Relational Multi-Channel Approach: A Study of the Impact on Customer Lifetime Value

Abstract

The relational approach is based on a model that uses multiple marketing channels and services to promote contacts between the customer and the firm. But to which extent do firms benefit from using multiple marketing channels with their customers? This study aims to understand the effectiveness of adopting a multi-channel approach. This effectiveness is measured with the impact on customer lifetime value. We argue and show that not all marketing channels have a significant positive effect, and that the impact is moderated by customer time of permanence in the firm, and by the amount of products held by the

Keywords: multi-channel marketing approach, customer lifetime value, relationships.

Introduction

The evolution from a transactional to a relational exchange perspective of marketing is recognized by many authors as an important paradigm shift in marketing (SHETH ET AL., 2002). A relational model was adopted, together with the belief that the long-term relationship processes with customers are more profitable than isolated transactions, and expected to have a positive impact on key indicators such as customer value. Part of this positive impact results from the decreasing costs of serving the customer, increasing customer satisfaction and thus greater willingness to pay higher prices for better services (REINARTZ; KUMAR 2000). To keep customers satisfied in a long-term relationship, it is not sufficient to develop products and services that meet customer needs. Instead, it is also expected that the contacts between customers and businesses take place frequently and through different ways (MENDE; BOLTON; BITNER, 2013). On the one hand these contacts can be are promoted by the clients to obtain information or request additional transactions. On the other, companies also need to establish some form of communication, retention or way of offering new products and services to customers. These contacts take place through marketing channels and relationships established between client corporations (KLAUS; MAKLAN, 2013). Conceptually, the contacts made through multiple marketing channels refer to the practice of providing information, goods and services across two or more channels simultaneously (RANGASWAMY; VAN BRUGGEN, 2005).

Common sense would indicate that the more marketing channels are available between customers and firms, better results can be obtained. Also, contacts could be expected to become more frequent as the firm increasingly adopts multi-channel approach. However, previous research show that this relationship between a higher number of channels or higher number of customer-firm contacts and results is not always positive, and that it can even be in moderated by several factors. For example, Godfrey, Seiders and Voss (2011) found an inverted-U shape that explains the relationships between frequency of usage of specific marketing channels and repurchase. After that optimal point is reached, additional contacts generate "distancing" between the customer and the firm, and the impact on results is increasingly negative. Therefore, increasing the frequency of contacts customer-firm may not always have a positive effect on transactions (THOMAS; SULLIVAN, 2005). However, these authors found that all marketing channels were effective, although presenting an inverted-U shape when it came to impact on revenues. We argue that not all marketing channels are worth having, as that not all channels have a positive impact on customer value.

This aim of this study is to analyze if all marketing channels used by firms to manage its relationships with clients are effective, and if this effectiveness is moderated by specific factors, namely the time of permanence of the client in the firm and amount of products held. Effectiveness is measured in terms of impact different marketing channels have over CLV, and we control for customer segmentation. To test the suggested hypotheses, we used information on private pension plans from an insurance company that is associated to a retail bank in a country in South America. Results show that not all push or pull marketing channels have a positive and significant effect over performance, and that the time of permanence of the client in the firm, as well as the amount of products held by the customer, can moderate the impact of specific channels over CLV. This research contributes to the growing body of research on the usage of multi-channel strategies by firms to manage relationships with clients. From a managerial perspective, it can help managers allocating resources to push or pull channels, depending no their underlying levels of effectiveness.

