Interactive Digital Marketing (IDM) Mechanisms and the significance in Digital Transformation

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Abstract:

There has been enormous research on digital marketing and its capabilities in interactive marketing. But digital marketing does not always mean interactive marketing, hence these two types of marketing differ. This chapter aims to (i) investigate the new concept of interactive digital marketing (IDM) to clearly distinguish it from the two combined terms, and (ii) identify the mechanisms of IDM and its significance in companies' digital transformation. To do so, this chapter incorporates the theoretical and practical aspects stemming from the latest results in related literature to understand IDM and takes an extensive look at its mechanisms that help companies to better embrace the current interactive marketing environment. The six identified IDM mechanisms are mobile marketing, online PR, social media marketing, interactive display advertising, online partnership and email marketing. The chapter will then further explore these mechanisms through a case study of a New Zealand based company, NZ Post and the way IDM mechanisms have been applied through their digital transformation project. The chapter identifies important implications for both researchers and practitioners in interactive marketing to improve their understanding and

value to business through effective selection and deployment of IDM mechanisms in digital transformation.

Key words: Digital transformation, interactive marketing, digital marketing, Interactive Digital Marketing (IDM) mechanisms, NZ Post.

1. Introduction

The term Interactive Digital Marketing (IDM) was first officially applied by Krishen, et al. (2021). Even though it is just very recently that the term IDM is being applied and entered as a concept to the literature of marketing, it is not a new concept. Previously, scholars (Barwise and Farley 2005; Zahay 2014; Byon and Phua 2021) highlighted the importance of using digital technologies in interactive marketing, and indeed, interactive marketing without digital technologies could not have been developed to what it is known as interactive marketing today. So, no one can disregard the significance of digital technologies as a substantial part of interactive marketing. While the importance of IDM to today's marketing is obvious, the definition of this concept is not. In this chapter, IDM is defined as the bi-directional value creation and mutual-influence marketing process through applying digital media, data and technologies.

As the term IDM has just entered the literature review, the mechanisms of IDM are not expected to be well-known. Nevertheless, the new mechanisms and tools of interactive and digital marketing are developing every day to help companies communicate with their customers in most interactive and efficient way and learn from them (Cluley et al. 2020). These mechanisms aim to accelerate companies' level of knowledge about customers, competitors, products and services and thereby to assist companies to change and transform accordingly (Stone et al. 2021). This change in digital

area needs a substantial level of agility in all companies, so the processes, databases, data flows, tasks and roles should be all transformed in the most agile way (Verhoef et al. 2021) to address the challenges of the current interactive environment (Melovi ́et al. 2020). With new contextual data generated through using these mechanisms, and the use of data science analytics, companies are expected to be well advanced in their digital transformation journey. Digital transformation, most frequently identified by the multi-factor effects of digital technologies on a company (Ziółkowska, 2021), is the process of applying state-of-the-art technologies to create new and disruptive processes, both in the culture and the customer experience, to trigger strategic responses from businesses to address changing business and market requirements (Vial 2016; Guenzi and Habel 2020).

While there are several IDM mechanisms, e.g., Social Media Marketing available to companies which could assist them in their digital transformation, these are not systematically studied and presented in the pertinent literature. The main focus of these IDM mechanisms is on interactive marketing through the use of online technologies to capture data from and about customers and lead customers to the company's products and services. Using IDM from a digital transformation perspective enables companies to make internal changes, improvements and advancements which reflect the market demand and customer needs. This chapter aims to examine the significance of IDM mechanisms in digital transformation and the way they assist companies to implement effective changes. To achieve this aim, the chapter questions are outlined as follows:

(i)   What is IDM and its role in companies' digital transformation?

(ii) What are the effective mechanisms of IDM which are significant to companies' digital transformation?

This chapter comprises a literature review, based on secondary research, which is then followed by a case study. First, the relevant sources, both academic and business press, published in the last decade (2011-2021), are reviewed to gain a clear understanding of the concept of IDM. Then a critical and comparative study of the sources will be conducted which would help classify IDM mechanisms. Following that, the chapter will investigate few chosen IDM mechanisms in a case study of a company in New Zealand to assess the ways in which the company applied the mechanisms in their digitalisation journey. Finally, it will discuss whether the company has been successful, and why, and what lessons learned can be shared from it.

This chapter will contribute to both theory and practice. One of the key theoretical contributions is to the new concept of IDM and its mechanisms which are under-studied in the extant literature so that students and researchers can use this chapter as a base to ground their understanding and future research. From practical perspective, this chapter would enable interactive marketers to employ the latest IDM mechanisms for the right reasons to help their company in their digital transformation. The finding may assist managers to make their decisions on digital and interactive marketing practices and investments and navigate the implementation through their digitalisation plans.

2. Literature review

2.1 Interactive digital marketing (IDM): The conceptualisation and definition

In order to understand IDM, it is necessary to distinguish it from two concepts that make this term: digital marketing and interactive marketing.

Most businesses now need to compete and market in the digital environment and this has been considerably accelerated as a result of the recent Covid-19 pandemic. Digital marketing is about using any type of technological device to conduct marketing on electronic platforms (American Marketing Association 2021). The word "digital" refers to the medium used to deliver the marketing campaign (Ritz et al. 2019). According to Gartner (2022) digital marketing is "a set of techniques, enabled by technology, which allows marketing to improve its processes to engage in a dynamic conversation with people who are influencers and buyers and ultimately target, acquire and retain customers. It includes the ability to interactively communicate with customers through electronic channels, such as the Web, email, smart devices such as phones and tablets and mobile applications". As can be inferred from this definition, one of the key aspects of digital marketing is the possibility of having interactive communication with customers. This has also been highlighted by Zahay (2014) who regards digital marketing as a means of interactivity and dynamic engagement with customers through digital channels.

