

**ENGAGING THE CONSUMER: BUILDING
RELATIONSHIPS AND LOYALTY THROUGH WEB
BASED MEDIA**

by

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ABSTRACT

This project examines how to build an online relationship with the target market of a local women's apparel retailer through use of direct e-mail. Customer acquisition and customer retention are examined. Online media is appropriate due to its low cost, efficiency, and the organization's target market.

The author suggests a relationship be built using principles of customer loyalty, customer engagement, and CRM (customer relationship management). Moreover, meaning consumers associate with shopping and the influence of privacy legislation are assessed.

This project recommends the use of questionnaires as part of an overall direct e-mail campaign in order to collect customer data. Building on existing customer profiles allows the organization to use targeted and effective marketing techniques in future campaigns. The use of viral marketing is also recommended as a strategy to grow market share.

Specific tactics recommended are based on primary and secondary research and provide guidelines for industry best practices.

Keywords: brand loyalty; relationship marketing; customer relationship management

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GLOSSARY

Behavioural Variables	These variables describe consumer behaviours which relate to usage status, brand loyalty, benefits sought and occasions for purchase (Durham Associates, 2006).
Brand Choice	The selection of a brand over others when a range of options are presented (MacInnis and Park, 2004).
Brand Investment	Consumer commitment to the brand through time investment and effort in locating their brand of choice. Also includes a willingness to pay a premium price for the brand and act as a brand advocate (MacInnis and Park, 2004).
Brand Loyalty	A consumer's commitment to a brand over time through repeat purchases, rejection of substitutes, and experience of unease in the face of product shortages (MacInnis and Park, 2004).
Consumption Constellation	A bundle of complementary products which support an aspired image/identity (Englis and Solomon, 2005).
Cross-sell	The practice of suggesting additional, complementary products to a customer who is considering a purchase (WhatIs, 2006).
Customer (relations) life cycle	The progression of a customer through the categorization, purchase, use of, and maintenance of loyalty to a product or service (WhatIs, 2006).
Customer loyalty	The degree to which a customer is motivated to remain with one brand/product and resist competitive offers.
	Information technology can help companies achieve customer loyalty by providing tools for analyzing customer data to assist in adept decision making, and managing customer relationships from the sales process through to fulfilment and support (MacInnis and Park, 2004).
Customer relationship management (CRM)	The methodologies, strategies, software, and online capabilities that help an organization organize and manage customer relationships through amassing and distributing data through the organization.
	The aim of CRM is to enable organizations to better manage their customers through the introduction of reliable systems, processes and procedures for interacting with those customers (Kotler and Keller,

	2005).
Demographic variables	<p>Variables which describe characteristics of a population.</p> <p>These may include age, income, educational attainment, home ownership, employment status, and location (Kotler and Keller, 2005).</p>
Point of sale (POS)	The physical location at which goods are sold to customers (Bitpipe, 2006).
Point of purchase (POP)	<p>A display that includes merchandising of all sorts, including kiosks, cardboard cut outs, and signage.</p> <p>It is believed that the most critical time to influence buyer behaviour is when they have money in hand (Scala, 2006).</p>
Psychographic variables	Variables which describe the lifestyles of consumers. Usually measured in terms of their activities, interests, and opinions. Also a basis for segmenting consumer markets based on social class, lifestyles, and personality (Kotler and Keller, 2005).
Relationship marketing	<p>The on-going process of identifying and creating new value with individual customers and then sharing the benefits of this over a lifetime of association.</p> <p>It involves the understanding, focus, and management of on-going collaboration between suppliers and selected customers for mutual value creation and sharing through interdependence and organizational alignment (Kotler and Keller, 2005).</p>
Regression	“The prediction of one variable from knowledge of one or more other variables”(Howell, 2006).
Unique Selling Proposition (USP)	Message that communicates the benefit of the good/service, is strong and compelling to draw in customers, and unique to an organization (Wikipedia, 2006).
Up-sell	The practice of suggesting additional, more costly products to a customer who is considering a purchase (WhatIs, 2006).
Viral marketing	Phenomenon that facilitates and encourages people to pass along a marketing message (Kotler and Keller, 2005).

1 INTRODUCTION

1.1 Topic Overview

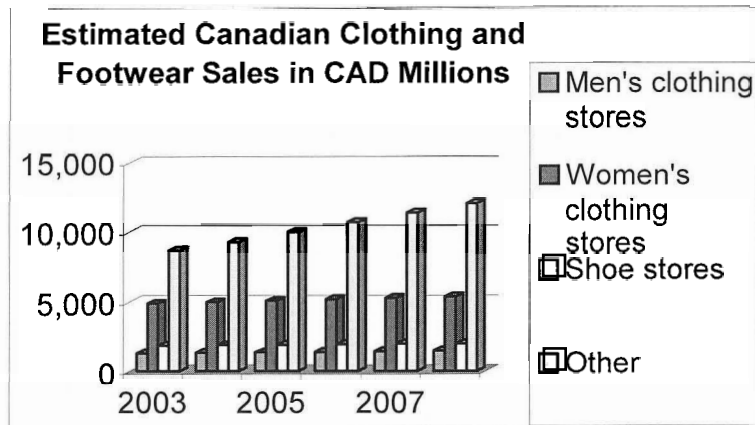
This project focuses on the development of customer loyalty and strong relationships with customers via online communications. These goals are applied to a local apparel retailer, hereafter referred to as “ABC”. The sponsor wishes to remain anonymous as the retail apparel industry in Vancouver is sufficiently small and does not want competitors to know about future marketing strategies.

ABC is not currently exploiting the functionality of the Internet in marketing its goods to customers or developing customer relationships. The client (the project sponsor) wants to use a direct e-mail program to develop customer retention, obtain new customers, and build an online virtual community that will result in increased store sales (Vice President A, 2006b). This project examines the relevant marketing strategies required to establish efficient and effective contact with customers using e-mail technology and recommend specific techniques in order to apply these strategies to the client organization.

1.2 Background Information: Industry

The project sponsor exists in a very diverse industry. Canadian apparel retailers exist in a very fragmented market with the top five retail chains representing only 11% of

Figure 1: Estimated Canadian Apparel and Footwear Sales 2003-2008



Data Source: GMID, 2006

the market (GMID, 2006). From 2000 to 2005, the Canadian apparel industry experienced a moderate rate of growth with an increase of near 4%. At the same time, the number of existing retailers decreased by 3%. Looking forward, the Canadian industry appears to be strong. Projected apparel and footwear sales in Canadian Dollars are estimated to increase by 20% from 2003 to 2008 and women's apparel sales by 9% (see Figure 1).

Currently, a strong economy and the growth of the baby boomer age cohort has led to higher disposable income and a forecasted increase of over 4% in sales revenue from 2005 to 2010 in Canada. The increase in consumer affluence and confidence has led to the emergence of mass-market, high-end specialty retailers such as Banana Republic and Reitmans (GMID, 2006). In contrast, niche apparel retailers use smaller locations, high service levels, and offer high-value goods such as designer labels in order to compete against larger retailers. Niche retailers offer products to a smaller market

whose needs are not being addressed by the larger industry. Niche boutiques rely on higher margins rather than volume sales (GMID, 2006). Moreover, sales of women's clothing from 2003 to 2008 is expected to increase by approximately 10% (see Figure 1) (GMID, 2006).

It is important to note the regional differences in style across Canada. This necessitates local specialization by retailers instead of a national approach. For example, British Columbia is considered to be a laid-back and fitness conscious region. Therefore, retailers are motivated to focus on different product assortments in this province than in the rest of Canada. For example, women in Toronto are more likely to purchase clothing items categorized as dresses than are women in Vancouver. Similarly, women in Montreal are less likely to prefer jeans than are women in Vancouver (PMB Reports, 2006). These differences can be attributed to many factors, including climate and lifestyle.

In reaction to competition, chains have become larger in size, opening more outlets, while smaller stores and boutiques have narrowed their focus, looking to enhanced service and distinct differentiating factors (GMID, 2006). To continue in their success, these stores need to continue to differentiate, emphasize service, and segment their markets (GMID, 2006). Such is the case of ABC Clothing Ltd.

1.3 Background information: ABC Clothing Ltd.

ABC Clothing Ltd., is a women's retail clothing chain with outlets located in and around British Columbia. ABC is a vertically integrated organization, designing and

manufacturing 80% of its product line. This gives it a cost advantage over many of its competitors, who act primarily as resellers. Currently, ABC is strictly a “bricks and mortar” retailer. Although it currently sends customers monthly e-letters and makes use of technology to communicate with customers, it does not sell products on its web site.

Customers shop at ABC for its attentive and personalized service, modern and comfortable shopping environment, and wide assortment of clothing: “not too trendy and not too conservative” (Vice President A, 2006c).

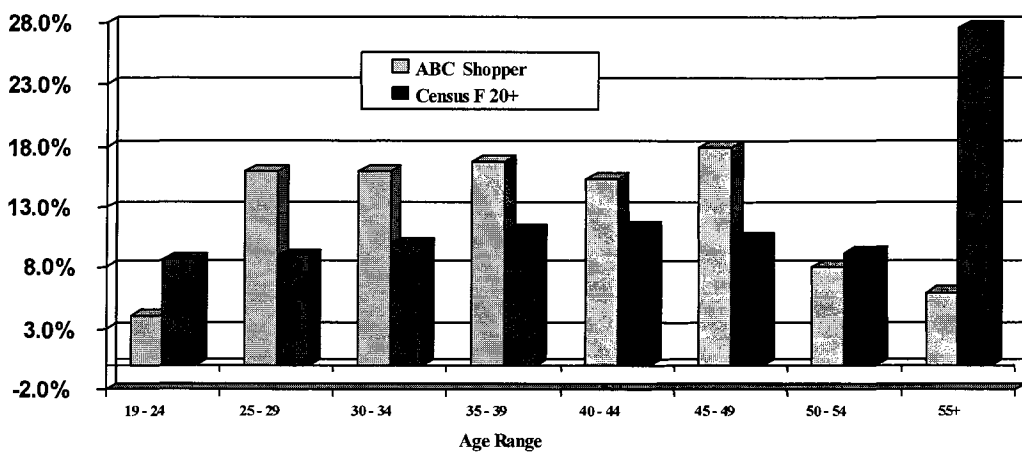
ABC’s mantra is to dress working women in professional clothing that reflects the customer’s individuality. As quoted by Vice President A (2006c), ABC’s clothing allows women to succeed in their lives. ABC carries an assortment of women’s professional and casual clothing; however, their focus is on business-casual suits and separates. They carry clothing that is modern, not trendy.

The prototypical customer at ABC is someone who juggles many commitments and wants to succeed. Though fashion and shopping are not on her priority list, the ABC customer recognizes the need to look professional in order to achieve her goals. She trusts ABC for these resources.

According to Vice President A, two critical points of difference for this brand arise from: facilitating customers’ individuality through clothing and offering personalized service. These two objectives are intended to facilitate the overall goal of increased women’s confidence in themselves.

