# Chapter 5.3
# The Effects of Digital Marketing on Customer Relationships

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## ABSTRACT

Viewing the use of digital channels in marketing from a customer relationship perspective offers several benefits to a marketer. Brand communication can be frequent and personalized, and different options for a dialogue exist. The benefits of dialogue include learning from and about customers, revealing their needs and interests, and being able to provide them with better and more personal service. From a customer perspective, the Internet has given power to get up-to-date information, to compare products and services more easily, and to get in touch with marketers. In a digital environment, customers increasingly use self-service and have more options to initiate action. A customer's perceived value of using digital channels and interacting with a marketer can come in several ways; it could be money, time, information, convenience, and so forth. This chapter examines how marketers can use digital channels to develop and strengthen customer relationships. In our framework, brand communication, service, personalization, and interactivity are suggested to be the key elements.

## INTRODUCTION: DIGITAL MARKETING AND CUSTOMER RELATIONSHIPS

According to Schultz (2002), multi-channel marketing is just a new term with old challenges; it appears to be 21st-century terminology for how a marketing organization makes its products and services available to customers and prospects and how the marketer determines the best choice of distribution systems and type of communication program to use. However, nowadays, the use of digital channels like the Internet, e-mail, mobile phones, and digital television in marketing has increased, and marketers need to understand how to use these channels for different purposes. For example, some marketers use them for acquiring

new customers, while some focus on serving customers better. Digital marketing communication typically has been information about products, advertising on the Web, and direct marketing via e-mail and mobile. It seems like the channels and concepts of digital marketing have been used separately and operationally, while the strategic understanding and models of how and why to use different digital channels are still developing. At the same time, marketers have acknowledged the importance of cultivating customer relationships. Consequently, there is now increasing discussion about how to use digital marketing to develop customer relationships, an approach that has not been fully utilized yet.

To look at the use of digital channels in marketing from a customer relationship perspective offers several benefits to a marketer. Brand communication can be frequent and personalized, and different options for a dialogue exist. The benefits of dialogue include learning from and about customers, revealing their needs and interests, and being able to provide them with better and more personal service. From a customer perspective, the Internet has given power to get up-to-date information, to more easily compare products and services, and to get in touch with marketers. Furthermore, in a digital environment, customers increasingly use self-service and have more options to initiate action (e.g., give feedback,

check account balances, request and personalize marketing communication). From the customer perspective, perceived value of using digital channels and interacting with a marketer can come in several ways. It could be money, time, information, convenience, pleasure, entertainment, assistance, social interactivity, prestige, or something else the customer appreciates. This chapter examines how marketers can use digital channels to develop and strengthen customer relationships. In our framework, brand communication, service, personalization, and interactivity are suggested to be the key elements.

## BOOSTING CUSTOMER RELATIONSHIPS WITH DIGITAL MARKETING

### Central Elements of Digital Marketing

We define *digital marketing* as marketing and interaction via digital channels—Internet, e-mail, mobile phones, digital TV, and so forth. Digital marketing includes communication (e.g., advertising, newsletters), service, and tools for customer-managed communication and interaction (e.g., FAQs, games, etc). Both marketer and customer can initiate interaction. Digital marketing as a

*Figure 1. Central elements in boosting customer relationships with digital marketing*
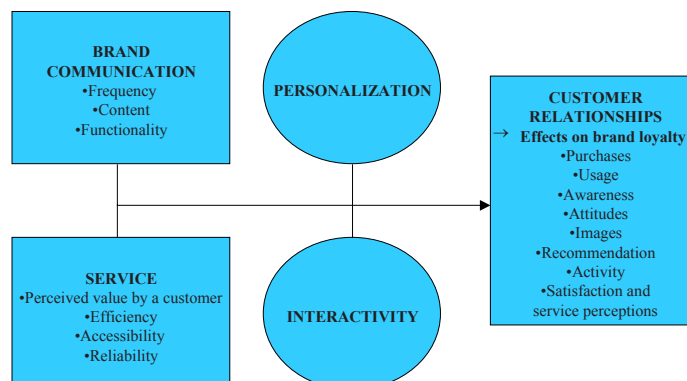
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