Digital marketing uses all forms of technology, both online and offline. The offline technologies applied in digital marketing include instant messaging, text messaging and podcasting, while online digital marketing could include social media marketing, content marketing and email marketing. Therefore, Internet or online marketing is only a part of the digital marketing, in which online technologies, e.g., websites, blogs, etc. are applied. Thus, an Internet connection is essential to online marketing. This marketing technique allows businesses to reach customers, conduct research, and sell their product or services over the Internet.

One of the main purposes of digital marketing is to improve customer relationship and engagement (Olson, et al. 2021). As proposed by Krishen, et al. (2021, p.184), digital marketing applies "data, ICT-based technology (e.g., artificial intelligence), platforms (e.g. social networks),

media and devices to extend the scope of marketing within both physical and virtual spaces, for the purpose of improving customer relationships by empowering, informing, influencing, and engaging consumers". But not all digital marketing mechanisms are interactive; that is, enabling customers to stablish a two-way communication with a company (Wang 2021, p.1). In other words, digital marketing does not necessarily mean interactive marketing if it is not practiced in a two-way (or multiple way) interaction. For example, traditional Email Marketing and banner marketing are kinds of digital marketing, but they are not interactive marketing if they mainly focus on one-way communication instead of two-way interaction (involving customer engagement and participation). Another key mechanism of digital marketing is Search engine marketing (Peter and Dalla Vecchia 2020) which also is not interactive. While search engine marketing is about gaining visibility on a search engine to encourage click-through to a website (Aswani et al. 2018), it does not provide any interactivity and synchronicity in communication. Therefore, while digital marketing includes both outbound and interactive marketing practices (Ritz et al. 2019), the focus of this chapter is solely on "interactive" digital marketing (IDM) (see Krishen, et al. 2021). Today's customers are looking for engaging and authentic experiences that put them in charge of their own buying journey (Shahbaznezhad et al. 2021). This means it is time to rethink digital marketing as is known now and further focus on interactive part of it.

Interactive marketing is a marketing strategy that promotes an actively two-way relationship between parties, e.g., businesses and users/customers (Byon and Phua 2021). Interactive marketing has dramatically changed the conventional thinking about marketing and has shifted it from one-sided customer interaction to a two-sided participation. Through interactive marketing, customers have been empowered to transform from passive recipients of, to active participants in, the marketing messages. The term interactive marketing, as for any other concept in marketing, has

many different definitions. In this chapter, the definition suggested by Wang (2021, p.1) has been adopted, who believes that interactive marketing is "the bi-directional value creation and mutual-influence marketing process through active customer connection, engagement, participation and interaction." The underlying driver of the growth of interactive marketing was the advent of new technological platforms which have changed the whole concept of marketing from a linear pipeline of activities to a complex network of interactions between businesses and their stakeholders (Wang 2021). Interactive marketing could be conducted through various forms, i.e., digital marketing, mobile marketing and social media marketing (Wang 2021). These forms are called mechanisms, and this chapter aims to identify them as applied in the digital environment.

Having briefly defined both concepts of digital marketing and interactive marketing and reviewed their key characteristics, it is important to note that even though these two types of marketing share some similarities, they do not mean the same, and these terms are not interchangeable. As noted by Moe and Ratchford (2022), it is becoming increasingly difficult to distinguish these two concepts and differentiate interactive marketing from other types of marketing, as marketing in all its various forms, including digital marketing, have the potential to be interactive, thanks to the widespread availability of Internet and advances in technology. However, not all interactive marketing practices are conducted digitally; some of its functions are being performed online, and others offline (Halbheer et al. 2014). Thus, in a broad sense, interactive marketing could be divided into digital and non-digital, as "digital" only defines the medium of the marketing communication. Also, it should be noted that not all digital marketing practices are interactive. Digital marketing can be interactive or not, so only a part of digital marketing is interactive. In fact, the usage of digital technologies in marketing does not necessarily make it interactive, meaning that the employment of IT is not an interactive subject.

A basic and simple difference between interactive marketing and digital marketing lies in whether the marketing activities are one-way or two-way communications. Interactive marketing existed before digital marketing, in its original form of direct marketing. For example, personal selling and service marketing are traditional forms of interactive marketing, as long as they are in a two-way and interactive form, existed long before the development of digital technologies. However, the advancement of digital technologies provides the tools and platforms that greatly facilitate a wider practice of interactive marketing. That is why interactive marketing emerges as a new academic discipline about 30 years ago, thanks to the growth of Internet and new digital technologies. For example, TV advertising becomes interactive TV advertising (there is growing area of interactive advertising as well) due to the accessibility of digital technology making such a change possible. Ikea's long-time used catalogue is a traditional, one-way communication (the customer can read the pictures in catalogue). The new digital technology and augmented reality (AR)/virtual reality (VR) allow customers to scan the content catalogue and link to the actual product image or videos and even making a purchase through it in a seamless way. This may give some people the misperception that equates interactive marketing with digital marketing.

Having discussed the differences between digital marketing and interactive marketing, our focus is on the intersection of these two types of marketing (see Figure 1), which is called IDM. In this chapter, IDM is defined as the bi-directional value creation and mutual-influence marketing process through applying the 5Ds of digital marketing (Chaffey and Ellis-Chadwick, 2019). The 5Ds include digital devices, digital platform, digital media, digital data and digital technology. Any IDM should be conducted on a digital device, such as phones, tablets, laptops, desktop computers, TVs, gaming devices, and virtual assistants (like Amazon Echo). IDM requires a digital platform, such as Instagram, Twitter, a blog or a website. Also, a digital media should be in place

which enables interactive digital marketers to reach and engage with users, including emails, search engines, or social networking. The fourth D is digital data, which refers to different forms of data, including text, photos, videos and interactive content shared by both users and businesses. Finally, any IDM applies digital technology or marketing technology, also known as "martech", which describes a range of software and tools that help companies in achieving marketing goals or objectives.
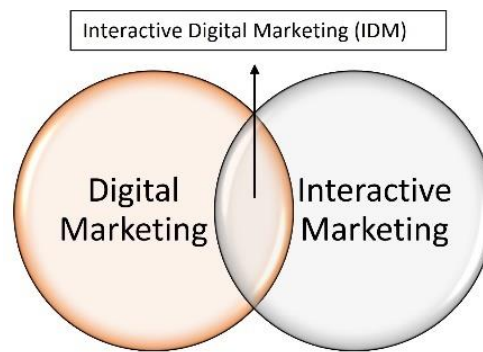
Figure 1: The position of IDM in relation to interactive and digital marketing strategies

Thus, one can conclude that the fundamental element of IDM is that it enables companies and customers to interact and influence on each other (Li et al. 2021).