ABC's customers are, on average, twenty five to forty five years of age, educated and earn high incomes (see Figure 2). We can see that women age twenty five to twenty nine and forty five to forty nine are over-represented in ABC's customer base as opposed to the age of women in the general Vancouver population. We can also see that the bulk of ABC's customer base is comprised of women age twenty-five to forty-nine. It is therefore no surprise that they are very busy, and single or married with no children. These women want to look good and enjoy fashion, but have little time to shop.

Figure 2: ABC Customer Age Groupings by % Compared to Vancouver Census



Data Source: Vice President A, 2006a

ABC's brand personality is described as approachable, assertive, energetic, intelligent, and successful (Vice President A, 2006c).

1.4 Motivation and Objectives of Project

ABC's Vice President drives the need for this project. He is committed to engaging and building strong and meaningful relationships with customers in the hope of retaining existing customers and attracting new customers. Moreover, he feels that e-mail is the best option to achieve these goals. The recommendations set out later in this project will be used to interact with customers and collect information to further develop and segment ABC's target market.

This project is important because it will enable ABC to reinforce its image with customers: a clothing retailer that empowers women in their quest for success and facilitates their individual sense of style. Through the e-mail medium, ABC will engage customers and obtain their feedback in order for ABC to help women achieve their goals. Moreover, through posting customer feedback on its URL, ABC will develop a sense of community among customers, further personalizing these interactions.

The company will also be able to develop and assess customer profiles. This will assist ABC in their overall corporate strategy as well as with future marketing initiatives. Knowing the customer more intimately will benefit all divisions of the organization—from operations and merchandising to the design of the products themselves. Moreover, as part of the interaction process, direct customer feedback will be invaluable to management.

To reach the goals set out above, the author of this project recommends online strategies through which ABC can initiate a dialogue with customers. This includes the design and development of a web-based customer survey that will allow ABC in

assessing psychographic/behavioural customer characteristics and build customer profiles. The contents of this survey/collection medium also reflect and reinforce ABC's brand. Moreover, recommendations for customer incentives to disclose personal information through online surveys are made as well as how to build upon the data already collected through the POS. With regards to new customers, the author recommends how to drive traffic to ABC's web site through targeted in-store promotions.

Lastly, the author suggests content for ongoing communications with customers so that ABC can build trust and customer loyalty as well as continue to collect psychographic and lifestyle information from customers.

Through meeting the objectives above, this project contributes to the marketing literature through determining how to approach customers online with the goal of developing loyal and profitable relationships. This understanding is gained through a combination of primary and secondary research. Moreover, it provides suggestions and guidance for companies who wish to drive customers to their company URL.

1.5 Methodology Overview

The approach to primary and secondary research was executed according to the needs of the project and the resources available.

The author determined that primary research would be employed through the use of in person and telephone interviews. Therefore, the author decided to interview leaders in the CRM industry (see Glossary for definition of CRM) as well as key staff at ABC. Although the goal is not to look at the possibility of implementing CRM software, the

author expects that the strategies behind this software would assist in the development of online tools to build relationships with customers. A Business Analyst with a CRM consulting company and the Marketing Manager of a CRM software development firm were interviewed.

The author also decided to use secondary approach in examining the goals of this project. The author researched and reviewed academic journals on topics associated with customer loyalty, relationship marketing (see Glossary for definition), CRM, online surveys, the significance of shopping for the consumer, and viral marketing (see Glossary for definition). The author also consulted numerous online sources from information on the Canadian retail industry and Canadian privacy standards.

1.6 Project Assumptions

Due to the nature of the project and its focus on implementation rather than trying to answer specific research questions, a number of assumptions are made.

The author assumes that, based on the demographic, psychographic and behavioural variables, some customers of the company will be receptive to online communications and divulge personal information online. Moreover, the author also assumes that the company's target market is computer literate, has online access, and is an active or frequent user of e-mail services (Chaudhuri et al., 2004).

1.7 Organization of Project

The organization of this project begins with the introduction; this is followed by methodology used, literature review, and conclusions/recommendations. Finally, limitations and future research are discussed.

2 METHODOLOGY

The author uses both primary and secondary research for the purpose of collecting information. With regards to primary research, four individuals are selected and interviewed, and both customized and standardized questionnaires are used (See Appendix A). Moreover, interviews take place either in person or over the telephone. With regards to secondary research, the author obtains information from academic journals and marketing industry articles located at the Simon Fraser University Library, as well as and private corporate documentation from the sponsor. Results of the primary research and secondary research will be integrated and cited throughout the project.

2.1 Primary Research

The author applied the approach stated above to the collection of primary research in light of limited time and resources available. The author presented the sponsor with two options for conducting primary research. The first option consisted of interviewing industry professionals from local organizations in order to learn how they develop customer relationships online. The second option was conducting an online survey aimed at women in ABC's target market to determine how they respond to variations in e-mail content and format. The sponsor preferred that interviews be conducted with industry representatives, and therefore, the method was used.

It is important to note that response bias may exist when using a survey to amass feedback. The “self report” bias arises because individuals cannot/do not assess their own attitudes/behaviours accurately. Moreover, the “demand response” may lead respondents to answer questions according to what they feel the experimenter wants of them instead of answering truthfully. These issues were mitigated by the use of personal interviews when speaking with the industry professionals so that the author was able to actively probe for information and qualify results.

The author conducted in person interviews with two professionals in the CRM industry. These representatives consisted of a Business Analyst in a CRM consulting company and the Marketing Team Lead at a local CRM software development organization. In order to obtain these contacts, the author approached six organizations in the CRM industry and this resulted in two scheduled interviews: one in person and one by telephone. The author expects that the high response rate for these contacts was the result of decreased resource commitment requirements: the author promised a twenty-minute time limit for each interview. Both individuals interviewed also wished to remain anonymous. Written consent for the interviews were obtained from all parties.

The author selected these interviewees from the CRM industry due to CRM’s focus on the management and enhancement of customer relationships. The goal of customer relationship management is parallel to the goals of this project. The author estimated that the interviewees’ job responsibilities and experience would act as leverage in the development of ABC’s online programs

The author interviewed two professionals of ABC both in person and by telephone: the Vice President and the Manager of Information Technology. These two individuals were selected due to their level of authority in the organization, personal involvement with the project, access to knowledge/expertise, and their role in the upcoming project implementation. Information was solicited from ABC in order to collect information on the organization's mission as well as its target market.

The nature of the information collected from the Vice President of ABC focused on the mission of ABC and the characteristics of its target market (see Appendix A). Information from the Manager of Information Technology related to the technical practicality and ability to develop and implement online communications (see Appendix A). Also, further information that relates to previous e-letter contents and response rates was obtained. The results of primary research are cited throughout the project. In particular, results are concentrated in Chapter 3 Literature Review on CRM.

2.2 Secondary Research

The author obtained secondary research online from the Simon Fraser University Library database, in addition to corporate documents acquired through the project sponsor. With the exception of some documentation from ABC, all information was obtained online as these databases contain the most current and up to date issues. Moreover, the search engine referred to as Google was used to obtain articles in periodicals, as well as locate information on vendor sites and marketing industry association sites. Results associated with all of the subsections in the Chapter 3

Literature Review are a result of secondary research. Moreover, this research is summarized as conclusions in Chapter 4 Conclusions and Recommendations.

3 LITERATURE REVIEW

In this section the author summarizes articles by topic. Topics are grouped according to the following themes: CRM, customer loyalty, relationship marketing, customer engagement, direct e-mail content and format, online survey use, the meaning of shopping, and privacy issues. These topics are selected based on their relevance in retaining customers and obtaining new customers in the context of direct e-mail use.

3.1 CRM

CRM is the process through which organizations acquire, keep, and grow customers. In simple terms, CRM helps manage the customer relations life cycle (Contact A, 2006). In the current marketplace, customers have access to more data and information than ever before. Access to information provides consumers with product/market knowledge and can empower consumers to make better purchase decisions. This includes the choice of vendors with whom to deal.

Due to the shift to customer-centricity, companies must profile their customers and use technology to facilitate this. As such, technology plays a key role in CRM. Web sites and e-mail become opportunities to develop relationships with customers. For example, an organization can drive consumers to its web site and have them enter identification data. This can then enable the organization to send the consumer targeted e-mail messages. However, technology is not the key driver of CRM; it merely facilitates

relationships with customers. CRM obtains its worth through developing relationships with existing customers, attracting new customers, decreasing operating costs, and increasing return on investment. The results of these applications are noteworthy. For example, a 1% increase in customer retention rate through the use of CRM can increase profits by five times that amount. CRM key measures include up-selling, cross-selling, and attracting new customers (Cuthbertson and Laine, 2004).

CRM plays an important role in the development and maintenance of customer loyalty. Though again, it is not technology that determines effective relationships; it is a consumer's experience with all company contact points (Contact B, 2006). The best driver of customer loyalty is positive interactions with an organization's employees (Contact B, 2006). As such, effective compensation and training practices must exist in a workplace or the best CRM strategy will not be effective.

It is essential that a company know whom its most profitable customers are, what drives this profitability, and why they shop at company one versus company two. Moreover, profiling customers will assist companies in using mass customization: building one on one relationships and making the product fit the customer—not making the customer fit the product. However, do customers want a relationship? And if so, what kind? (Luxton, 2002).

From an organizational learning and growth perspective, CRM seeks to understand the customer better in order to improve the retail proposition and develop more effective future marketing strategies.

3.2 Loyalty

It is important to distinguish among the three levels of brand strength which relate to customer loyalty (otherwise referred to as emotional commitment to a brand). The first level, brand choice, refers to the phenomenon of customers' brand awareness, brand information processing, and brand preference. The second level, brand commitment (otherwise known as brand loyalty) refers to the phenomenon of customer commitment to the brand over time. Behavioural examples include repeating purchases over time, avoiding the use of substitutes, willingness to purchase despite attractive advertisements and promotions from competitors, and experiencing distress in the face of stock outs. The third and most desirable level is brand investment. Here, consumers will use and sacrifice personal resources for the brand as well as make time, monetary, and reputation investments (MacInnis and Park, 2004). To illustrate, a customer may go out of their way to obtain a company's product, pay a premium price for a product, and/or recommend the brand to friends. As with human relationships, the stronger the emotional attachment and commitment to a brand, the greater the loyalty displayed.

The use of e-mail in building customer loyalty can be very effective. The majority of customers who regularly receive e-mails from an organization also purchase from the organization; moreover, the majority of loyal customers refer the brand to friends (Merisavo and Raulas, 2004). In addition, the loyalty established through e-mail communication leads consumers to visit an organization's physical retail outlet on at least one occasion, regardless of whether a promotional offer is issued in the e-mail communication. The number of e-mails customers recall receiving, how interesting/useful the e-mail contents are, and whether e-mail links are used to visit the

brand's URL are positively correlated with brand loyalty (Merisavo and Raulas, 2004). Respondents in the study find special sales offers, new product information, contests, product related news, event information, Internet links, and trend-related information to be of high importance (Merisavo and Raulas, 2004).

