The use of a mix of 'online' and 'offline' channels in industrial marketing communications

Purpose of the paper and literature addressed

Industrial marketing and industrial marketing communications are both considered to be dominated by personal selling (e.g., Smith et al., 2004). However, Iyer et al. (2006) have questioned this belief and have noted that interpersonal relationships may be less critical in global industrial product marketing than the literature suggests. Thus, more and more focus has recently been placed on properly channelled marketing communications (de Pelsmacker et al., 2008). Due also to the current economic downturn, marketing communications must become both effective and efficient.

In this paper we focus on two cognate subjects. First, the Internet, along with its new applications, has disrupted the practices of marketing and marketing communications (e.g., Deighton and Kornfeld, 2009). However, little research has been conducted on the influence of the Internet and online channels on the marketing communications channel mix with respect to industrial products and services. Since research into marketing communication channels, and their use, that is older than five years may be regarded as historical reviews (Talonen and Uusitalo, 2012), we aim to study the present-day marketing communication channels used by industrial companies in the Pirkanmaa region of Finland. Second, we continue the work initiated by Andersen (2001) by adapting the integrative model of relationship development with three phases and marketing communication to an industrial context, and further developing the communication tactics within the contemporary channel choices.

Research method

The examination in this paper consists of 61 quantitative responses of managers responsible for marketing, in the Pirkanmaa region (Finland). The businesses represented cover diverse industrial companies, from component manufacturers to industrial services and complex systems suppliers.

Research findings

The paper analyses and reports on the results of the interviewed group. A contemporary view of industrial marketing communication channel mix is formed as a result. It seems that the huge rise of different online channels has been noticed by industrial marketers, but that the "traditional" offline channels are still heavily weighted in the mix. Another interesting finding is that the channel mix for distinct development phases of business relationships varies relatively little.

Main contribution

According to Smith et al. (2004), there is little research on issues that help marketers develop a consistent, complementary and cost-effective communications mix. In this paper the use of a mix of channels in contemporary industrial B2B markets is discussed from the seller's point of view. The paper discusses the seller's preferences in marketing communication channels and the reasons behind the choices. By utilizing the results we give some suggestions about developing the integrative model of relationship development and marketing communication to an industrial context.

Keywords

Marketing communications, industrial marketing, channel mix, Internet

The use of a mix of 'online' and 'offline' channels in industrial marketing communications

Toni Mikkola[1], Tommi Mahlamäki [2]& Olavi Uusitalo[3]

[1] Department of Industrial Management, Tampere University of Technology,
P.O. Box 541, FIN-33101 Tampere, Finland
toni.mikkola@tut.fi
[2] Department of Industrial Management, Tampere University of Technology,
P.O. Box 541, FIN-33101 Tampere, Finland
tommi.mahlamaki@tut.fi
[3] Department of Industrial Management, Tampere University of Technology,
P.O. Box 541, FIN-33101 Tampere, Finland
olavi.uusitalo@tut.fi

INTRODUCTION

The Internet has disrupted the established practices of marketing (e.g., Deighton and Kornfeld, 2009). The new tools and digital innovations of the past decade have enabled powerful, inexpensive and intrusive direct marketing, as well as givingmarketers interactive tools and various information search tools. To be precise, the development of the Internet and its new applications has caused a huge, rapid change within marketing communications. According to Talonen and Uusitalo (2012, 5), *"literature and research papers on marketing communication, channels, and their use, older than five years are regarded as historical preview"*.

The relationship marketing perspective has gradually established itself as aprime view ofindustrial marketing (Andersen 2001; Blois, 1996). Thus, it has pushed aside the marketing mix perspective that dominated marketing literature for decades. In accordance with this view of relationship marketing, industrial marketing,as well as industrial marketing communications, areconsidered to be dominated by personal selling, followed by trade shows and trade journal advertising (e.g. Smith et al. 2004). However, Iyer et al. (2006) question this belief and remind us that interpersonal relationships may be less critical in global industrial product marketing than the literature suggests.

In this paper we focus on two cognate subjects. First, there is,as yet,little research on the influence of web and online channels on the marketing communications channel mix in capital goods (Talonen & Vuorinen, 2011). To some extent, this also applies to other industrial products and services. In our survey, we study the present-day marketing communication channels used by industrial B2B companies in the Pirkanmaa region of Finland. Second, we continue the work initiated by Andersen (2001), who created an integrative model of relationship development and marketing communication. We will adapt the model to an industrial context and further develop the communication tactics with the channel choices.