2.2 The importance of Interactive Digital marketing (IDM) in digital transformation

Having previously discussed the concept of IDM in relation to interactive and digital marketing, in this section IDM will be carefully studied from both conceptual and managerial perspectives and will be reviewed within the context of digital transformation.

The topic of IDM has been gaining a tremendous amount of attention from researchers in recent years, so meaningful literature is available on the role of digital technologies in interactive

marketing (Krishen et al. 2021). Some studies have been carried out on the role of social media user engagement (e.g., Shahbaznezhad and Rashidirad 2020), content type and format (e.g., Shahbaznezhad et al. 2021) and social media platform in IDM (Coelho et al. 2016), and demonstrate the importance of a strategic use of social and interactive platforms in stimulating two-way interaction with users.

No one can deny the role of Internet, as being the most favourable channel for the development and implementation of IDM. Interactive digital marketers use interactive and digital features and channels, i.e., email, social media and models for providing information and sorting customers, based on their requirements (Ahmed et al. 2017). IDM leverages the organisational customer knowledge to implement new integral changes, improvement and advancements. The question that needs to be answered in this section is why IDM should be highly considered by companies and, in particular, why companies should invest in IDM in their digital transformation journey.

Disruptive technologies are advancing rapidly. Planned or unplanned digital transformation is happening at an ever-increasing rate in companies across the world (Vial 2016). IDM technologies, such as Artificial Intelligence (AI) and Business Intelligence (BI) offer extensive analytical capabilities to companies to digitally transform the way and which they understand customer behaviour. Customers are online and almost everyone uses digital technologies these days. To attract new customers and interact with the existing ones, the interactive online marketplace and digital platforms are among the most applied ways to make it happen. When people, as potential customers, hear about a business, they need to know about it and interact with it to fulfil their sense of gratification. If people cannot interact with a company quickly, easily, and in a timely and effective manner and they do not have a chance to communicate their requests, then that company will inevitably lose them as customers.

Apart from external factors, such as interacting with customers which can be very well-managed through using IDM mechanisms, from an internal perspective, digital transformation leads to fundamental changes to the way a company operates. IDM mechanisms enable companies to modernise legacy systems, tune processes, accelerate efficient workflows, strengthen security and increase profitability (Matt et al. 2015). Chaffy and Ellis-Chadwick (2019, p.144) define digital transformation as "a staged programme of business improvements to people, processes and tools used for integrated digital marketing to maximise the potential contribution of digital technology and media to business growth". The point of this explanation is that digital transformation is about creating a technology framework to funnel customer-related data into actionable insights. So, instead of defining new projects to migrate to the new technologies, companies need to leverage and optimise the systems and processes, ensuring they work together intelligently to provide more robust business intelligence and make data driven decisions to drive future success (Verhoef et al. 2021). The key input of this transformation is the proper data flow from the business environment, competitors and, most importantly, the customers. Hence, for collecting and orchestrating all this input systematically, one needs to rely on IDM, as it promises an effective interaction with both external and internal players.

The benefits of using IDM in companies' digital transformation journey can be both financial and non-financial. The most frequently reported financial outputs are higher Return on Investment (ROI), higher profits, higher productivity and cost efficiency (Alrawadieh et al. 2020). But, most importantly, there are enormous intangible and non-financial advantages which include: higher organisational agility (Troise et al. 2022), accelerated data collection process (Dremel et al. 2017), better resource management (Fenech et al. 2019), providing an integrative care of different digital platforms, enhancing brand reputation (Matarazzo et al. 2021), being responsive to various

stakeholders, higher customers' reach-out and interaction rate (Berman 2021) and better customer experience and engagement in developing new products and services.

3. IDM mechanisms

3.1 background

Before starting to review the prior relevant work on IDM mechanism taxonomies, it is key to establish the grounding of our research based on one of the fundamental models in marketing, i.e., marketing mix, initially proposed by McCarthy (1960). The reason that this model has been selected as the theoretical background for this chapter is that any decision with respect to IDM mechanisms must be guided by the companies' marketing mix (Virvilaitė and Belousova 2005). While the original 4Ps of the marketing mix, i.e., Product, Price, Promotion and Place, were heavily criticised due to the lack of customer orientation and the insufficient attention to the relationship with customers, the 7Ps were then offered which include the further elements (the service mix) that better reflect service delivery (Constantinides 2006; Goi 2009). Of 7Ps model, the focus of IDM is mainly on service elements. i.e., People, Process and Physical evidence, and, in particular, the people. This variable of the marketing mix clearly relates to how a company interacts with its customers and other stakeholders pre-sales, during sales and post-sales. Thus, the focus of IDM must be on the people element and the way companies develop and deploy their IDM mechanisms to best serve an interactive relationship with customers.