Direct e-mail can be used to secure repeat purchases, reinforce a recent purchase, increase customer loyalty, encourage referrals, and provide company and/or product related information. Through these communications, companies can develop a dialogue with customers. These results have been established using high-involvement products (Merisavo and Raulas, 2004). Organizations must therefore determine whether direct e-mail will be used for high-involvement products, low-involvement products, or both, and develop their e-mail strategy accordingly. Customers invest time and cognitive resources in the selection of high-involvement products. In contrast, consumers may perceive little value in receiving ongoing e-mails regarding a low-involvement item, where selection is less important to the consumer and thus less thought is required. Low-involvement items are very situation-dependent and are reliant on habit versus loyalty. For example, a candy bar is an example of a low-involvement product (Merisavo and Raulas, 2004).

Strong emotional commitment to a brand can benefit a company in many ways, including in brand extensions. In a brand extension, a brand name is applied to another similar or dissimilar product. If ABC decides to launch a line of shoes (currently unavailable in stores), customers will be more likely to accept the brand extension due to the presence of the ABC logo and the customer's existing commitment to the brand (MacInnis and Park, 2004). Customer loyalty may also lead to viral marketing in some situations. The effects of viral marketing are weak among behaviourally loyal customers.

However, when both behaviour *and* attitude are measured, very strong results arise. Customers who are both action and attitude loyal are 54% more likely to be active viral marketers (Merisavo and Raulas, 2004). Purchasing behaviour alone does not equate to true loyalty. For example, a customer who shops consistently at a specific retailer due to its location alone helps illustrate this point. The customer repeats their behaviour due to convenience, but does not necessarily possess a positive perception of the store.

After customers have been repeatedly exposed to an organization's direct e-mail, companies can increase their ability to cross-sell and up-sell, increasing customer purchase frequencies and inducing customers to respond. Post-purchase e-mails can also reinforce that the customer made the right purchase decision (Merisavo and Raulas, 2004). The benefit of using e-mail in developing loyalty to a brand is that it is low cost and enables companies to stay in touch with their customers. Promotional company offers are also effective in building loyalty.

If customers have a pre-existing preference for a brand, they are more interested in receiving information from it. Repeated exposures can enhance brand attitudes and result in a positive affective response (Merisavo and Raulas, 2004). Brand loyalty is increased as learning and positive experience with a brand increase; this decreases the search for additional product information in order to fulfil a need.

In order to build loyalty in the information age, companies need to first collect and analyze customer data. Customer demands are increasing and customers are more than willing to shift their loyalty if they are not satisfied (Luxton, 2002). Customer data

must be reviewed, interpreted, and integrated into the direct e-mail campaign. A company's most valuable customers should be identified and clustered.

Companies must be adamant in managing customer loyalty. They must avoid being product led by allowing the product mix to determine marketing strategy as opposed to allowing the needs and requirements of the target market to determine strategy. Collecting data and not using it, not reviewing company performance, being overly focused on response rates, and thinking tactically versus strategically are also errors which must be avoided (Luxton, 2002). Behaving in the manner above will inhibit companies' ability to develop customer loyalty.

3.3 Relationship Marketing

Customer loyalty, though important, is not enough. Managers must explore why customers exhibit loyalty and engage in a relationship with the organization to begin with. Relationships are purposive. They add meaning and structure to an individual's life (Fournier, 1998). A brand relationship can reinforce a customer's self-identity, either current or aspired. For example, a woman who prides herself in her role as a successful career woman will likely dress in a corporate, professional manner. She may develop a relationship with a clothing brand that reinforces this image.

A relationship is distinguished from a one-time interaction; some relationships are enduring and can last for years. Moreover, relationships can serve an ego defence function (Fournier, 1998). That is, a woman who is passed up on a promotion she believes she is entitled to may purchase expensive business apparel in order to reinforce to herself that is capable.

A consumer may form a relationship with a collection of brands in order to help shape his/her self-perception. Some meanings are functional and utilitarian while others are psychosocial and emotional (Fournier, 1998). For example, one consumer may form a relationship with the tellers at a bank in order to facilitate transactions and ensure good service. In contrast, a consumer may enter into a relationship with a premium brand of face cream to satisfy an emotional need for beauty and acceptance. It is important to analyze the context of a consumer's life in order to predict which brands an individual forms relationships with.

Companies may interact with their customers and try to elicit a response in the hope of forming a relationship. Initial contact and communication with a customer is important. This interaction is best approached with the use of customized communications in order to attract customers. A study by Thorbjorsen et al. (2002) illustrates this. Customer communities, e.g. message boards, are more effective at developing relationships with customers who are inexperienced Internet users; therefore, customer communities are used to target inexperienced Internet users. More experienced users, in contrast, react positively to customized communications; therefore, customized communications are used to interact with the experienced users. Responses increase when the preferred medium is used for each customer segment. This reinforces that *how* a company chooses to interact with their customer is important.

3.4 Viral Marketing

The use of viral marketing in a direct e-mail campaign can help an organization obtain new customers. Organizations can do this by providing e-mail content that is

engaging enough for consumers to want to forward messages to their friends and associates. Word of mouth marketing is one of the most persuasive marketing tools available.

Consumers do not forward e-mails unless they are important and/or contain something they believe the recipient will like. Research states that a reason for not referring an e-mail is that it does not meet a quality threshold (Phelps et al., 2004).

It is important for an organization to target its audience effectively from the onset in order to increase the likelihood of e-mail referral. The content must be relevant and valuable to the first recipient. A message that evokes strong emotions in readers increases the likelihood that the e-mail will be referred; in particular, jokes, sad stories, and inspiring stories are effective. Humorous e-mails are referred more frequently than both chain letters containing free products and promotional e-mails (Phelps et al., 2004). In fact, e-mails that evoke strong emotions are twice as effective as e-mails advertising free items or those which offer helpful tips (Phelps et al., 2004). At the same time, an organization must send e-mails that are business appropriate and consistent with brand image.

The marketer should use viral marketing whenever possible, as it can be used very effectively in direct e-mail campaigns. In order to increase the chance that viral marketing is effective, the marketer should provide a brief summary of the e-mail scope, publishing frequency, and a link to a subscription page/e-mail address (Brownlow, 2002). The individual referred will therefore understand what to expect if he/she subscribes.

3.5 Customer Engagement

Recently, organizations have realized the value of customer engagement and collaboration. A common application is product innovation through online interaction where the Internet facilitates a continuous dialogue between the firm and the consumer.

Firms can choose to involve customers at any stage of the product development process: either in the creation of ideas or in the product testing stage (Sawhney et al., 2005). At the same time, it is important for a firm to establish effective intellectual property rights and regulations to protect its own interests in light of this shared process. In order to encourage customers to participate in the engagement process, some companies offer valuable incentives. For example, Ducati, an Italian motorbike and accessories manufacturer, launched a web site in 2004 which features a registration form where customers can share personal information about their experience with Ducati motorbikes. This web site also allows customers to provide suggestions for product accessories ([www. Ducati.com](http://www.Ducati.com)). Ducati calls customers “active partners”, and these active partners interact with research and development departments online. Ducati has rewarded customer opinion leaders with access to contests, for example, “design your dream Ducati” (Sawhney et al., 2005).

Alternatively, companies may involve customers at each touch point of the value chain. The value chain is an organization’s efforts to optimize all of the supply chain functions across trading partners and customers in order to emphasize efficiency and value for the customer (2CIO, 2006). These companies believe increased customer involvement will increase satisfaction and retention (Mascarenhas et al., 2004).

Currently, customers want unique interactions with organizations that cannot be satisfied through a particular product or service alone: they want “an experience”. They can obtain this experience through partnership with the organization in the value chain and through the contribution of input (Mascarenhas et al., 2004). E-Bay provides an effective example of an organization that provides an input mechanism for all its users and often incorporates suggestions into its strategy (Mascarenhas et al., 2004).

3.6 The Meaning of Shopping

Shopping satisfies many psychological and functional goals for the consumer, and apparel retailers must be sensitive to these. Retailers can influence consumer preference through range of merchandise offered, promotions, and store environment. These factors are the most important in determining customer preference (Newman and Patel, 2004). Fashion retailers must also pay attention to advertising and promotions in order to support their brand, as these factors contribute to brand loyalty, and brand loyalty is a strong indicator of success among fashion retailers. Moreover, service is also important as it can strengthen or weaken a retailer’s position over time (Newman and Patel, 2004). A store must be consistent in the message it sends customers through the merchandise it carries, store design, advertising, and promotions. A mismatch between two or more of these variables could lead to customer confusion and a drop in sales. The Gap was a prime example of this at the start of the century. The merchandise it carried conflicted with its market position and the brand image portrayed in its advertisements. This resulted in gaps in its marketing strategy, impacted consumer perception, and decreased sales.

As above, the importance of consistency between the product line and brand image is vital because store image impacts store preference and purchase behaviour. Store image includes elements such as product range, product quality, and brand status.

Many consumers acknowledge that the branded clothing they wear is a reflection of their self-image (Birtwistle and Tsim, 2005). In some cases, this reflection is so important that consumers display price insensitive brand loyalty (Birtwistle and Tsim, 2005). To illustrate, some customers are so devoted to a brand that they are willing to spend hundreds, or thousands, more than the average price of a good in order to acquire the product.

Consumers gravitate towards brands they feel reflect either their present identity or the identity they aspire to. In order to increase sales, a retailer can build a store image that caters to the aspirational identity of the targeted customer (Englis and Solomon, 2005). Hollister & Co., the smaller sibling of Abercrombie & Fitch, delivers on this proposition. Hollister is the name of a small beach in California and the retailer designs store interiors to mirror the inside of a surf shack. It is selling an aspirational lifestyle to young consumers who yearn to loll on the beach and enjoy “the good life”. This strategy is resonating with Canadian youth, as Canadian purchases are up 300% over the United States (Von Hahn, 2006).

The concept of aspired lifestyle is an important one for fashion retailers. Consumer preferences are influenced by the need to attain an aspirational lifestyle and escape avoidance lifestyles. Products acquire much of their abstract meaning due to the lifestyles which they associated with (Englis and Solomon, 2005). In particular, many

high visibility products, including apparel, are purchased for what they symbolize rather than their utilitarian function (Englis and Solomon, 2005). In order to leverage the power of symbolism, many retailers focus on the context in which a product is shown in order to depict a lifestyle. This technique is commonly used in television commercials. For example, a well-known but unnamed appliance manufacturer airs a commercial featuring an innovative washer/dryer set. The advertisement features a young, attractive, female model who gets through another busy day in her professional high-level job at the corporate head office. The ad then depicts her then quickly returning home to launder her garments until they emerge from the appliances, immaculate, and breezes out the door with her handsome escort. The concept of professional and romantic/social success reflects an aspired lifestyle for many women in their twenties and thirties. It is likely that the manufacturer conducts extensive consumer research to assess both the demographic and psychographic characteristics of its target market.