According to Smith et al. (2004), there is little research on issues that help marketers develop a consistent, complementary and cost-effective communications mix. Our aim is to take stepstowards the study of these issues.

INDUSTRIAL MARKETING COMMUNICATIONS

Kotler et al. (2009, 865) defined marketing communications *"as the means by which firms attempt to inform and persuade customers, either directly or indirectly, about products, services and brands that they sell"*. Furthermore, the main objectives of marketing communications may be defined as increasing sales from existing customers and obtaining new customers (Hollensen, 2007).Thus, marketing communications is used to persuasively communicate customer value and build customer relationships (Armstrong & Kotler, 2009; Pernu & Lehtimäki, 2011).

There are several differences between the effects of the business and consumer markets on marketing communications (e.g. Gross et al., 1993). For instance, since industrial market structures tend to be oligopolistic and oligopsonistic, industrial marketers know their customers better and are able tocommunicate with them in a more individualised way. Another essential difference relates to end demand and derived demand. The demand for business products derives mainly from the direct demand on the part of end customers, which industrial marketers can seldom influence directly. Furthermore, there is no direct relationship between end demand and derived demand (de Pelsmacker et al.,2008).

Turnbull (1974) offers a simplified version of a marketing communication process for industrial markets (see Figure 1). The communicator is an industrial seller, the message varies depending on the communication objective of the seller, the channels include the various marketing communication channels to communicate with buyers, and the audience may include past, present and potential buyers. The effect refers to the results of the communication effort.
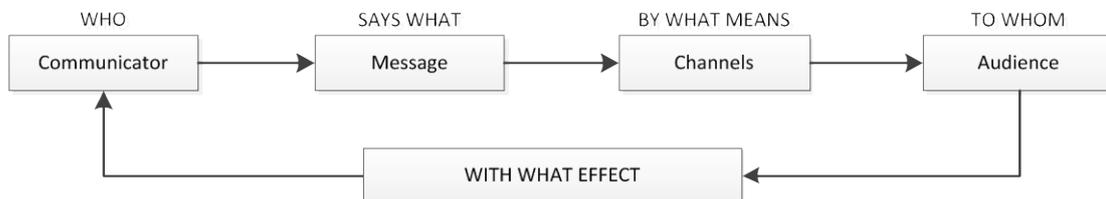

Figure 1.*The marketing communication process (Turnbull, 1974)*

Eisenhart (1988) emphasised that each communication element should make it desirable for the potential customer to contact the manufacturer. Moreover, all information should help the customer sell the product to their management.

MARKETING COMMUNICATIONS CHANNELS

The marketing communications mixtypically consists of promotion tools such as sales promotions, personal selling, public relations and direct marketing (Armstrong and Kotler, 2009). Both the content (message) and promotional tools (channels) of communications are driven by the characteristics of the respective business and the market,and may be very dependent,for instance,on the cultural context (Schlegelmilch & Chini, 2003).

There are few lists of marketing channels used in industrial settings, but we mainly build on two (see Table 1). Smith & Taylor's (2004) marketing communications mix is defined for business-to-business settings but not necessarily for industrial ones. In addition,

the mix is gathered from the viewpoint of the seller. Talonen & Vuorinen (2011), on the other hand, discuss buyer information sources, which have been listed from the buyer's point of view.

Some of the novel channels used in this study need to be explained. First, with the term "online publications" we mean the digital publication of e-books and electronic articles, and the development of digital libraries and catalogues. Second, the search engines as a channel mean search engine optimization and building web pages to drive information seekers to the company's own website. Third, the social media are considered as one large group. An alternative way ofseparating all applications and channels (such as Facebook, Twitter, blogs, YouTube, Linked-in and Google+) would makethe survey unnecessary lengthy.

Table1.B2B marketing communications mix and information sources

Marketing communications mix (Smith & Taylor, 2004)	Industrial buyer information sources (Talonen & Vuorinen, 2011)
Corporate identity	Exhibition
Word of mouth (WOM)	*Internet Websites*
	Trade Journal
Exhibitions	Brochures and other printed publ.
E-marketing	Sales Personnel
Packaging	Customer Magazines, Newsletters
Merchandising	*Online Publications*
Selling	Seminars, Public industry forums
Internet	*Search Engines*
Advertising	Direct Marketing
Sales promotions	Customer Events
Direct marketing	Advertising
Publicity & public relations	*Social Media*
Sponsorship	+
	WOM
	References

online channels written in italics

The present study focuses on marketing communication channels; i.e.,from the seller's point of view. However, Patti (1977) as well as Moriarty and Spekman (1984) emphasised that maximising the effectiveness and efficiency of industrial marketing communications presumes that industrial marketers provide product and/or service information to their customers via the communication channel considered most important by industrial buyers.Our aim is to make this subject the next focus of our research agenda (see suggestions for future research).