Different scholars have attempted to study interactive marketing mechanisms within the digital world, even though the literature shows that this strand of knowledge is still segregated and it is not systematically explored. For instance, Majid (2020) explores three main interactive marketing communications channels, i.e., e-word-of-mouth (e-WOM), online review forum and search

engine optimisation (SEO). He proposes that all three channels positively affect customer acquisition. Also, he lists all interactive marketing micro-channels, including email, companies' website, SEO, WOM, telephone, face-to-face, among others. Clearly not all of these are digital. For example, face-to-face and telephone marketing are not digital; therefore they cannot be considered in IDM. In another study, Sabin (2011) offers a model in the interactive marketing mechanisms are divided into ten types: content marketing, Search Engine Marketing (SEM), display advertising, Social Media Marketing, community marketing, email marketing, mobile marketing, affiliate marketing, online promotions and integrated campaigns. This taxonomy mainly focuses on categorising different mechanisms based on the currently available tools in online and digital platforms. One of the other relevant works to study IDM mechanisms, which is primarily grounded in digital marketing, is the study by Chaffey and Ellis-Chadwick (2019). They classify digital communications tools into six groups: search engine marketing, online PR, online partnership, social media marketing, opt-in email and display advertising. In a similar study, Olson, et al. (2021) look at seven most common digital marketing tactics, which include content marketing, SEO, email marketing, search and social advertisements, data driven personalisation, marketing technology usage and social media advertising. As can be seen, there are some mechanisms, e.g., social media marketing which are shared in all these taxonomies and shows how digital marketing is embedded in most interactive marketing practices.

3.2 The conceptual framework

Having evaluated both academic and business related taxonomies for IDM, it was decided to take the two models by Sabin (2011) and Chaffey and Ellis-Chadwick (2019) together as the base, and incorporate relevant knowledge and practical experience in the field to develop a conceptual

framework (see Figure 2). In this framework, IDM mechanisms are broadly considered through six categories as follows.
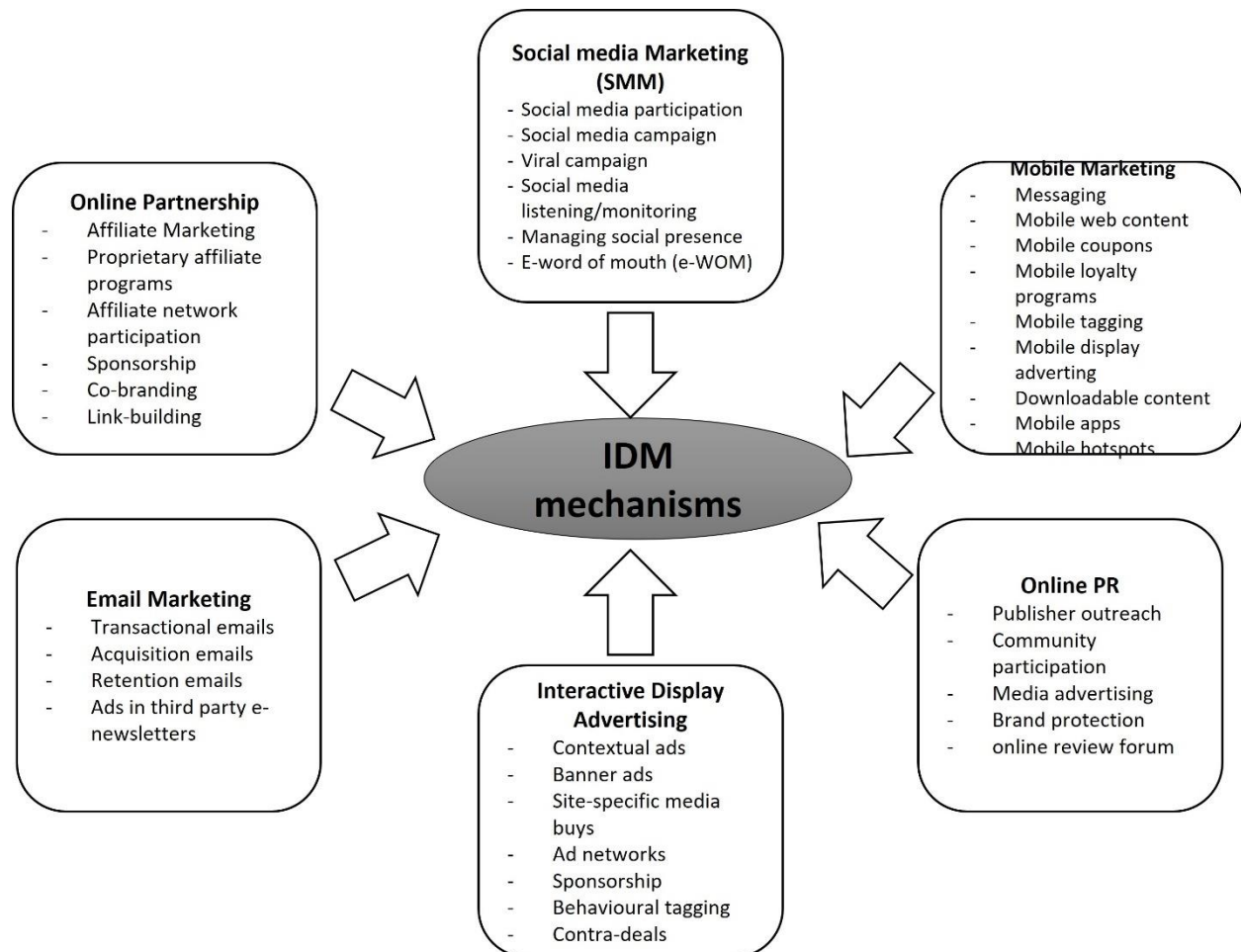
Figure 2- Six categories of IDM mechanisms