Another important concept is the “consumption constellation”. This is defined as a group of complementary products used to define and portray a social role (Englis and Solomon, 2005). A consumption constellation can be associated with a specific occupation. A consumer can therefore select complementary product sets in order to identify with his/her aspiration group (Englis and Solomon, 2005). For example, a consumer may value environmental activism, and Environmentalists are perceived to wear denim, purchase organic products, and drive Volkswagens as part of their consumption constellation. Hence, the consumer who aspires to this aspiration group may also purchase such goods.

Shopping can provide a range of benefits to consumers and may be viewed from the following perspectives: environmental, social, and individual (Woodruffe-Burton et al., 2002). From the environmental perspective, shopping malls and retail outlets are community meeting-places and act as “surrogate town squares” in today’s society (Woodruffe-Burton et al., 2002). From a social perspective, shopping is a combination of work and enjoyment; that is, it is a complete experience. Moreover, shopping provides a context for social interaction and shared experience (Woodruffe-Burton et al., 2002). Some academics see shopping as the opportunity to see and be seen by others. In contrast, other perspectives see shopping behaviour as a means of obtaining specific goals. These goals may include positive affect, acquisition of high-status products, and as means of engaging in recreational activity (Woodruffe-Burton et al., 2002).

The individual perspective views shopping as a ritual which provides a temporary escape and allows the consumer to alter self-perception through the acquisition of products (Woodruffe-Burton et al., 2002).

3.7 Privacy

Privacy issues are critical in considering the interaction between an organization and its customers. A by-product of the popularity of online communications is unwanted online e-mail solicitation, commonly known as SPAM. A company who sends its customers unwanted e-mail risks harming its brand image, or worse, alienating a customer.

Identifying the purpose for the collection of personal information is a critical element of the consent process. Identifying why the information is needed and how it

will be used as well as communicating this to the individual is key. Defining why information is needed as narrowly as possible can help avoid future conflict. For example, an organization may wish to collect information to identify customer preferences and establish customer eligibility for special offers or discounts (NYMITY, 2006a). The firm should inform its customers that the purpose of the information collection is to establish customer preferences so that these preferences can be used to customize future offers.

Obtaining consent to communicate from a customer is a critical first step in the collection of personal information. Communication with the individual must be clear and unambiguous as to the organization's reason for communication as well as how the customer's information will be handled. The consent received should be recorded and employees collecting the information should be able to answer questions regarding the purpose of collection (NYMITY, 2006a). It is important for an organization to recognize that consent is meaningful only if individuals comprehend how their personal information will be used.

After clearly identifying the purpose of collection and obtaining consent, organizations should try and limit the information collected. Moreover, the information collected must be limited to the amount that will satisfy the identified purposes. The collection of less data will lower the cost of the data collection process and of data storage (NYMITY, 2006b).

On January 1, 2004, The Personal Information Protection Act, hereafter referred to as PIPA, came into force along with the Personal Information Protection and

Electronic Documents Act, hereafter referred to as PIPEDA. These acts require the compliance of all private sector organizations and affect the collection and use of a consumer's personal information in the following ways. If an organization used customer information prior to January 1, 2004 for the purpose of advertising and/or promotions, they can continue to do so. If the information was not used for these purposes and the organization now wishes to do so, consent must be obtained. All information collected after January 1, 2004 requires customer consent prior to communication (OIPCBC, 2006).

As discussed previously, consent must be obtained for collection and use of customer information. An explanation of how the information is to be used is also necessary (OIPCBC, 2006). For the benefit of the consumer and the organization, information must be as complete and accurate as possible; moreover, personal information must be stored securely (OIPCBC, 2006).

3.8 E-mail Format and Presentation

Format and presentation, as well as content, play critical roles in the success of a direct e-mail campaign. The marketer must send appropriate greetings and closings in the e-mail. Using "hi", "hello", or "dear" is appropriate, followed by the recipient's first name. In closing, the marketer can use an action-oriented or gracious phrase. Examples here include "we look forward to seeing you soon" or "best regards" (O'Flahavan and Rudick, 2001).

The marketer must use personal pronouns in order to avoid sounding vague or distant. "You" should be used to refer to the customer and "we" to refer to the

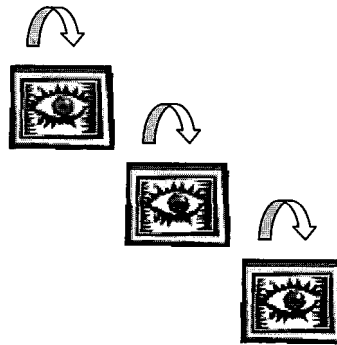
organization (O’Flahavan and Rudick, 2001). Voice also plays an important role in an effective e-mail. Using the active voice: “we will send you a gift certificate” versus “a gift certificate will be sent to you” makes the e-mail more definite (O’Flahavan and Rudick, 2001).

Subject lines have gained a lot of attention as they can prompt the consumer to open or delete an e-mail. In fact, a high proportion of consumers decide whether to open an e-mail based on the subject line alone (Topica, 2006). The marketer must strike a balance between appearing too promotional in the subject line and not generating any consumer interest. A subject line with approximately fifty to sixty characters is optimal (Topica, 2006). Some key words can also act as flags for SPAM filters. The following words are included in this set: newsletter, Internet, mortgage, offer, live, pics, protect, now, free, solution, work, news, and credit (Townsend, 2000). Therefore, these words should not appear in subject lines.

The order of information identifies priorities in a direct e-mail communication. The marketer should state the most important information first, thereby setting the tone for the entire e-mail (Brownlow, 2002). He/she should also clarify why the e-mail is being sent. The primary-recency effect reinforces this order; this principle states that a reader will best remember what they see first, followed by what they see last. In contrast, text located in the middle of a written passage is most likely to be forgotten (Royal Roads, 2006).

A reader first looks to the top left hand side of a page and works down to the bottom, right hand side (see Figure 3, next page) (Topica, 2006).

Figure 3: Eye Scan Depiction



Based on Topica, 2006

The marketer should place the company logo/brand at the top left of the page, followed by headline and content. Subheads should be used to organize content and images inserted for visual appeal. No more than three colours or fonts should be used in an e-mail and the use of too many images and fonts can frustrate the reader. In other words, simplicity is the best strategy. Studies recommend using bullets and short paragraphs (e.g., Topica, 2006). If the marketer wants to elicit a specific behaviour from the reader, a call to action must be inserted at the bottom, right hand corner of the e-mail (Topica, 2006). Again, this is reinforced by the primary-recency effect: what is listed first is remembered best, followed by what is listed last.

Organizations must provide the option to unsubscribe and make this process as simple as possible. This option should be presented in every e-mail sent. It is best to then send the consumer an “unsubscribe” confirmation message if they choose to unsubscribe. Further to this, an organization must post their privacy policy online and follow it consistently (Brownlow, 2002).

Some organizations provide a working e-mail address in the “from” field. A working e-mail address allows customers to respond to a company contact person, whereas a non-working e-mail address does not allow customers to reply. If a customer has a concern or complaint, this function enables him/her to simply hit “reply” in order to access a contact within the organization. If an organization receives such feedback, this information should be acted on as quickly as possible (Brownlow, 2002). Some companies also list a contact name and address in order to add credibility to their communications (Brownlow, 2002).

Another helpful link in the body of the e-mail is one that leads customers to a page that lists all store locations. This can act as an additional incentive for a customer to visit.

3.9 E-mail Content

An organization needs a list of consumer e-mail addresses in order to pursue a direct e-mail campaign. Although many organizations obtain e-mail contact information from customers when the customers purchase online, in-store, or when they sign up for an online web site membership, not all organizations have access to this data. Organizations must use every contact point with consumers in order to collect information. Sign-up forms should be present on all the high traffic pages of an organization’s web site and on its landing page (Stamos, 2006). A landing page is also known as a home page (Google, 2006).

Some organizations purchase e-mail lists; however, not all lists are created equal. In choosing a list, a company must be aware of their target market and set quantifiable

goals for return on investment (Han and Reddy, 2000). Such goals can include the number of click-throughs, the process of clicking on an online advertisement to the advertiser's destination, and conversion rate, the percentage of customers who take a desired action (Marketing terms, 2006). Goals can also include average customer value, which is an organization's estimate of what a customer is worth in dollars over their lifetime to the company. These metrics can be compared between list vendors in order to determine the best one. List vendors, organizations such as PostMasterDirect, 24/7 Media, and YesMail, sell lists of names and addresses to organizations on a "per name" basis (Han and Reddy, 2000).

Many articles investigate the effective use of e-mail in direct marketing. Most of these articles follow similar themes and suggest specific content and format. These themes include the conversion of a consumer into a customer and the retention of an existing customer.

E-mail facilitates a dialogue with the customer and enables two-way communication, whose purposes are primarily customer retention and sales promotion from the organization's perspective. Compared with direct mail campaigns, consumer response rates are higher. In addition, targeted e-mail result in higher response rates than untargeted e-mails and response rates increase further if the targeted e-mail is highly customized (Chittenden and Rettie, 2003). Moreover, the relatively low cost of e-mail communications versus direct mail makes the use of e-mail a very attractive option (Chittenden and Rettie, 2003).

Numerous elements increase the likelihood of increasing customer response including e-mail length, the presence of images and links, customization, relevance, and value.

Customers with the lowest response rates are those who receive e-mails that are twice the length of those for the highest responding group (Patterson, 2001). In today's time scarce world, it is no surprise the longer e-mails decrease the probability of response. Moreover, the longer the e-mail, the higher the unsubscribe rate (Chittenden and Rettie, 2003). The need for brevity is reinforced in numerous studies.

Visual impact/attractiveness is also correlated with the likelihood of an e-mail response. Response is lower among consumers who receive e-mails with fewer links and/or fewer photo images (Stamos, 2006). Similarly, unsubscribe rates increase as the number of links decrease (Chittenden and Rettie, 2003). This relates to the consumer's ability to interact. The key is to engage customers by providing them with an information teaser and an included link for more information (Patterson, 2001). Making e-mails fun and entertaining as well as offering complementary downloads can result in higher response rates and increased referrals (Stamos, 2006).

The better the target market is defined and segmented, the higher the response rate to direct e-mail. For example, one study cited by Chittenden and Rettie (2003) uses a direct e-mail campaign to increase family visitation to a local museum. The selection criterion for the e-mail target market is families residing in geographic proximity to the museum with children aged zero to eighteen. Because the target market used in the campaign is well defined and relevant, this campaign receives an optimal response rate

from e-mail recipients. In contrast, the goal of a direct e-mail campaign with one of the lowest response rates in the study attempts to encourage respondents to complete an online survey for a U.S. search engine. The target market here is not well defined and is comprised of new car drivers, which is incompatible with the desired outcome. The individual who designed this campaign wrongly assumed that new car drivers would be motivated to complete an online survey. The target market and product are aligned in the first example, but misaligned in the second example.

A marketer must send relevant communications. Customer engagement through the deployment of relevant e-mails increases net profits by an average of eighteen times more than broadcast mailings (Stamos, 2006). Moreover, segmentation based on any available variable such as demographic, psychographic, or behavioural variables produce a lift in sales and should therefore be used (Stamos, 2006).