RELATIONSHIP DEVELOPMENT AND MARKETING COMMUNICATIONS

As the marketing mix approach does not justify the complex interaction and information exchange processes between organisational buyers and sellers, both practitioners and scholars have been abandoning this approach (Andersen, 2001).Simply put, the marketing mix approach does not take into account the heterogeneity of customer needs well enough, if at all (Håkansson et al., 1976).

The alternative view emphasises business relationships as the basis of industrial markets (e.g., Håkansson, 1982). Based on this relationship marketing approach,several models have been created to offer an overview of the relation-building process (e.g., Ford, 1980; Dwyer et al., 1987). These models describe various relationship stages, with factors moving the relationship from one stage to another.

As mentioned earlier, the purpose of Andersen's (2001) study was to develop a preliminary guideline in the area of marketing communication and integrate marketing communications with relationship development. Instead of choosing one model at the expense of another, a compound model that captures three phases of the relationship marketing development process was utilised. These three phases were as follows:

1) a pre-relationship phase
2) a negotiation phase
3) a relationship development phase.

In addition, atermination phase was mentioned as a possible fourth phase but was excluded for unknown reasons. Figure 2 summarizes the key elements of the integrative model.
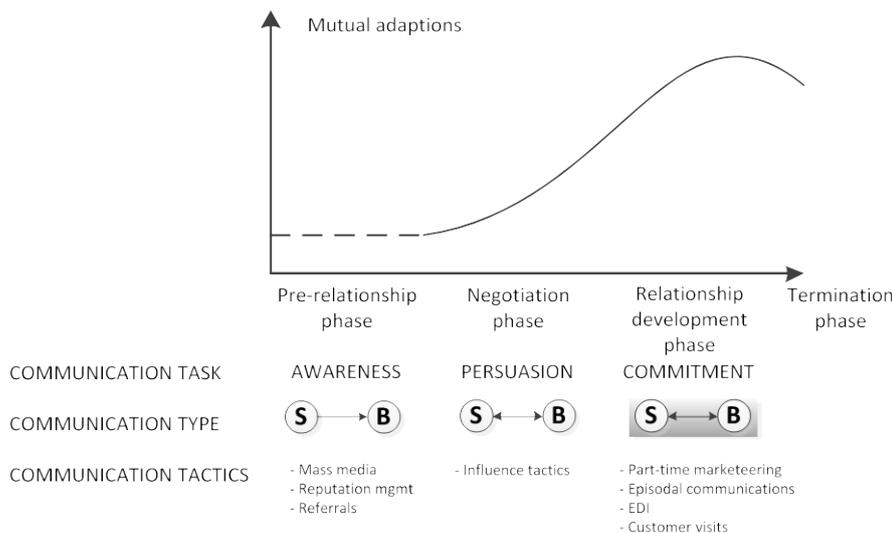

Figure 2. *Design of communication means and strategies (Andersen, 2001)*

Since our purpose is to further develop the work initiated by Andersen, we follow him in choosing thismodel with three phases. As Andersen did, we exclude the termination phase from our consideration.

SAMPLE AND RESEARCH DESIGN

The research data was gathered using a dynamic online questionnaire. An e-mail list of over 650 managers responsible for marketing and sales activities was obtained from a company providing corporate contact information. Only the B2B companies from the Pirkanmaa region (Finland) with aturnover of more than 1million Euros were selected inthe sample. A cover letter and a link to the questionnaire were sent to the managers.

From the 61 responses available for analysis, the average age of the respondent is 50 years old. They have an average of 15 years of work experience for their current company. Their average experience in sales and marketing is slightly higher, at 19 years. Regarding the job title, 31% of respondents were chief executive officers, 31% were sales or marketing managers, and the rest had other managerial positions related to sales and marketing. Most of the companies were operating purely in the B2B markets, and 28% of the companies had both business and consumer customers. Their average turnover was 12 million Euros. The

geographical scope of the companies varied greatly; 39% of the companies had international customers, while the rest concentrated on domestic customers.