In order to construct this framework and carefully select the relevant mechanisms, the core concept of "interactivity" and its dimensions were used as the thought foundation of the framework. According to Rafaeli (1988, p. 111), interactivity is: "an expression of the intent that, in a given series of communication exchanges, any third (or later) transmission (or message) is related to the degree to which previous exchanges referred to even earlier transmissions". There is

a general agreement that interactivity is captured in two factors that distinguish interactive communication from passive communication (Majid, 2020): (i) The ability to receive and respond to messages (Heeter 2000) and (ii) the level of control that the receiver has in crafting the message (Downes and McMillan 2000). However, one should be noted that while interactivity is an integral core element of all proposed IDM mechanisms, they do not all offer the same degree of interactivity to the customers/users. Thus, while some can be considered as highly interactive, e.g., social media participation, others may provide a less interactive experience to the customers, e.g., display advertising. Thus, in order to determine IDM mechanisms and distinguish them from the mechanisms of interactive marketing and digital marketing, the three main pillars of interactivity are used in this chapter. These three dimensions which have been frequently referred in the extent literature (Steuer, 1992, Lin and Shrum; Wang, 2021) are: (i) two-way communication, (ii), active control and (iii) synchronicity. Two-way communication refers to the reciprocal conversation with mutual influences in social and business ecosystems (Wang, 2021). It is the extent to which an IDM mechanism provides a true bi-directional engagement of the parties, e.g., businesses to users (B2C), businesses to businesses (B2B), or users and users (C2C). The second dimension of interactivity, which is active control, implies a customer responsiveness and proactive behaviours in value creation and exchange. Finally, synchronicity refers to the extent of engagement in control and modification of real-time environmental changes.

Having used the concept of interactivity and the three pillars of it as the base for identifying IDM mechanisms, Figure 2 illustrates the IDM mechanisms. Each is briefly outlined in below.

Mobile Marketing and advertising applications deliver promotional information to customers based on their preferences and location (Kurkovsky and Harihar 2006). IDM micro-mechanisms of mobile marketing include messaging, mobile web content, mobile coupons, mobile loyalty

programs, mobile tagging, mobile display advertising, downloadable content, mobile application and mobile hotspots (Sabin 2011). Other examples may include promotions sent via SMS text messaging or MMS multimedia messaging, through downloaded apps using push notifications, through in-app or in-game marketing, through mobile websites, or by using a mobile device to scan QR codes. Interactive mobile marketing enables user interaction to connect and communicate with a company, i.e., the store's server. For example, the user is given selective products/offerings matching the user's preferences that include some current promotions. The user may then explore each product by viewing the product information, offer details and related products using a system of mobile marketing (Kurkovsky and Harihar 2006).

The next IDM mechanism is Online Public Relation (PR) which seeks to maximise favourable mentions of a company, brands, products/service or website on third-party websites or social media platforms. These third-party media channels are the ones are likely to be visited by a company's target market (Chaffey and Ellis- Chadwick 2019). The reason that online PR is classified as an IDM mechanism is that it could be two-way, so companies are able to respond to negative mentions and conduct PR via various digital channels, e.g., social media news centre or blog.

Interactive Display advertising, as one of the other IDM mechanisms includes contextual ads, banner ads, rich media ads, among others. This IDM mechanism aims to achieve brand awareness and encourage click-through to a target site (Hoban and Bucklin 2015). Display advertising could be in various data forms, e.g., photo, video, audio and interactive media (Semara et al. 2021).

The next IDM mechanism identified is email marketing which usually consists of three main types of email viz. transactional emails, acquisition emails and retention emails, depending on the marketing objective. As noted by Hartemo (2016), e-mail allows an active, interactive and personalised communication fulfilling the preferences of an empowered customer. Thus, email

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marketing is one of the main mechanisms of interactive marketing in the digital marketplace; one which makes customers active participants in the communication process, however it needs to be highly relevant for the recipients. In a study by Ziółkowska (2021), it is shown that more than 77% of Small and Medium Size Enterprises (SMEs) use email as the most frequently used communication tool through their digital transformation.

The next IDM mechanism is Online partnership which is mainly about creating and managing long-term arrangements to promote a company's online services on third-party websites or through email communications (Stone and Woodcock 2014). There are different forms of partnership, which includes affiliate Marketing, affiliate network participation, proprietary affiliate programs (Duffy 2005), link building, online sponsorship, co-marketing and aggregators, such as price comparison sites, like Moneysupermarket moneysupermarket-com and booking-com.

Finally, social Media Marketing consists of social media advertising, social media participation, social media campaigns, social media apps/ widgets, social media monitoring and social media listening. No one doubts that social media has become the most attractive and powerful tool for customers to engage with brands (Chahal and Rani 2017). Social media is considered as one of the key mechanisms to conduct interactive marketing (Byon and Phua 2021), as it provides an online platform to share information and exchange ideas among users without any restriction in time, place and medium (Zhang et al. 2021). According to Melovic, et al. (2020), social media is the most used mechanism in companies' digitalisation projects.

3.3 An analysis of IDM mechanisms

As mentioned above, not all IDM mechanisms provide the same level of interactivity. Some offer a higher degree of two-way communication, while others may provide a greater level of engagement and synchronicity. To better understand each of the mechanisms, the three main aspects of interactivity, reviewed in section 3.2 (Steuer, 1992, Lin and Shrum; Wang, 2021) are used and as can be seen in Table 1, the first three columns rank the interactivity level of each IDM mechanism based on a three-point scale of low/medium/high. For instance, social media marketing provides a high degree of two-way communication, active control and synchronicity (real time communication), while email marketing is a less powerful IDM mechanism in all three aspects. The next two columns show the degrees of marketers' control of messaging, and customers' control in conversation respectively. As indicated in the table, while marketers are salient and have high level of power and control in communication in some IDM mechanisms, e.g., mobile marketing and email marketing, their level of control is much less in the more open and real time social media platforms. This is obviously amplified when one considers user-generated content, where users are in charge, compared to marketer-generated content (see Ding, et al., 2014).