E-mail must offer value to the consumer. It can communicate a promotion, a new product, a price reduction on an existing product, or future trends. Amazon, for example, sends customers e-mails with strong promotional coupons (Han and Reddy, 2000).

Marketers must be aware how and when to send e-mail to customers as well as focusing on pure content. E-mail frequency should depend on target market preferences and lifestyle, but a good starting point is to send communications monthly or bi-monthly. If an organization sends e-mails less frequently, it risks the chance that the customer forgets about the relationship (Topica Inc., 2006). In general, e-mails are most effective when sent on a Monday, which is the start of the workweek (Topica Inc., 2006).

E-mail timing plays an important role immediately after a customer makes a purchase. At this point, post-purchase evaluation occurs; a customer feels positively or negatively about the purchase (Topica, 2006). The marketer can then use e-mail very effectively by sending a message to thank the customer, providing product shipping information, and/or suggesting complementary products (Topica, 2006). For example, an apparel retailer can e-mail a customer to thank her for her recent purchase of a blouse. In the communication, the retailer can highlight accessories that complement the item and offer a coupon towards the anticipated future purchase, thereby building loyalty.

It is essential that organizations understand which variables are correlated with increased e-mail use and response in order to take advantage of these factors in a direct e-mail campaign. Demographic variables affect the likelihood of response. Though men respond to e-mail more than women, the difference is minimal and statistically insignificant. Men and women who are single/never married also display higher response rates as do those between the ages of thirty and thirty-nine. Moreover, another large group exists in the over seventy age cohort (Chittenden and Rettie, 2003). Clerical workers and middle/senior managers in office-based occupations respond at higher levels than employees in other occupations do (Chittenden and Rettie, 2003). This may be partially explained by the ability of these individuals to gain easy access to computers at work.

Lower incomes are correlated with lower e-mail responses (Chittenden and Rettie, 2003). Consumers with low incomes may be less able to purchase goods and services, and therefore, are less able to take advantage of offers. Moreover, these individuals may

have little access to computers. For example, response does not peak until consumers earn over \$72,000 Canadian dollars per annum (Chittenden and Rettie, 2003).

Behavioural factors which correlate with increased response rates include dining out, engaging in foreign travel, and prior online purchasing behaviour (Chittenden and Rettie, 2003). It is possible that these factors can be linked to psychographic variables in the VALS2 Classification system such as Achievers, Emulators and/or Socially Conservative Type A's (SRICBI, 2006).

Once the direct e-mail piece has been developed and sent, organizations should monitor and make adjustments to their e-mail campaign in the first few days of deployment. At this time, changes can be made to content, format, target, and offer. Three to four variations of an e-mail be initially sent to a small percentage of the target group. Response rates can then be measured from this pilot test and the e-mail with the highest response should be sent to the remainder of the list (Han and Reddy, 2000).

In addition, of critical importance in the use of direct e-mail is the ability to track responses in terms of who opens the e-mail, when is the e-mail opened, which links are clicked, and which surveys are completed (Patterson, 2001). The marketer can evaluate response in a number of ways: tracking unsubscribe requests, customer referrals, number of e-mails bounced, and number of e-mails deleted (Han and Reddy, 2000).

The result of data tracking and collection should be stored in customer profile databases and analyzed for trends. Results of a campaign are critical in effectively developing e-mails for future use (Han and Reddy, 2000). The marketer should also

compare response rates with benchmarks in the sector, market, or industry in order to assess the success of their current e-mail program(s) (Stamos, 2006).

In addition, assuming an organization has the technical ability to do so, the marketer can assess how the consumer reads an e-mail. By clicking on one link over another, a customer makes a decision based on preference. The marketer can track this, add these preferences to the customer profile, and use this behavioural data for more effective future targeting (Topica, 2006).

Marketers must facilitate future opportunities in order to engage the customer and build loyalty. Including a link on the company web site which states “update your profile” allows the customer to exert some control over their personal information (Topica, 2006). The marketer may use inducements here to have customers update their profiles online.

Marketers must recognize that the use of direct e-mail to acquire/retain customers cannot exist in a vacuum. The online strategy must complement other off-line efforts in order to produce synergy; that is, the two must be integrated. An example includes personalizing e-mail promotions based on customers’ recent in-store purchase behaviour (Stamos, 2006). In addition, contact through at least three different channels can increase response rates. Examples include contacting customers via e-mail, radio, and direct mail.

The need to focus on the customer is key. After a customer subscribes to an e-letter service, marketers should ensure a welcome message is sent to the individual via auto response. This message should hint at things to come; for example, the welcome message can confirm registration and address upcoming promotions. It should thank the

customer for the subscription and let him/her know what to expect. At this point, it is prudent to request that the consumer add the company e-mail address to his/her e-mail safelist (Topica, 2006). A safelist is an e-mail function which prevents incoming e-mails from specific senders being blocked or sent to a recipient's junk mail folder (Marketing Hwy, 2004).

3.10 Surveys

To date, the research on the effectiveness and efficiency of conducting online customer surveys is sparse; however, we can draw conclusions from the literature. The author assumes that a survey *link is embedded* in the e-mail message for the purpose of this analysis.

Two important variables for organizations to consider are cost of the data collection process and customer response speed. There are no direct costs associated with e-mail campaigns. Moreover, customer response time is half that of mailed questionnaires (Dibb et al., 2001).

Several advantages exist in the use of e-mail as a data collection medium. First, as noted, are the non-existent direct costs and the decreased handling costs. Handling cost is zero, as envelopes do not need to be stuffed, organized, and transported to a mailing centre. The process is also efficient. Transmission is fast, the sender is immediately notified if the recipient's e-mail address is incorrect, and dates and times mark e-mail responses (Dibb et al., 2001).

Because respondents are more forthright online, the quality of the response can be enhanced. Customers perceive e-mailed questionnaires less as junk mail as opposed to mailed questionnaires. In addition, e-mailed questionnaires are novel, thereby increasing the likelihood of completion (Dibb et al., 2001).

In general, closed-ended questions have lower non-response rates than open-ended questions (Dibb et al. 2001). Closed-ended questions contain a finite, pre-determined list of answers set by the researcher. In contrast, open-ended questions allow respondents to answer in their own words, with no pre-set list of answers. Open-ended questions can also elicit answers which are often detailed and expressive, and provide good quality feedback (Knowledge Base, 2005).

The difference between e-mail and web based surveys must be noted. In e-mail surveys, who has access to the survey is controlled by the very nature of the process: only individuals in an organization's "send list" receive communications. In contrast, anyone can access a web-based survey via an organization's URL. The use of one format versus another depends on the intended target market and the desired results (Ilieva et al., 2002). The response rate for web-based surveys ranges is generally lower than the response rate for e-mailed surveys (Ilieva et al., 2002).

As is the case for mail surveys, both customization and issue relevance are important in e-mail surveys. In addition, use of customized (personalized) e-mail ensures the right person responds in a situation when more than one individual may use the same e-mail account (Ilieva et al., 2002). The marketer can achieve this by addressing the intended recipient by his/her first name in the e-mail.

Disadvantages exist and must also be acknowledged. Consumers must be adept in the use of e-mail in order to respond and some may therefore prefer mailed questionnaires. Consumers may react negatively due to the ongoing volume of e-mail they receive, including unsolicited e-mails like SPAM. Consumers may also feel that their response is not anonymous (Dibb et al., 2001; Ilieva et al., 2002). In addition, the time required to download survey pages is cited as a common issue among respondents (Ilieva et al., 2002).

Maintaining the appearance of e-mailed questionnaires as well as offering tangible incentives to encourage customer response can be challenging for an organization. Another organizational challenge is establishing the reliability of response information; consumers who respond may represent a specific sub group of the overall target market, resulting in skewed or biased data (Dibb et al., 2001; WebSurveyor, 2006).

To address the issues above, the target market for the questionnaire must consist of adept e-mail users. This will increase the probability that the e-mail campaign will generate sufficient response data for further regression and/or trend analysis. To maintain the quality and appearance of the questionnaire, a web link can be inserted into the body of an e-mail that, when clicked, leads to a separate web page containing the questionnaire. It is also important for the communication to contain a link to a company contact person, should a recipient have a question regarding the questionnaire (Dibb et al., 2001).

The use of incentives for questionnaire completion yields mixed results. Some studies assert that surveys must be able to stand alone without the use of incentives and

that they have little to no influence on response rates (Dibb et al., 2001; Ilieva et al., 2002). There is also the risk that the quality of response will decrease due to rushed responses and/or that bogus information will be entered into the questionnaire in order to obtain the incentive (Ilieva, 2002).

4 CONCLUSIONS AND RECOMMENDATIONS

The conclusions and recommendations discussed in this section address how to use e-mail in order to increase retention of existing customer and acquire new customers. Each subsection outlines and summarizes the tactics that ABC must undertake in order to achieve the success it desires with new and existing customers. In each subsection, conclusions regarding the topic in the subsection are made first, followed by recommendations. These recommendations are made in consideration of ABC's size, location, and human resources available. The rationale for these recommendations is made in the context of the literature review as well as the noted conclusions that precede the recommendations.

4.1 CRM

CRM principles help an organization manage the customer relationship life cycle and gain consumer trust. CRM focuses on the use of existing customer data and the acquisition of additional customer data in order to build profiles and develop relationships with customers. Simplified, CRM uses technology to track customer information, consolidates the data, shares this among departments of an organization, and uses this data in future marketing campaigns. Although CRM is usually associated with the use of a complex and specific technologies, the principles behind CRM can be applied using very simple technologies. The CRM approach also emphasizes the need to

evaluate customers on a quantitative basis, according to the revenue and profitability they generate. A company must include these two factors when implementing CRM.

Recommendations

CRM focuses on which factors must be in place in order to foster and grow relationships with customers. The most effective direct e-mail campaign will not succeed unless the customer experiences consistently positive interaction with contacts of the organization. Therefore, prior to investing funds into additional marketing efforts, the author suggests that ABC audit hiring and training practices as well as reward systems to ensure that customer experience consistent service quality from Fashion Consultants as well as at all company contact points. Moreover, ABC can choose to make contacts within the organization more transparent to the customer.

ABC must also assess which customers it wishes to engage. It must evaluate the data in its current customer database and credit purchase records to determine who its most profitable customers are. The Pareto principle asserts that 20% of a firm's customers are responsible for 80% of its profits. Additional marketing literature also states that 50% of a firm's profits are eaten up by bottom 30% of customers (Luxton, 2002). ABC must determine who this 20% is and target this customer group.

After evaluating these two areas, the author suggests that ABC ensure it possesses the database and communications technology to collect information as well as the time to dedicate to this collection and analysis. As discussed, the focus of CRM is on the establishment and development of customer profiles. ABC must commit to this through the use of periodic e-mailed consumer surveys as well as being consistent in its

communications with customers in order to build relationships with them. CRM is an ongoing process.