MEASURES

First, the respondents were asked which marketing communication channels they were using in their company, and second, how important these channels were to their company. In the next phase, more in-depth questions were asked about the channels identified by the respondentsas important or very important (scores 4 and 5 on a scale from 1 to 5). The purpose of the in-depth questions was to clarify the use and perceived importance of the communication channels in different development phases of the customer relationship.The in-depth questions were quantitative as well and utilised a7-point Likert scale.

RESULTS

Table 2 explains how common the variousmarketing communication channels are in Finnish B2B companies. The table also shows the perceived importance of these channels. It must be remembered in this early phase of data analysis, that the results are only preliminary, partly because of the small number of responses.

Table 2. B2B marketing communications channels and perceived importance

Communication Channel	Uses the channel	Percieved importance	Standard deviation
Sales Personnel	98%	4.41	0.96
References	90%	3.49	1.64
Internet Websites	95%	3.41	1.37
Brochures	93%	3.08	1.36
Exhibitions	80%	2.80	1.78
Customer Events	79%	2.77	1.73
WOM	72%	2.74	1.92
Trade Journal	79%	2.26	1.64
Search Engines	79%	2.26	1.52
Advertising	77%	2.08	1.54
Seminars, Public industry forums	56%	1.62	1.68
Direct Marketing	57%	1.59	1.65
Customer Magazines, Newsletters	49%	1.44	1.67
Extranet	48%	1.26	1.59
Online Publications	44%	1.18	1.47
Social Media	51%	1.10	1.29

N=61

As can be seen from Table 2, personal selling is the most-used channel, as well as the one considered to be the most important for companies. There is a wide gap before the next most important channel, which is references. References are followed byInternet websites, brochures, and exhibitions.Even though social media is used by over 50% of the companies, its importance for the companies is very low. Advertising is identified as one of the least-used channels, and it is not considered important for Finnish companies operating in B2B markets.

It is also no surprise that the usage rate of a channel correlates with its perceived importance. In other words, companies are using the channels they consider the most important in communication. Furthermore, since the in-depth questions were asked only if the

respondent identified a channel as important or very important, we may expect relatively high scores for these channels.

The following analysis will focus on the different relationship phases and the perceived importance of the different communication channels used by companies. The analysis will focus on the pre-relationship, negotiation and relationship development phases.

Pre-relationship phase

Table 3 exhibits the channels in the pre-relationship phase. As we can see from the table, exhibitions and sales personnel are considered the most important communication channels in this phase. Quite surprisingly,word-of-mouth is relatively high on the list, while Internet websites fall below the top eight channels.

Table 3. B2B marketing communications channels in pre-relationship phase

Communication channel	Increases general awareness	Generates leads	Average
1. Sales Personnel	6.4	5.8	6.1
2. Exhibitions	6.4	5.5	6.0
3. Customer Events	6.1	5.2	5.7
4. References	6.1	4.9	5.5
5. Brochures	6.4	4.6	5.5
6. WOM	5.8	5.3	5.5
7. Trade Journal	5.9	5.1	5.5
8. Direct Marketing	6.1	4.9	5.5

The number of responses changes between the channel scores,since the in-depth questions were asked only if the company considered the channel to be important. In Table 3, the number of responses ranges from 14 to 46. Table 3 (as well as the following Tables 4 and 5) shows only the channels that are considered important and are used at least by 20% of the companies. With respect to the online channels, this means that only Internet websites remain.

Negotiation phase

In the negotiation phase, the situation changes from the pre-relationship phase. Table 4 shows that sales personnel clearly become the most important channel in this phase. Exhibitions and word-of-mouth both rank lower than in the pre-relationship phase.

Table 4. B2B marketing communications channels and negotiation phase

Communication channel	Helps to understand features	Helps to understand performance	Advances negotiations	Average
1. Sales Personnel	6.5	6.1	6.6	6.4
2. Customer Events	6.2	5.8	5.8	5.9
3. References	5.7	5.3	5.8	5.6
4. Exhibitions	5.9	5.3	5.0	5.4
5. Brochures	6.0	5.2	4.5	5.3
6. Trade Journal	5.6	5.5	4.4	5.1
7. WOM	5.3	5.0	4.8	5.0
8. Internet Websites	5.8	4.9	4.1	4.9

All inall, the top seven channels are the same ones in the negotiation phase as they were in the pre-relationship phase. Still, the rankings are somewhat different. Customer events and references are considered more important in the negotiation phase. The relative importance of the only remaining online channel, Internet websites, is slightly higher than in the pre-relationship phase.

Relationship development phase

The last phase analysed is the relationship development phase. The eight top-ranking channels are presented in Table 5. The same trend continues in this phase as in the negotiation phase, with sales personnel seen as the most important channel. Another strong performer was customer events, ranking second.