Table 1- An analysis of the IDM mechanisms

	Degree of two-way communi-cation	Degree of responses and proactive behaviour for value creation	Degree of engagement in control and modification of real-time environmental changes	Degree of marketer control of messaging	Degree of customer control	Degree of data creation for marketer to integrate into digital transformation
Mobile marketing	Medium	Medium	Medium	High	Medium	Low
Online PR	High	High	High	Medium	High	High
Interactive online advertising	Medium	Medium	Medium	Medium	Medium	Medium
Email marketing	Medium	Medium	Medium	High	Medium	Low
Online partnership	High	High	High	Medium	High	High
Social media marketing	High	High	High	Medium	High	High

It is necessary to note that an effective employment of each of these IDM mechanisms relies on a deep understanding of the customers (Stone et al. 2021): who are they? What do they want? What content do they want to see? How do they make decisions online? How do they make orders online? What factors contribute to their purchasing decision? What devices do they use online? How can companies retain customers and encourage them to repeat their transactions? In order to obtain a deep understanding of the customers/users, data are essential. So data analytics is the backbone of any IDM mechanism. In other words, no IDM mechanism would work through any digital transformation, if it is not data driven. So, any decision on IDM mechanisms should be informed through real-time data analysis. That is why, the last column of Table 1 is related to the importance of data insights provided by IDM mechanisms for marketers to integrate into their digital transformation project. As demonstrated in the table, of the six identified IDM mechanisms, i.e., online PR, online partnership and social medial marketing provide high degree of data creation for digital transformation. Indeed, those IDM mechanisms that enable customers to have high

control in communication are rich in terms of data collection. For example, Domino's, the American multinational pizza restaurant, started its digital transformation journey through its use of social media to find fresh ideas for improving its businesses. In 2012, Domino's lunched its "think oven", a Facebook page where users were asked to submit ideas. The ideas that attracted most attention were rewarded with a monetary prize and actually implemented with executive approval (Jobber and Ellis-Chadwick, 2020). This example shows the extent of data insight that social media marketing, as one of the IDM mechanisms, can provide to assist a company to embark its digitalisation journey.

However, it should be noted that what is the key is not just the data, as the business environment is now awash with big data. Instead, the ability of companies to process, analyse and derive insights from the data is highly important (Moe and Ratchford 2022). A careful data analysis in a coherent and integrative way through all different levels and functions of a company is not accessible unless the company has gone through some degrees of digital transformation to make the best use of real-time data. The importance of data analytics will be further explored through the presentation of the case study.

4. The Case study of NZ Post

In this section, the main and the biggest postal and package delivery services company in New Zealand, NZ Post, will be explored as a case study. The case study aims to investigate IDM mechanisms in the digital transformation of the company.

4.1 Business background

The NZ Post transformation project is a prime example of a large logistics company with more than 7,000 employees and contractors that has gone through transformational change by taking advantage of IDM mechanisms. NZ Post is a New Zealand-based delivery and e-commerce logistics company that processes and delivers items – parcels, packages and letters – of New Zealand and international origin, to meet the requirements of both sending and receiving customers. NZ Post provides logistics services for businesses, including many that are engaged in e-commerce with customers, and with other companies both in New Zealand and internationally. The story of NZ Post highlights how a business in the public sector can change over time and improve its business outcomes with strategic thinking. NZ Post is the largest logistics and delivery network in New Zealand that provides sending and receiving customers with services to help them communicate and do business. The business services are consistent throughout the year and carefully planned. NZ Post allocates resou Additional resources are allocated at the peak times of online shopping periods, both domestically and internationally. NZ Post is part of the national landscape, integral to the New Zealand (Kiwi) way of life for nearly 180 years during which the business has been changing consistently to meet its customers' needs. In 2020 Covid and lockdowns had a huge impact on the e-commerce sales and consequently on NZ Post's workload, activities and performance. Many big traditional physical brands extended their online presence, allowing them to keep trading during lockdowns. As online continues to become a bigger part of their business, many have been adapting their business models further to the new channel mix to accommodate customers' interactions both online and in-store.

4.2 Te Iho Programme (Digital Transformation Project)

Over the past five years the parcel volumes of NZ Post have grown by more than 41%. In 2021 NZ Post delivered over 67 million items which entailed a huge amount of processing, sorting and deliveries. At the core of the NZ Post strategy is a single integrated supply chain that moves items safely, at the lowest cost, and to the service standard the customer has paid for. To make this vision a reality, NZ Post needed to have rich end-to-end data that flow seamlessly across their network systems, that of their partners and those of their customers. Following the increase in parcel volume, the existing transport management system and warehouse management legacy systems were unable to support this interactive data-driven vision.

Te Iho is the name of the company's transformation project to response rapidly to this unprecedented growth in online shopping over recent years. Te Iho is Maori name and it means the heart, essence or inner core. The story behind the name is linked to NZ Post's Māori name "Tukurau Aotearoa" and is inspired by Tāne's forest (Tāne being The God of the Forest). From the outside, the forest looks peaceful and serene but, if you look closely, it is a constant hive of movement, activity and network. At the heart of this forest is the company's network. The company's vision is to be the best partner for online shopping and the best delivery network in New Zealand. Te Iho plans to make a stronger, safer, and more connected core backbone by building new facilities with the latest global automation technology, enhancing the systems and technology, and reinforcing the company's processes and procedures. This will provide the stability and control that in turn sets the last mile teams up to deliver for the customers. Te eho plans to build capability and capacity in the interactive parcel network so the company can grow with customers' need. In Te eho, new processing sites are planned to be built with more than double size of previous capacity in the parcel processing network over the next 10 years. Enabling

capabilities is the part of Te eho that is focused on data and technology. So, by improving the sorting systems, Te eho plans to make the operations more connected, visible, efficient and simple. By seeking quality information from the customers as early as possible, Te eho plans to improve the data and make changes to the data fields behind the barcodes on the parcel labels to bring them in line with industry and international standards. This connects parcels back to NZ Post locally and globally and it will give the company more standardised data about parcels including what is inside, its estimated dimensions and weight, its priority and whether it is perishable. This data set lets the company forecast and plan a more efficient journey for parcels from pick up through delivery even for parcels that come unexpectedly. Industry and international standardised data will help the business to deliver a more consistently interactive experience for customers and make it easier for them to work with NZ Post.

