

# Information Integration for Relationship Management

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## INTRODUCTION

In the past 20 years, an explosion in the ability of firms to acquire and integrate vast amounts of electronic customer information has occurred. For example, in the early 1990s, Lotus Development Corporation introduced, then withdrew a software product called *MarketPlace: Households* from the market after widespread public concern. The \$695 product had a searchable database of 120 million Americans, containing their names, addresses, estimated incomes, consumer preferences, and other personal details. Fast forward to 2005, and companies like ChoicePoint Inc. hold personal information on virtually every single American and sell it over the Internet. Though the ability to technologically acquire and manage information has been possible since the mid 1960s, it was not until the 1990s that the Internet allowed even the smallest of firms to collect, purchase, and integrate information about potential customers. This “interactive information integration” capability is a process of consolidating and managing customer information from all available sources. The recent proliferation of affordable client devices such as desktop computing combined with advances in telecommunication (broadband, mobile devices, etc.) in the early part of the 21<sup>st</sup> century has enabled this trend to continue and grow.

Optimally, marketplace information is used to develop need-based offerings generated from specific individual-level data. These customized solutions can lead to long-term profitable relationships for both customers and firms. However, the level of acceptance of the collection and use of personal information varies among consumers, and the human and technological ability of firms to properly secure information is not perfect. Miscues, such as ChoicePoint’s report that personal data for more than 140,000 people had been stolen and Time Warner’s report

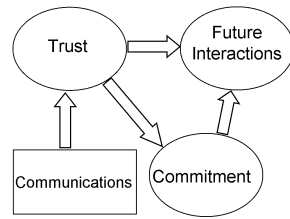
that data tapes containing information on more than 600,000 past and present employees was lost (Perez & Brooks 2005), affect attitudes toward the collection and use of personal information, particularly in marketing communications.

## BACKGROUND

Within the span of only a few years, marketers have witnessed an explosion in the number of available electronic communication vehicles. These new media channels include the firm’s Web site, directed online advertisements placed on Web pages, commercially oriented e-mails, text messaging, and direct communication to mobile devices (e.g., smart phones and PDAs). In each of these communication media, the collection and use of personal information can influence the development of relationships between firms and individual consumers. Firms differentiating themselves by better targeting their messages must collect and use personal information.

However, the willingness to provide information is not the same for all consumers (Berendt, Günther, & Spiekermann, 2005) and perceptions of appropriate use of information falls along an *intrusion continuum* (Petty, 2003), with some individuals advocating a right to privacy and strongly opposed to any information collection processes, while others appreciate that personal information use is a prerequisite for improved service and value. Firms consider consumer information as a resource to be used internally and shared with strategic partners (third parties). Internal use allows integration of seemingly disparate customer information into meaningful user profiles, which are used to develop highly personalized communications. Information from consumers comes knowingly (i.e., through filling out online forms) or unknowingly (i.e.,

*Figure 1. Marketing communication's role in building relationships*



online behavior tracking). Yet, individuals are often unaware of the information's accuracy, how the information is used, or who has access to it.

We present an interdisciplinary synthesis of recent research concerning information integration use in relationship marketing in the emerging electronic marketing communications arena. We present our perspective of how different levels of information acquisition and integration used in electronic marketing communications impact consumer perceptions and relationship building, couched with a discussion of recent legal and policy issues related to online privacy. We conclude with a discussion of future trends and implications of electronic marketing communications, coupled with privacy concerns on perceptions and subsequent customer relationships.

## RELATIONSHIP MARKETING

Researchers in the field of marketing have adopted a relationship-based philosophy toward marketplace interactions. Firms have moved from generic mass marketing communications toward highly individualized targeted communications. Figure 1 provides a general illustration of marketing communications' effect in the relationship marketing process. The purpose of targeted communications is the formation of relationship commitment from customers. As committed customers, they are more likely to stay with the firm, speak positively about the firm, and disclose information to the firm, leading to even more targeted communications.

With electronic communications overall, developing trust is seen as an important step in the relationship building process (Lee & Turban, 2001). Trust is accepted to be essential in the development of successful relationships (Morgan & Hunt, 1994; Garbarino & Johnson, 1999). Trust leads an individual to believe that the company will "...perform actions that will result in positive outcomes ... as well as not take unexpected actions that result in negative outcomes" (Anderson & Narus, 1990, p. 45).

In marketplace interactions, trust is necessary before one is willing to share personal information. However, for the Internet, because it is a relatively new means for engaging in commercial and communication activity, uncertainty and risk are often noted as reasons for an individual's reluctance to provide information, and trust is essential (Suh & Han, 2003).

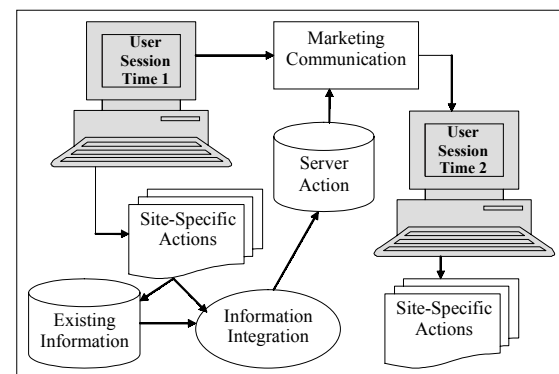
## Role of Communication in Relationship Marketing

Communication, or information exchange, is an important antecedent of trust in relationship marketing (Morgan & Hunt, 1994). Marketing communications in the electronic environment are any actions that result in electronically based information being shared between an individual and a firm. Therefore, electronic communication is more than just firm-created communications and encompasses individual actions such as visiting a firm's Web site, sending e-mail, receiving newsletters, filling out forms, engaging in text messaging with service personnel, tracking a package, or responding to an offer sent via short messaging service (SMS) or mobile text messaging. Such a broad definition allows that any electronically enabled interaction between the firm and an individual is viewed as a communication act.

## INFORMATION INTEGRATION AND MARKETING COMMUNICATIONS

The integration of information is a powerful tool for developing personalized marketing communications (Peltier, Schibrowsky, Schultz, & Davis, 2002). Information integration, as illustrated in Figure 2, is a technology-

*Figure 2. Information use to create personalized marketing communications*



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