Table 5. B2B marketing communications channels and relationship development phase

Communication channel	Advances re-orders	Serves after sales	Advances customer satisfaction	Advances customer loyalty	Average
1. Sales Personnel	5.4	5.8	6.4	6.3	6.0
2. Customer Events	6.0	5.5	6.1	6.2	6.0
3. References	4.7	4.8	5.1	5.2	4.9
4. Trade Journal	4.6	4.9	4.8	5.1	4.8
5. Exhibitions	3.8	5.0	5.2	5.1	4.8
6. WOM	2.9	4.9	4.8	5.2	4.5
7. Internet Websites	4.6	4.3	4.4	4.6	4.5
8. Brochures	5.1	4.1	4.3	4.3	4.4

Although Internet websites were used by nearly all of the companies,they are not considered important in this phase (or in the previous phases). The interpretation of this result could be that while Internet websites are considered to be a must-have feature, they are not believed to be of significant importance. This may lead to the existence of an outdated and poorly built website presence on the part of these companies.

CONCLUSIONS

Based on the literature and earlier research, the results in this paper may be considered as more or less expected. After all, our up-to-date survey shows that the role of sales personnel has been overemphasised for good reason in industrial marketing communications. On the other hand, the importance and use of labour-intensive channels, i.e. sales personnel and exhibitions, may be consideredrelatively high,especially in the pre-relationship phase, in which the main tasks are to increase general awareness and to generate leads. In other words, even the search for new potential customers is implemented by the sales force rather than by mass marketing.

Despite the hype around the influence of the Internet and its applications, the perceived importance of the online channels is actually relatively low. On the other hand, over 50% of the companies use social media, extranet and even online publications, but their importance for the industrial companies' marketing communications is low. In particular, the perceived importance of social media seems to bevery low, which is in line with a recent research report by Karjaluoto et al. (2012). According to the report, Finnish industrial companies lack the resources, time, and know-how to fully utilise digital marketing.The average age of the respondents, which was 50 years,may also have some effect on the attitudes.

Our research further developed the integrative model of relationship development and marketing communications by adapting the model to an industrial setting, and by defining the channels used in different phases. Based on our research, it seems that the channel mix for distinct development phases of business relationships varies relatively little. If the perceived importance of 6.0 or higher, and the first wider gap before the next most important channel act as criteria, we could simply note that in the industrial context sales personnel is the most important channel supported by exhibitions in the first, pre-relationship phase, and by customer events in the relationship development phase.

Limitations and suggestions for future research

The main limitations of the research are the single source of data, culturally limited data and the limited number of respondents. The single source may lead to common method bias and culturally limited data can limit the generalisation of research results. The number of respondents is too limited to make significant generalisations.In addition, the data werecollected online which generates a self-response bias of companies already familiar with the online channels. On the other hand, the average age of 50 years and the low perceived importance of online channels may not support this doubt.

Some of the limitations in fact offer interesting avenues for future research. First, the sample of the study included a wide range of different industries. Thus, it would be interesting to focus on certain kinds of industry or industries. Second, the communication objectives of the different relationship phases were studied with a rather narrow set of questions. This was a compromise between keeping the survey at a tolerable length, and the high number of channels. Third, the whole sample was collected from the Pirkanmaa region ofFinland; differencesmay appear between different areas.

Our results indicate that sales personnel are considered an effective channel to achieve the marketing communication goals in all relationship development phases. Patti (1977) has pointed out that industrial marketers should actually "avoid using personal selling to spread information whenever and wherever a more efficient method is available". Thus, the question remains of*how efficient* the sales personnel are as a channel compared to other channels.

As mentioned, in our dynamic survey respondents were asked in-depth questions only if the channels in question were considered important or very important bythe companies. The number of respondent was therefore too low for most channels to be reliable. However, the few responses given for social media and other online channels were rather positive in nature. Our survey as such did not reveal the possible advantages of these online channels, which may not yet be understood by most companies. This issue should be studied.

This research used the viewpoint of the seller and therefore focused on marketing channels preferred by industrial marketers. To develop effective marketing communication strategies, industrial companies should actively seek the information sources used by the buyers(Deeter-Schmelz& Kennedy, 2002). This is actually the next step on our research agenda. Comparisons between these studies will tell us if industrial companies should develop their view, know-how and practices with respect to marketing communications. Only after this will we be able to update the Andersen model to an industrial context.

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