As a result, a massive transformation project was started in early 2021. The project was massive enough to lead the company going through rebranding and logo changing to open a new chapter in its history. This transformation project was started by investing $170 million on optimising the parcel network and processing infrastructure, data, culture and standardisation. All these major changes need strategic, organisational, cultural, financial, and operational restructuring to suit the new digital driven environment. Digital transformation would be the underlying layer of transformation to create a new sustainable, competitive, and interactive service setting.

To reach these goals, NZ Post first planned to advance its online partnership with key strategic customers in B2B environment and define collaboration-based business using big data and digital technologies. Then, the company attempted to incorporate new IDM mechanisms to improve service quality for individuals and retailers (see the next section). The second major step (under process at the time of writing this chapter), is related to the human resources and enhancing the

organisation skillset, which is the hardest and most crucial part of the transformation. This is mainly related to defining new values, new behaviours, training, recruitment and reskilling for new roles which all need to be conducted in any successful digital realm. Finally, the company requires new business approaches, mechanisms, methods, and technologies to provide a comprehensive service aligned to customer values. The new systems, processes, infrastructure, and technologies need to be set to meet the customer requirements which are all based on digital technologies. So digital transformation would be at the heart of this transformation project.

4.3 IDM mechanisms in Digital Transformation

The more an e-commerce business grows, the more it requires technology to help manage the deliveries efficiently, reliably and economically. NZ Post employs different IDM mechanisms to help it automate and simplify the delivery process. A few prime examples are elaborated below.

One of the key IDM mechanisms employed by NZ Post in their digital transformation is the shipping application programming interface (API), classified as a mobile marketing mechanism in the proposed conceptual framework (see Figure 2). API is a software intermediary that allows two applications to talk to each other (see Boateng et al. 2019). Simple examples of APIs are each time you use an app like Facebook, send an instant message, or check the weather on your phone, you are using an API. APIs are mostly used to help developers provide information to marketers. The Shipping APIs used by NZ Post let large companies customise the shipping functionality into the client software quickly and easily (NZ Post, 2022a). With this IDM, companies can create labels, track parcels, validate addresses and retrieve shipping options, all using the usual software interface. For instance, if a customer is a Shopify user, they check out the NZ Post's addressing

plugin that can streamline their customers' checkout experience by choosing a valid New Zealand address from the drop-down list.

E-ship is one of the other company's IDM mechanisms initiated as part of their digitisation and it is now applied by the company. E-ship is a cloud-based B2B mobile-based app that integrates with client e-commerce platforms to automate the process of delivering customers' orders. E-ship is particularly designed for e-commerce companies which frequently send multiple parcels at once, giving them an instantly accessible and interactive platform. Some of the key features of e-ship for client companies are accessing all NZ Post shipping options, sending customised email notifications to customers, generating on-demand reports, quick label printing and generating and printing pick slips (NZ Post, 2022b).

As another example, related to the online partnership mechanism (presented in Figure 2), NZ Post is committed to giving its customers the latest information, insights and tools to help them grow the partners in B2B. Along with this annual review of online shopping trends, NZ Post produces a regular and timely update called e-commerce Spotlight. This covers the latest market data and also provides in-depth analysis and stories that are directly relevant at the time.

One of the fundamental changes in the digital transformation era in NZ Post was associated with the data base architecture. Following customers' needs to track their parcels and packages, there has been a movement from focusing on data at rest (service-oriented architecture), to focusing on events (event-driven architecture). The shift to event-driven architecture means moving from a data-centric model to an event-centric model. In the event-driven model, the data are still important, but the events become the most important component. An event is any change of state of some key business system. As a customer service business, the event driver will give interactively near-real time notifications of events which will allow the company to respond to

issues/ problems much more quickly. Hence, the database migration has been changed from SQL/Oracle based databases to the Kafka transactional system based one. This migration by itself does not include any of the IDM mechanisms mentioned in the model. Nevertheless, it provides the underlying infrastructure for interactive collaboration with customers for services through parcel tracking and notifications. Parcel notification is offered to all customers who are using any one of the company's online ticketing solutions when sending domestically. This will help customers to follow the progress of their parcel delivery. This visibility helps improve customer satisfaction and removes the need to call or email customers to find out where the shipment's current location is. Using SMS and e-mail notifications as the mobile marketing mechanisms of IDM, it is easy to connect directly with customers. So, notifications can be sent when the item is picked up, then with the courier for delivery, when it has been delivered and when an attempted delivery has been made. Customers can interact with certain messages, giving them options to have their parcels left in a secure location. This avoids re-delivery and makes for happier customers. Similarly, with express courier services, customers can track their parcel's journey in real-time on a 'live' map, and receive instant pickup and delivery notifications via email or text. This includes estimated time of arrival and live GPS tracking. This improved level of visibility and control certainly leads to a better delivery experience for customers.

4.4 The challenges of the digital transformation project

There are numerous challenges in every transformation project. The majority of these are related to people, processes, technologies and budget. The most important part is the resistance to change. In big organisational settings such as NZ Post, there are several diverse teams that are intertwined with each other. So, if one plans to change one part, one needs to consider all other

moving parts as well. Therefore, change management was one of the major concerns in the Te Iho Programme. Consequently, there has been continuous interaction with different stakeholders, the employees, to consider their concerns throughout the transformation. People usually do not like change and prefer to keep the system as it is so they may overcomplicate the change requests and make the implementation of new processes difficult. Finally, from technology perspective, people are used to use old technology and usually resist upskilling themselves to the new work environment. Also, migration from old technology to new technology always has its own technical challenges. For instance, consolidating the different object-oriented databases, e.g., SQL and Oracle to the event driven ones, e.g., Kafka might be a huge technical challenge because of the difference in underlying concept/architecture. To overcome this, the company tries to best use various IDM mechanisms, e.g., email, social media and mobile communication to facilitate the transformation by keeping an interactive relationship with employees and encourage them to cooperate in the change.