4.2 Loyalty

In order to build customer loyalty, an organization needs to move the customer from brand choice and awareness through brand loyalty to brand commitment. At the point of brand commitment, customers are willing to invest time, money, and personal reputation for a brand. The use of e-mail to develop customer relationships increases brand loyalty at a low cost as opposed to the use of direct mail. Repeated e-mail exposure can produce positive attitude and loyalty when the consumer experiences learning and positive interactions with a brand. Familiarity produces comfort and positive affect. Positive customer loyalty is associated with increased up/cross selling success, increased purchase frequency, and higher in-store visits (Merisavo and Raulas, 2004).

Recommendations

ABC must send consistent communications at regular and predictable intervals in order to build loyalty and incorporate the use of offers. The author recommends that ABC use some of the following techniques as e-mail themes, or incorporates several variable below into one e-mail: specific sales offers, new product introductions, contests, product-related news, event information, helpful/entertaining Internet links, requests for customer input, survey administration, and trend-related information.

Loyalty also relates to customer engagement. In openly asking customers for input and/or feedback through e-mailed communications, the company makes the customer a decision-maker and builds loyalty. Additional recommendations for this are discussed in the customer engagement section.

In order to build and maximize customer loyalty, ABC must first identify which factors are correlated with their most valuable customers. Any correlation between spending and demographic, behavioural and/or psychographic variables must be investigated. This can be done using regression analysis. Similarly, “eyeball regression” can be conducted whereby a scatter plot is used to sketch two customer variables on a chart; for example, spending and income. ABC is able to then search for patterns/correlation in the data. A positive slope indicates a positive relationship and a negative slope, a negative relationship between the two variables. Alternatively, a consulting firm may be employed to perform a statistical analysis on existing data. The results can be used to send more targeted, and therefore more effective e-mail communications.

4.3 Relationship Marketing

Relationships provide meaning to the life of a consumer. Relationships help reinforce an individual’s identity either current or aspired. Similarly, a brand relationship can help reinforce an individual’s current or future identity. This relationship can also last for years, or as long as it continues to be relevant for the consumer.

Recommendations

ABC targets the busy, single, career-driven woman who values success (Vice President A, 2006a). The customer's current identity and aspirational identity are reinforced through her continuing relationship with ABC as the company facilitates her in achieving the level of success she desires. Direct e-mail content must reflect this.

The author recommends that e-mail content focus on sales offers which provide the customer with a complete bundled solution; for example, ABC can offer a complete outfit at a discounted price or use a product bonus in the form of a free accessory with the purchase of a business suit. New product information must focus on work/leisure themes (work and non-work). Work apparel trends should also be featured; though ABC customers are not trend-focused, fashion does matter as it facilitates the achievement of their aspirational identity (Vice President A, 2006b).

4.4 Viral Marketing

Viral marketing is an extremely strong influencer in customer purchase decisions and can be used as a powerful weapon in attracting new customers.

The key to successful viral marketing is providing content that is so valued by the customer that they are motivated to forward the e-mail. Second, an organization must ensure the process of forwarding the e-mail be as simple as possible.

Content rated high on emotional appeal is most likely to be forwarded. Thus, the author recommends that humour or inspiration be used in the e-mail message.

In order to simplify the referral process, the marketer should briefly summarize e-mail scope, distribution frequency, the subscription URL, and insert a “forward” link. Referring e-mail to a friend must be as simple as possible.

Recommendations

Viral marketing must be treated as an important element of ABC’s direct mail strategy. ABC can use compelling e-mail content in the form of humour or inspiration: short jokes may be inserted in the text of each e-mail. Alternatively, with proper consent, humorous anecdotes from ABC customers themselves can be included. This would serve the dual purpose of increasing the chance of customer referral and helping to build a virtual customer community.

Customers value informative content as well as incentives. LouLou Magazine gives readers the option of forwarding contest information to friends (LouLou Magazine, 2006). The incentive for the customer is that she receives an extra contest entry ballot for each referral made.

The author recommends that the referral process be made as simple as possible through a visible direct link/icon that states “send this to a friend”. The recipient then enters the referee’s name, e-mail address, and clicks on a “send” button. This process should take no more than fifteen to twenty seconds.

4.5 Customer Engagement

The quality of interaction between the consumer and organization can be improved by requesting input from the consumer. This benefits the customer through

making them feel valued, and benefits the organization by obtaining important customer input (or market research). Companies can involve customers at every touch point of the value chain or only at the product development stage. The customer engagement approach is based on the premise that customers want more than a product or service; they want an experience.

Recommendations

The author recommends that ABC engage customers by including them in the value chain. ABC can achieve this by asking what they value as well as how ABC can improve its offerings. As a clothing retailer, ABC can attempt to obtain feedback in the development of new clothing (pieces or lines). Alternatively, in a campaign, customers can vote on “one of five” clothing pieces the company will eventually put into production.

To make such a campaign a success, promotional activity, as well as customer incentives to participate should accompany it. For example, a pre-specified number of customers who vote for winning outfits can win this ensemble. Similar to the previous recommendation, ABC may solicit input for future design ideas to be produced and distributed in all stores. This allows the customer to provide input into the decision making process, gives them the ability to see the tangible results of their input, and provides them with visible rewards.

An ongoing form of customer engagement is in the use of embedded surveys within direct e-mail. These surveys can poll customers as to what the company can do to improve products and services (see survey, appendix B for examples). In requesting

customer input, ABC should engage the customer and demonstrate that it cares about customer opinion.

4.6 The Meaning of Shopping

Organizations must ensure the brand image they promote is consistent with store merchandise. A powerful technique organizations employ is the use of aspirational imagery. This provides meaning to the consumer and allows them to access a piece of their aspired lifestyle. This relates to many elements of a customer's identity, from occupation to lifestyle. Consumption constellations provide meaning to the customer by providing them with a bundle of complementary products that represent a desired customer image. Shopping also provides meaning to consumers' lives through allowing them to participate in the community, experience social interaction, and engage in goal-seeking behaviour.

Recommendations

The author suggests that ABC ensure that consistency exists between the image presented in ABC's direct e-mail and the merchandise it stocks. For example, if direct e-mail focuses on the career woman, ABC must ensure it is well stocked with career separates. The same logic applies to any brand image it portrays.

Providing the consumer with a means of reinforcing her existing identity and/or achieving her aspirational identity will strengthen the meaning she associates with apparel shopping. The author suggests that ABC further develop the aspirational profile of customers through e-mail surveys in order to increase ABC's appeal in the

marketplace. Currently, ABC chooses to use the aspirational lifestyle of the confident, successful career woman. This image must be consistent in all ABC's advertising collateral, including images featured in its direct e-mail. Moreover, this message drives the themes included in e-mail content. Photographs of modern career women at work and play who fit ABC's target market can be featured. ABC may choose to build a campaign around this by featuring "real" customers and/or "local" women in its advertisements. This idea is inspired by Dove advertisements currently featured in print and television media. Dove adds meaning to its brand and its products through the portrayal of realistic beauty. In its advertisements, ABC can add similar meaning through portraying real working women in its advertising collateral (Dove, 2006).

4.7 Privacy

The risk of ignoring consumer privacy issues is high and costly. Not only is it possible to alienate customers, but it is also possible to breach current privacy legislation, and incur hefty fines as well as damage public relations through media reports.

At the point where an organization wishes to collect personal information, consent must be obtained. This is the case when the use of "opt-in" email is employed. Organizations must first obtain permission before contacting a customer. Based on the privacy legislation in PIPA and PIPEDA, this requirement can also apply retroactively to customer data collected prior to January 1, 2004. Moreover, the organization must make it clear why the information is collected and how it will be used. Though the information collected must serve its function for the company, prudent organizations collect only what is needed.

Recommendations

The current practice at ABC is to ask the customer at the POS if she would like to receive information about future promotions. If the customer consents, then her telephone number is collected initially, followed by her street and e-mail address on subsequent visits (Employee A, 2006). This is equivalent to the written “opt-in” process that is required by privacy legislation in order to communicate with customers.

The author recommends that ABC monitor both its bounced messages and its unsubscribe rates and compare these to industry benchmarks. It is possible that a great deal of customer data is lost through an associate incorrectly entering data into the POS, or alternatively entering nothing at all. Moreover, it is possible that an employee, referred at ABC as a Fashion Consultant, mis-communicates the intent of the data collection to the customer (Employee A, 2006).

The author recommends that ABC consider alternatives to this process. ABC may place tear sheets at the POS that request equivalent customer contact information, and are completed manually by the customer. This would increase data accuracy and would confirm in writing that ABC adheres to privacy guidelines. It would also save the time required of the Fashion Consultants to enter the data and queue time for customers. However, this would require a change in the SOP (standard operating procedure) and employee training would be required. A pilot project is recommended in order to assess the efficiency of these recommendations.

ABC must also ensure that it adheres to PIPA/PIPEDA by ensuring that customer data collected prior to January 1, 2004 is not used without first obtaining customer

consent in the event that this data has not yet been used for the purpose of promotional communication. As previously mentioned, this legislation is applied retroactively.

4.8 E-mail and Survey Use

4.8.1 E-mail Format and Presentation

Format and presentation influence our reaction to and perception of information. Though relatively easy for the marketer to execute, these factors significantly impact whether a customer becomes engaged with and responds to a communication. The active voice and personal pronouns emphasize tone. The order of the information presented emphasizes the important of content. The purpose of the e-mail should be stated first, and a request for the customer to act through “a call to action” stated last. The marketer must also enable the customer to reach a contact within the organization by listing this information to improve credibility. Also, providing a link that allows the customer to quickly locate nearby outlets is advised.

Recommendations

ABC must use appropriate etiquette in direct e-mail through the use of personal pronouns “we and you” as well as using the active voice to give the messages an assertive tone. In the presentation of information, ABC must set the intent of the e-mail and use the call to action last.

The ABC brand/name must appear at the top left hand side of the e-mail page to highlight its significance, followed by the headline, and finally, the content. In order to

simplify the e-mail, bullets and short paragraphs must be used so that the reader is not overwhelmed. Moreover, no more than three fonts or colours must be used.

One page (one scroll) must delimit the length of the e-mail. Images and links must be used generously in order to increase the likelihood of response.

A working e-mail address should be used in the “from” field so that, if desired, consumers can contact the organization directly at ABC. This gives the e-mail message transparency and the company credibility.

4.8.2 E-mail Content

The marketer can acquire new customers and retain existing ones with the use of an effective e-mail campaign. The cost of direct e-mail is significantly lower than that of direct mail, though either medium must engage the consumer. Through customizing content and effective targeting, e-mail response increases significantly. In fact, using *any* targeted data lifts response rates. Moreover, e-mail content must be relevant; the consumer must care. E-mail plays a significant role in producing customer response immediately after purchase; an organization can send an e-mail to reinforce a purchase, cross or up-sell. Moreover, tracking and monitoring these results is critical in order to improve future campaigns.

Recommendations

ABC’s customer base is divided between the 25-34, 35-44, and 45-54 age segments. With time allowing, the author recommends that ABC use two to three versions of the direct e-mail in order to customize content to each age cohort. The goal is

to make e-mail content as engaging and as relevant as possible. Content aimed at the 25-34 age cohort should be different from the content aimed at the 45-54 age cohort. The author recommends that ABC use emotional appeal by injecting humour into e-mails; alternatively, inspiring anecdotes may be employed, but without sacrificing too much room as brevity is critical in the direct e-mail message. Moreover, humour must be used in a business appropriate fashion.

