilities in RM through email marketing which are not reasonably achievable currently or not even thought at all. These statements are backed up in the following paragraphs which contribute to the sub research questions of this study.

What is the relative importance of email marketing activities for gaining customer and nurturing relationship of existing customers?

Email marketing results were looked upon from too micro economical perspective as the so called "lead hunting" campaigns provided results, although poor ones, faster than the few campaigns that were aimed to existing clients. It was not recognized that the goals of these two different sides of email marketing are not comparable to each other. Therefore, RM and 'new sales' email marketing should be totally separated and maybe then the full potential of RM side email marketing would gain perspective of what it can provide to company X. Constant conscious or subconscious comparison limits the development of email marketing activities in company X. This might explain the favorability towards "lead hunting" email marketing and disadvantaged position of RM side email marketing.

How is the email marketing recipient pool gathered?

The usability of CRM data currently is limiting the RM side of email marketing. Most of the recipients are straight form website, or bought from business information vendor. The recipient list management is too rigid at

the moment in CRM, there is not enough relevant information for email marketing, "wrong" ESP tool is attached to CRM, but the relevant data is still there to be used in the booking engine. This hinders the strategic development of mail marketing towards prospects and more importantly towards customers. Thousands of valid solicited recipients to be contacted relevantly if data integrations would be planned with email marketing as part of the R&D process. This opens up whole other set of questions. For example how willing is R & D for co-operation if RM side email marketing is perceived as non-effective marketing mean.

How is unsolicited commercial email perceived and controlled?

Clearly the few leads which are delivered from unsolicited email campaigns seem to blur the negative effects. Ambivalent negative aspects are not seen harmful enough to stop unsolicited campaigning. This was surprising as the negative aspects were recognized but still such activities were carried on. Lack of strategic development of email marketing probably ends up in "status quo" which concludes that there is nothing more to be done and so normal way of email marketing continues. If campaigns are looked upon only how effective they have been individually, the bigger picture becomes blurry and distorted. This also, hinders the development of email marketing

4.3 Limitations and suggestions for further research

The researcher notes, that this is an isolated case with narrow sample and therefore not comprehensive for wider interpretations but it might give further research areas for academic stakeholders and process clarifications for Company X. Also, cultural, behavioral, and any other environmental variables were left out of this study which might influence

out coming drastically if same study would be conducted in any other location. For example in Northern-America marketing automation tools are the hype term among marketing practitioners.

Marketing automation is a reality at the moment in managerial construct. There are many marketing automation service providers and the industry is on the rise. Even though, providers claim multichannel approach to marketing the truth is that email is the number one communication channel for these providers. The researcher noted that few marketing automation scholarly studies (e.g. Coussement, K & Van den Poel, D. 2008 or Sophonthummapharn, K. 2009) were already conducted and that is a marketing construct that should be studied further. As claimed in section 4.1 the intersecting part of marketing paradigms which were presented might indicate that some of the entities might merge even further and so making it harder to distinct them from each other. In practical sense, the marketing automation backs up this claim. It is an entity that has parts of existing marketing and technology related areas which were covered in this research and therefore should be studied by its own paradigm. Also, the perspective of recipient situational influencers should be studied in email marketing. More studies on what are the situations when email marketing could be conducted rather than studies about email specific variables like color, design, heading, etc., which are of course important as well.

The role of chosen tools whether it is marketing automations or traditional ESP should be studied further and possibly included to theoretical frameworks. The role of ESP is nonexistent at the moment but they still carry a lot of weight in practical world. Therefore, this stakeholder should be added as an antecedent to certain scholarly studies as it has significant influence on what kind of email marketing can marketers plan and do.

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ATTCHMENTS

Attachment 1: Interview questions for Company X marketers and management

On your opinion what is direct marketing?

On your opinion what is relationship marketing?

What kind relationships to different stakeholders does company X have? Service provider relationships i.e. network providers, 3rd party component providers.

> What company x initiated risks do you see if the relationship fails?

> And why would it fail or why the relationship have failed previously?

> What kind of benefits and possibilities do you see from Relationship marketing?

What email marketing activities does company X currently do?

> How would you develop that?

> How would you compare the importance of email marketing activities when compared between gaining new customers and nurturing current customer relationships?

From where do you get the recipients to email campaigns/send outs?

What is spam email?

      How do you react to spam/unsolicited email?

      Do you see that as a risks or possible opportunity to be used in company X?

      If used, what is the reason?

How do you create customer trust and commitment to company X?

      What is the most important action to ensure this?

How is customer loyalty ensured?

      What actions do you think can be done to achieve this?

How is customer retention handled currently?

How do you think customer or/and prospects could be engaged to capture their full attention?

      Do you see that as a possibility for company X?

How many customers are satisfied and what is the main reason?

      What could be done more to ensure customer satisfaction?

Have customer felt being treaded opportunistically of unfairly compared to expectations or other customers?

Attachment 2: Interview questions for Email Service Provider

Miten näet sähköpostimarkkinoinnin tilan tänä päivänä ?

Kasvaa vai vähenee?

Suurimmat haasteet sähköpostimarkkinoinnille toimialana?

Mihin suuntaan sähköpostimarkkinointi on kehittymässä mielestäsi?

Mihin suuntaa te keskitytte toimialanäkemystenne mukaan?

Miten näette, että asiakkaanne asettuvat toimialakehitykseen verrattuna?

Miten arvioisitte Company X:n (= Hotelzon) asettuvan muihin asiakkaisiin verrattuna ?

Mitkä on sähköpostimarkkinoinnin suurimmat uhat mielestänne? Jos monia niin mikä on suurin?

Onko kaupallinen spam lisääntynyt mielestänne?

Miten te yrityksena kyseistä ongelmaa hoidatte?

Voiko mielestänne asiakassuhdemarkkinointia hoitaa email työkalujen avulla? Jos voi niin miten?

Miten näkisitte, että Suomessa asiakassuhdemarkkinointia hoidetaan verrattain perinteiseen sähköpostisuoramarkkinointiin, jolla usein yritetään saada uusia asiakkuuksia?

Voiko mielestänne sähköpostimarkkinoinnilla parantaa asiakastyytyväisyyttä, -uskollisuutta, -sitoutuneisuutta tai muita asiakassuhdemarkkinoinnin elementtejä? Onko sinulla antaa esimerkkitilanteita kyseisistä keinoista?

Attachment 3: Interview questions for Key Account Manager

On your opinion what is direct marketing?

On your opinion what is relationship marketing?

What kind relationships to different stakeholders does company X have?

      What company x initiated risks do you see if the relationship fails?

      And why would it fail or why the relationship have failed previously?

      What kind of benefits and possibilities do you see from Relationship marketing?

What is the role of CRM in company X?

      Do you see it usefull?

How do you create customer trust and commitment to company X?

      What is the most important action to ensure this?

How is customer loyalty ensured?

      What actions do you think can be done to achieve this?

How is customer retention handled currently?

How do you think customer or/and prospects could be engaged to capture their full attention?

Do you see that as a possibility for company X?

How many customer are satisfied and what is the main reason?

What could be done more to ensure customer satisfaction?

Have customer felt being treaded opportunistically of unfairly compared to expectations or other customers?

How do you evaluate your actions towards different size customers? What do you do differently whit smaller vs. bigger customers?