5   Discussion, implications and conclusion

The far-reaching availability and adoption of digital technologies and online social networks has transformed marketing practices and the way marketers engage with customers. This adoption of novel and innovative devices and data-driven marketing, particularly in online marketing practices, provides a wide and efficient reach, which in most cases causes companies to conduct some degree of digital transformation. IDM, as an integral part of the digital transformation of today's business world, is evolving at the same rate to keep up with the required marketing and digital capabilities of companies (Bala and Verma 2018). This chapter tracks research dynamics

in IDM by reviewing recent articles, citation and co-citation networks on both areas of interactive marketing and digital marketing to conceptualise the new term of IDM. To the best of our knowledge, this chapter is a pioneering one which conceptualises the concept of IDM and classifies its mechanisms. The chapter suggests the significance of IDM and the application of its mechanisms in digital transformation which explains the recent shifts in marketing practices towards bi-directional, value creation and synchronised communication and partnerships with users. The focus of IDM in this chapter was mainly on service elements and in particular "People" of the marketing mix model. This element of the marketing mix clearly relates to how a company interacts with its customers and other stakeholders pre-sales, during sales and post-sales. Thus, the focus of the identified IDM was on people and the way companies could deploy IDM mechanisms to best act in their interactive relationship with customers through their digital transformation.

Apart from the afore-mentioned theoretical contributions, this chapter offers practical contributions to the field of IDM as an international and interdisciplinary area. It provides a solid foundation to interactive digital marketers, as well as policy makers to devise certain mechanisms for enhancing the effectiveness of their marketing campaigns through IDM mechanisms. The chapter identified and described IDM mechanisms which are particularly considered through any organisation's digital transformation. Thus, it would enable interactive marketers to employ the latest IDM mechanisms for the right reasons to help their company in its digital transformation. The ideas put forth herein can incontestably aid business and marketing professionals to better plan their digital transformation projects that are facilitated by IDM mechanisms. These mechanisms promise companies to provide their users (both employees and customers) with a two-way, value creating and synchronised experience throughout the digitalisation journey. Indeed, this chapter suggests companies' marketing professionals and decision makers need to critically

think about investing in IDM mechanisms, even before they start their digital transformation project. For instance, it is suggested that companies use IDM mechanism of social media marketing to lower the users' resistance against the digital transformation and make sure everyone feels they are a part of the change. Thus, the findings of this chapter may assist managers in their decisions on the use of digital and interactive marketing practices and navigate the way it could be put in place through their digital transformation plans.

However, determining which mechanisms would be the most effective ones in a digital transformation project and deliver the best customer satisfaction is not possible because this is highly context dependent. This means that choosing the most effective IDM mechanisms in digital transformation may vary from one company to another one, depending on their internal and external environment. Indeed, IDM mechanisms aid companies to better understand their customers' needs and make innovative changes. In digital transformation, the key driver to change is the customer data. IDM mechanisms facilitate two-way communication between customers and companies. So the new tools and services designed for customers will be driven by customers' ideas and comments. Thus, any development and deployment of IDM mechanisms has to be data driven. Given the fact that Internet has enabled companies to capture data of vast amounts (Big Data), and the potential payoff from learning how to use it, data analytics has gained increasingly important role in IDM practices. While this area is mostly practical based, future research on methods that make productive use of these data is still needed (Ratchford 2015).

One of the other key challenges of scholars and practitioners' in IDM area is the nature of today's digital marketplace, which is highly changing and dynamic, thanks to the ever increasing and disruptive advances in technologies. This makes the developed models, theories and frameworks become outdated very quickly (Moe and Ratchford 2022). As a result, the mechanisms

of IDM that have been put together in this chapter could be easily replaced or upgraded by new ones in less than a year's time! So, it is crucial for researchers, marketers and any policy makers in this area to stay updated through continuous monitoring the environment, finding new ways to collect and analysis data and investing in new mechanisms and platforms to interact with customers.

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6   Glossary

6.1 **Digital marketing**: It is the application of data, ICT-based technology (e.g., artificial intelligence), platforms (e.g. social networks), media and devices to extend the scope of marketing within both physical and virtual spaces, for the purpose of improving customer relationships by empowering, informing, influencing, and engaging consumers.

6.2 **Digital transformation**: It is the process of applying state-of-the-art technologies to create new and disruptive processes, culture and customer experience to trigger strategic responses from businesses to address changing business and market requirements.

6.3 **Interactive digital marketing (IDM):** It is the bi-directional value creation and mutual-influence marketing process through applying digital media, data and technologies.

6.4 **IDM mechanisms**: The mechanisms are applied in Interactive Digital Marketing, which include search engine marketing, content marketing, social media marketing, mobile marketing, online PR, display advertising, email marketing and online partnership.

6.5 **Social media marketing**: It is one of the mechanisms of IDM, that provides online platform to share information and exchange ideas among users without any restriction in time, place and medium.

7   Index

Biography

Mona Rashidirad

Dr. Mona Rashidirad is a lecturer in Strategy and Marketing at University of Sussex Business School. She holds her PhD in Management from University of Kent, Canterbury, UK. Dr. Rashidirad is a fellow in Higher Education Academy (HEA) following her completion of Postgraduate Certificate in Higher Education (PGCHE), awarded by the University of Kent in 2012. Also, she is a Certified Management and Business Educator (CMBE) from Chartered Association of Business Schools (CABS) in the UK. Dr. Rashidirad has been an active researcher since 2010, which has resulted in publishing several peer-reviewed journal papers, a number of book chapters and several conference presentations. Her research focuses on "social Media Marketing", which is one of the key strands of Interactive Marketing. Dr. Rashidirad takes a special interest in research that embraces social media user engagement and the way companies can improve their users' participation on their social media platforms.

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