ABC's existing customer data states that the customer has limited time for apparel shopping; therefore, e-mail content relating to trends and upcoming clothing lines are also recommended to help facilitate the in-store experience (Vice President A, 2006c).

As well as trend related information, ABC can build e-mail themes around new product introductions and sales offers. Specific bundled offers can be made; for example, the customer may be induced to purchase X items of clothing and then receives a bonus item. These tactics are elaborated on in sections 4.2 and 4.3.

The subject line is the organization's introduction to the customer; therefore, it is important to use an inducement, while not trying to "oversell" the e-mail. Specific words are noted in section 3.6, which outlines the words that can be caught by spam monitors. The author recommends these words be avoided in the subject line. The "from" field should clearly identify who the sender is. Simplicity is best. "ABC Clothing Ltd" is sufficient and clearly identifies who is sending the e-mail. Executing these two factors will increase the probability that an e-mail is opened through establishing legitimacy, consistency, and credibility. As noted before, a specific e-mail address should be located

in the body of the e-mail which contains company contact information. In this way, customers have an immediate contact point for questions and queries.

Individual options must be included in the content of the direct e-mail. The option to unsubscribe must be present and an e-mail confirmation sent to the customer if she chooses to exercise the option of receiving confirmation. Similarly, if a customer chooses to subscribe online at ABC's URL or a referred individual does the same, an introductory e-mail should be sent to welcome the individual and confirm registration. ABC should provide a link in the e-mail to allow the recipient to update her profile online, if ABC's technology allows.

Another individual option presented may be the choice of signing up a friend on the e-mail list. For ABC, this enlarges the e-mail list and increases the possibility of converting this referral into a customer. For the individual who makes the referral, he/she is able to build an online community and communicate care to the individual referred. This process must be made as simple as possible for the consumer. This topic is elaborated on in section 4.4.

The author recommends that response rates be monitored in the first few days after the direct e-mail is deployed to modify any kinks, such as last-minute formatting issues or missing links. Moreover, time allowing, the author suggests that ABC deploy two to three versions of the e-mail to a small, randomly selected group from the total customer base. Based on response rates of each "test" e-mail, ABC may then deploy the e-mail version with the most responses to the entire database.

4.8.3 Surveys

Conducting consumer research through online survey use is a very cost-effective means of collecting data. There are no mailing costs, minimal handling costs are involved, and less effort in data compilation is required. It is also a very efficient process due to the immediate feedback received by the organization and the speed of transmission. Disadvantages do exist, however. Customers must be relatively adept e-mail users and have access to a computer. Moreover, there is a chance an e-survey may be lost in a sea of SPAM. To increase the chances for success, the target market must consist of frequent e-mail users, and possess adequate knowledge of technology. In addition, the survey must be well formatted and user-friendly. The organization can also increase the response rate through the primary use of closed-ended questions. An incentive for completion may be offered; however, this yields mixed results in its effectiveness.

ABC seeks the following information through survey administration: partners for potential future product alliances, specific behavioural variables that correlate with increased spending, and additional customer demographic data. Specific applications of data generated from surveys include establishing a list of potential allies for co-branding, examining usage behaviours, and uncovering the occupations of the customer base (see “mock survey” for ABC in Appendix B).

Recommendations

The author recommends that ABC use surveys on a consistent basis due to their efficiency and low cost. ABC currently sends e-mail monthly, and can therefore

incorporate short, one-page surveys on a bi-monthly basis. However, ABC must assess the time required to develop the surveys as well as compile and analyze the results.

Alternatively, ABC may send surveys to customers on a quarterly basis, which can be longer in length.

ABC's target market consists of well educated, high-income earners between the ages of twenty-five and fifty-five. It is therefore assumed that they are largely proficient with technology and e-mail. The busy lifestyle of ABC's customer necessitates surveys that are short in length. Tangible rewards should be offered as incentive to complete the surveys. For example, customers can be entered into a draw to win one of four, fifty-dollar gift certificates. The author recommends that the incentive not be so high that it encourages individuals to enter bogus data. At the same time, the prizes awarded must be high enough to motivate behaviour.

As an alternative to sending information to contacts in ABC's existing customer database, ABC may wish to launch a short-term campaign to drive new store guests *and* new customers to the ABC web site as well as build brand awareness. The goal in this case is to increase survey response rates through higher web site traffic. On the ABC web site, consumers are encouraged to provide input on an issue and/or question as well as contact information. They must also be prompted here to sign up for the ABC e-letter. It is through the e-letter that consumers are subsequently sent surveys. Campaign premises, which increase survey response rates, must involve a work component. Ideas include "what is the worst fashion disaster you have seen at work?" Humour can be injected by asking consumers "how would you dress your boss, given the chance?" Or, focus can be placed on the customer herself by asking, "what has been your most

embarrassing event at work?” or “which celebrity style do you most identify with?” In-store merchandising support may include POP (signage) at POS, store entrance, and window displays. Moreover, posters promoting the campaign should be placed inside change rooms. Buttons or pins can also be issued to the Fashion Consultants in order to raise awareness of the campaign. Cash receipts may contain a line at the bottom, stating “Tell us X: go to www.ABC.com”. A suggested incentive to drive consumers to ABC’s URL is eligibility to win one of three, two hundred-dollar gift certificates. Alternatively, if the campaign revolves around celebrity style, the incentive can be a makeover to resemble the celebrity of choice using ABC’s clothing.

Given the efficient and low cost nature of surveys, it is strongly recommended that ABC take advantage of this medium. In order to increase response rates and generate new traffic, ABC can launch an in store and online campaign to encourage customers to go to ABC’s URL and receive future surveys. For suggestions on survey content, please see Appendix B. With the tools discussed in the preceding section, it is probable that ABC will receive valuable feedback that will help them in the overall store strategy and in future marketing campaigns.

5 LIMITATIONS

In this section, limitations of this project are identified. The author expects the limitations discussed here allow the reader to understand the context of some of the results stated in the conclusions and recommendations section. The author therefore also expects the reader to be able to more effectively comprehend the process through which conclusions were made.

Several limitations exist, posing challenges for this project. Limitations can be clustered around several themes: time, privacy considerations, resource access/availability, and project scope. In many cases, the themes above apply to several project stakeholders including the author, the sponsor, industry contacts, and the sponsor's customer.

The University imposes time constraints. It communicates the project schedule and identifies the project milestones. The difference in the time allotted and the time required depend in part on project scope, which is discussed later. The time allotted impacts such factors as ability to survey companies and consumers, breadth of companies interviewed and the pursuit of additional academic literature. The ability to survey consumers in the company's target market could provide more definite results with regards to e-mail contact and format. Variations on these two factors could be examined. Additional time could allow the author to locate, contact, and communicate with local and national organizations that are considered direct competitors of ABC. The results of

these interviews could be integrated into the recommendations and conclusions chapter of this project.

The availability of the sponsor's time acts as a limitation. As sole Vice President, the sponsor has limited time available. Therefore, communication with the sponsor is limited to a half-hour in-person introductory meeting and one forty-five minute telephone interview. Ongoing contact is maintained for additional questions and communications. The author feels that the project scope could have been narrowed and refined at the onset of the project. Contact with Employee A (Manager of Information Technology) was limited to one twenty five-minute interview and several follow up e-mails. This individual works on site only three days per week. This further limits contact.

The two interviewees in the external market survey were also very time constrained. For example, as Director of Marketing at a local CRM organization (Contact B), one interviewee had an imposed time limit of twenty minutes for a telephone interview.

Privacy considerations also affect this project. It is likely that the sponsor has some concerns about the confidentiality of the information communicated to the author. Therefore, the results of the project are based on limited information.

Privacy of information also impacts the information collected from the interviewed industry organizations. With limited background information on the author, they hesitate prior to disclosing proprietary competitive information. Moreover, due to the extremely competitive business climate, companies do not typically share corporate

information with those outside the company, with the exception of the annual report. Therefore, the topics discussed with contacts in the industry are primarily general in nature. Limited industry estimates are obtained and they are based only on aggregate data.

Access to and availability of resources also act as limitations. The use of e-mail in order to retain and attract customers is an emerging field and the availability of current information on this topic is relatively low. It is especially limited with regards to the development of customer relationships and how this leads to buying behaviour. Several professional associations, which specialize in direct marketing, are identified. However, access to posted information is limited to members only. Moreover, very few articles specify which elements of the marketing mix must be used in order to increase sales in a bricks and mortar-only retail environment.

This project is researched and written in Vancouver, Canada. This is a relatively small city with regards to industry; therefore, the author does not have timely access to organizations who produce strong, ongoing e-mail campaigns in the retail industry. This limits the availability of information. Moreover, external validity is compromised because a sample of two organizations in a specific geographic location is used. Results generated here will not necessarily be applicable to all of Western Canada, Canada, or North America. External validity relates to whether study results to be generalized to the environment outside the confines of the study.

It is also important to note the broad scope of this project. It is more efficient to analyze few topics thoroughly rather than several topics in less depth. The scope of this

topic begins at the point when a consumer enters the sponsor's retail location, pre-purchase, to the point at which they re-enter the store based on direct e-mail communication. This encompasses many areas in marketing and the author therefore prioritizes the topics involved.

6 FUTURE RESEARCH

The goal of this section is two-fold. The author wishes to inspire future research as well as address how to approach some of the limitations discussed in the previous section. Moreover, the author poses several research questions for future projects.

To address the privacy constraints identified in the previous limitations section, it would be prudent to assess how customer privacy issues influence consumers' willingness to provide personal information at the POS. Specific topics of investigation include how sales clerks request personal information and what specific information is collected. For example, the author assumes that customers provide a clerk with limited information if a customer relationship has not yet been developed or if it is a customer's first visit. The author also expects that customers may impose a cognitive time limit on how long they are willing to spend in disclosing personal information. Therefore, limits on data entry time requirements should be evaluated as customers do not wish to spend a great deal of time at the POS disclosing information. Many retailers rely on this data to assess and evaluate who their market is and therefore further investigation is merited.

Researchers can examine the privacy concerns customers experience while signing up online for ongoing corporate communications e.g. direct e-mail. Another relevant topic is the concern for privacy when referring others online for e-mail lists. Which factors influence whether a customer registers another for an e-mail list? Why would a customer hesitate to refer an e-letter to a friend? These are important research

questions for the future. Lastly, researchers can examine customer privacy concerns that relate to online survey completion. At what point does an organization collect too much information? Is this also a matter of completion time? In addition, are these issues tempered by visible online privacy symbols such as privacy links or icons on the organization's URL? Finally, to what degree does the presence of a complete online privacy policy affect consumer confidence and reassurance? Answers to these questions can help design e-mail content which can increase consumers' confidence and comfort levels. In turn, marketers can learn how to make e-mail communication more effective.

The limited availability of online information can be addressed in future research by locating and searching multiple online databases. Moreover, primary research can be conducted to supplement the relative lack of specific online secondary sources.

Primary research was conducted with professionals in the Vancouver CRM industry. In order to increase external validity, future research must be conducted with professionals on a national basis and in a variety of industries and sectors.

As discussed in the limitations section, challenges exist due to the wide scope of this project. The broad scope of the project could be addressed through focussing on one to two topics in depth. For example, future research can focus on the development of customer interaction with organizations and building customer loyalty online rather than examining the entire process that begins with initial customer contact and that ends with re-purchase behaviour.

The author recommends e-mail experiments whereby several independent variables are manipulated. An independent variable is one that you believe may

influence your outcome measure (the dependent variable) (Howell, 2006). A researcher could change the presence/absence of the following independent variables in a direct-mail piece: personalization, format, use of inducements to participate in a survey, e-mail timing, content, and frequency. The purpose of manipulation is to see which independent variables create the most ideal outcome. In this case, the outcome is consumers' purchasing behaviour in response to the e-mail.

A researcher can vary the dependent variables, also. In a research study, the dependent variable is what you can believe might be influenced or modified by some treatment or exposure (Howell, 2006). Potential dependent variables include click-through, survey completion, time spent reading the e-mail, number of referrals, in-store sales, and coupon redemption. Through monitoring these results, companies are better able to tailor future direct e-mail communications and send more effective communications to consumers.

Future research must be done on the integration of customer surveys into direct e-mail. This form of customer data collection is an efficient and low cost option for an organization. Therefore, maximizing survey completion rates by assessing which factors influence this is critical. Furthermore, additional research is required to determine how direct e-mail interacts with product type, for example, apparel versus appliances, and whether the product is a low-involvement or high-involvement good.

How effective is an e-mail campaign when a company does not sell its products/services online? When consumers receive a direct e-mail, they cannot then follow a link to the company URL and purchase online. They must be convinced to visit

a physical location. The extent to which this affects a direct e-mail campaign merits investigation. Moreover, ABC is currently considering launching the sale of their products online. This would make the direct e-mail campaign even more successful as ABC would be able to take advantage of synergies between e-mail and online sales.

APPENDICES

Appendix A: Industry Questionnaires

Introductory Questions for ABC: Person to Person interview with Vice President A, April 13, 2006

1. What are your ideas for the project?
2. Will this project be implemented?
3. Is this important to you? Why?
4. Who, beside you, is an internal stakeholder?
5. Who will be using project deliverables at ABC?
6. Which of your resources will be required? Will I be able to freely access these?
7. Do you have any reports/documentation in order to familiarize myself with ABC?
8. How often would you like project updates?
9. What do you feel will make this project a success?
10. What do you *not* want out of this project?

Strategy Questions:

11. Which of your product and/or service varieties are most distinctive?
12. Which activities in your value chain are the most effective?
13. Which of your products are the most profitable?
14. Which customers, channels, or purchase occasions are the most profitable?
15. Which of your customers are the most satisfied?

Strategic Questions for ABC: Telephone Interview with Vice President A, April 21, 2006

1. Your privacy statement says you collect information at the POS—what is collected?
2. What for?
3. Is this at the request of the salesperson?
4. How do salespeople justify need for information?
5. What is the compliance rate?

-
1. Have you segmented your customers?
 2. If yes, how? E.g. Use of demographic, behavioural, psychographic, and/or geographic information?
 3. Who/what customers is this program aimed at (defined, using the variables listed above?).
 4. What information is critical to build profiles? E.g. demographic, behavioural, or psychographic information? Is this beyond what you currently collect at POS? Are there privacy/legal considerations in what customer data you may collect?
 5. Who are the three primary internal stakeholders at ABC in order of importance?
 6. What action, if any, do you want from the customer during the e-mail campaign? After the campaign?
 7. What is your ultimate goal in this project?
 - a. Build profiles through survey use?
 - b. Two-way dialogue through communication with customers?
 - c. Elicit customer feedback?
 8. You mentioned a direct mail piece during our first conversation—what purpose would this serve?
 9. What background information would be more valuable for the purpose of this project: survey other companies for what they are doing, or survey women in your target market to assess how they would respond to an online program?
 10. If you prefer a company (see above), can you refer me to three? If you prefer that consumers are surveyed, do you have suggestions on how to collect consumer data?

11. If you prefer that consumers are surveyed, is it possible to access your existing customer database?
12. Is it possible to print an “alert” on receipts in order to drive customers to the ABC web site? E.g. “We’re listening” or “Talk to us”
13. Can you support a pop-up or a highlighted option on the web site?
14. Can you support monetary incentives? E.g. Offer the chance of winning \$200-\$500 shopping spree or one of ten \$50 certificates
15. Is in-store POP signage an option?
16. What would you like to see in quarterly e-mails with regards to content, promotions, new arrivals, surveys, trend alerts, and qualitative feedback?

Technical Questions for ABC: Telephone Interview with Employee A, Manager of Information Technology, April 21, 2006

1. Are you able to put a “pop up” advertisement on the ABC home page alerting customers to the e-mail campaign?
2. Are you able to create an “unsubscribe” option on each communication/e-mail sent to customers? This is in light of privacy issues.
3. Alternatively, could you have customers respond with “unsubscribe” in the subject line if they no longer want to continue receiving these e-mails?
4. Can there be an “update profile” button/link in the e-mails? For example, a customer might have given you information about themselves four years ago and might want to update this.
5. Would it make sense to also have the option of updating customer profiles on the ABC URL, also?
6. Can you give the customer the ability to refer friends through a link in the e-mails?
7. Do you have access to an html template/can you create an html template for mass e-mails?
8. Are you able to add JPEGs/ different fonts and colours to the e-mails?
9. Are you aware of the “preview screen” option in html? To what degree does this truncate an e-mail? What can there be done about this?
10. Can you put a link in the e-mails that takes the customer to a page containing a survey?

11. Do you have an “auto responder” function that will allow you to track who responds to the e-mails?
12. Can you detect who deletes the e-mails and who clicks on what?
13. Are you able to do a pilot test to determine the general customer response to this process?
14. If you launch an e-mail promotion whereby you ask the customer to print a coupon for X\$\$ to be reimbursed at a store POS, is there a way to limit the customer’s ability to print a coupon more than once?
15. Is there a way to link this online “coupon” with the subsequent store transaction so that ABC executives can determine who uses the coupon and the frequency with which it is used?

BUS 999 Industry Questionnaire: Company DEF and Company GHI

1. Why do most companies who use CRM software implement it to begin with?
2. What are CRM’s capabilities with regards to marketing?
3. What can CRM not do?
4. When a CRM program fails, why?
5. Can CRM:
 - a. Collect consumer’s behavioural/demographic data? How?
 - b. Develop customer loyalty? How?
 - c. Help build a customer “community”? How?
 - d. Build and send ongoing customer communications? How?
6. How would someone approach the four points above without the use of CRM software?
 - a. Collect consumer’s behavioural/demographic data? How?
 - b. What are average responses (rates) to online surveys? How can one increase the chance of response? What should one *not* do?
 - c. Develop customer loyalty? How?

- d. Help build a customer “community”? How?
- e. Build and send ongoing customer communications? How?
- 7. Do you feel the goals above are practical?
- 8. What action(s), if any, would you recommend in addition to the ones above?
- 9. What content can you recommend for ongoing communications? (See point “e” above)
- 10. Which, if any, privacy issues must I be aware of?
- 11. What promotions would be best to drive customers to the web site, given a small budget?
- 12. What is your role at company DEF/GHI?
- 13. How do you use CRM principles in your job?
- 14. Do you use CRM software?
- 15. For what purpose do you use CRM software?
- 16. What are the capabilities of the CRM software you use?
- 17. What quantitative/measurable results, if any, have you seen from the use of CRM?
- 18. Should I have asked anything else?
- 19. Do you have any general advice for me?
- 20. Can you share any additional reference sources with me?

Appendix B: Survey Content Recommendations

“Mock” Survey: Behavioural Data (Surveyz, 2006)

1. I like to shop in many different clothing stores (Y/N toggle box)
2. I usually buy a complete outfit from one store (Y/N toggle box)
3. When I purchase an outfit, I also look for shoes (Y/N toggle box)
4. When I purchase an outfit, I also look for accessories (Y/N toggle box)
5. Because of my active lifestyle I need a wide variety of clothes (Y/N toggle box)
6. How many stores do you typically shop for an everyday (casual) clothing item? (Drop down box)
7. How many stores do you typically shop for a business-clothing item? (Drop down box)
8. Besides ABC, please indicate your preferred clothing/footwear store(s) (field)
9. Name (field)
10. Address (field)
11. E-mail address (field)
12. Phone Number (field)
13. Industry (Drop Down Box)
Please select the Industry in which you work
Agriculture, Forestry and Fishing
Arts, Entertainment, and Recreation
Broadcasting
Computer and Electronics Manufacturing
Construction
Education
Finance and Insurance
Government and Public Administration
Health Care and Social Assistance
Homemaker
Hotel and Food Services
Information Services
Legal Services

Mining
Manufacturing
Publishing
Real Estate
Retail
Retired/Unemployed
Scientific or Technical Services
Software
Telecommunications
Transportation or Warehousing
Utilities
Wholesale
Other, please specify _____ (field)

14. Occupation (Drop down Box)

Please select the occupation that best describes you

Upper Management
Middle Management
Junior Management
Administrative Staff
Support Staff
Student
Trained Professional
Skilled Laborer
Consultant
Researcher
Self-employed
Other, please specify _____ (field)

15. Income (ranges-select radio button)

Please indicate your current pre-tax household income

Under \$10,000
\$10,000 - \$29,999
\$30,000 - \$49,999
\$50,000 - \$69,999
\$70,000 - \$89,999
\$90,000 - \$120,000
Over \$120,000

16. Additional feedback (text field)

Please provide us with any additional feedback

Thank you for completing our survey!

**Future Recommendations for survey use:
Fashion/Psychographic Variables (Surveyz, 2006)**

1. I try to buy clothing "basics".
2. It is important for me to be a fashion leader.
3. I prefer my clothing to appear tailored.
4. I always buy at least one outfit of the latest fashion trend.
5. I never read fashion magazines or care for fashion trends.
6. I invest a lot in clothes and accessories.
7. My appearance is one of the most important ways I have of expressing my individuality.
8. It is important to be well dressed.
9. The quality of the merchandise I buy is more important than its trend appeal.
10. I spend a great deal of time on fashion-related activities.
11. It is not worth the investment to be well dressed all the time.
12. A few good clothes allow me to get by in most situations.
13. I prefer to buy designer labels rather than generic or store-branded merchandise.
14. If you want to succeed you have to dress the part.
15. I become tired with clothes if I keep them too long.
16. I prefer my clothes to be practical.
17. I avoid trendy clothing because it goes out of style quickly.
18. My clothing selections are made in anticipation of future styles and trends.
19. My apparel selections are strongly influenced by fashion worn by people I admire.
20. I am conscious of fashion trends and want to be one of the first to try them.
21. I would spend my money on clothes before I would spend it on most other items.
22. I believe I am adept in my ability to recognize fashion trends.

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