Multi-channel Marketing Approach

Definition and Challenges

The adoption of a multi-channel marketing approach is defined as the personalized communication with clients through several channels, part of a broader strategy of relationship marketing, that serves to inform about services, promote the launching of new products and evaluate the satisfaction of the clients (GODFREY; SEIDERS; VOSS, 2011). This approach is closely associated with relationship management, and the effectiveness of the efforts of relationship marketing may vary depending on the strategy adopted by the company and the context of exchange (PALMATIER et al., 2006). According to Neslin et al (2006), the provision of multiple channels implies five main challenges for the firms that offer them: (i) the integration of available data ensuring that there is not information divergence, (ii) the understanding about the behavior of the consumer regarding his profile and preferences, (iii) the evaluation of the channels in terms of performance, (iv) the allocation of resources between the channels for their improvement, and (v) their strategic coordination. To this end, there must be "harmony between the channels", meaning that all channels must operate in a complementary and synchronized manner (BERGER et al., 2002). The integration process of the information obtained through the multiple contact points must ensure the most adequate combination between the channels and a unified view of their information (PAYNE; FROW, 2004, 2005).

Several studies looked for ways of classifying the channels and to measure results according to these classifications. For example, Kushwaha and Shakar (2013) and Neslin (2006) classify the channels according to the traditional modality (physical medium) and electronic (web, digital). Reinartz, Thomas and Kumar (2005) also established a classification for the contacts generated between the company and the client, which varies from “more interpersonal” to “less interpersonal”. The authors also classify the marketing channels as “rich” (personal meetings), “standardized” (direct mail and telephone contact) and “through the Web” (KUSHWAHA; SHANKAR, 2013). There is some similarity between the contact channels classified as “rich” and “more interpersonal”, in the sense that both are more effective when there is a need to establish transactions; that is, the “rich” media of marketing are more efficient in the conversion of transactional clients to relationship clients than the more “standardized” or less interpersonal media (REINARTZ; THOMAS; KUMAR, 2005). The “standardized” and “less interpersonal” media, such as direct mail and telephone contact, are the more profitable and can be used in combination with other channels such as the telephone to support the prospection process.

Decisions on the Usage of Channels

The preference for a specific marketing channel is idiosyncratic, heterogeneous and intrinsic to the characteristics of the clients (GODFREY; SEIDERS; VOSS, 2011; LI; SUN; MONTGOMERY, 2011; THOMAS; SULLIVAN, 2005). The choice and usage of specific channels for relationship management results from customers’ preferences and perceptions, as well as from their experience with the channel itself. This process is dynamic, given that he result of this customer channel experience feeds back to the firm customers’ perceptions and preferences, and consequently, influences the purchasing decisions of a product or a service.

Due to this dynamics, for example, the channel chosen for doing the purchase may be different from the channel used in the after-sale (NESLIN et al., 2006). Furthermore, it is increasingly common to use more than one channel in different phases of the decision process. For example, the firm's website may be used to obtain information about the firm or specific product, but the purchase is made in the off-line media (RANGASWAMY; VAN BRUGGEN, 2005). The client experience is generated through a long process of contacts between firm and client, through multiple channels (KLAUS AND MAKLAN, 2013).

The client profile also influences the choice and use of the channels. For example, clients classified as "anxious", are receptive to more frequent contacts and to a greater diversity of points of contact with the company (the sending of communications, direct mail, telephone contacts, etc.). On the other hand, clients classified as "averse" to contacts, respond better when approached directly by just one representative of the company (MENDE; BOLTON; BITNER, 2013). In line with this result, clients that prefer less intrusive approaches will respond better to less frequent and more personal marketing actions (GODFREY; SEIDERS; VOSS, 2011).

The choice of channel may also vary according to the category of the product. A study contemplating financial products showed that the clients choose to invest in funds through the on-line channels, but choose real state financing in the presence of account managers. The consultation about more complex products takes place in the digital medium, but the contract is made personally (KUMAR; VENKATESAN, 2005). There are other examples: clients of hedonic products (cosmetics) look for variety of options, interact with a greater number of channels and spend more in different channels.

The contacts between company and customers may influence the time of adoption of a new channel, that is how long a client takes between getting to know the new channel and using it. Consequently, the companies may stimulate the adoption of additional channels and, consequently, increase the value of the client, considering that the relationship already exists. For example, given an ideal frequency, the time of adoption of the second channel by the of the customer, who usually uses just one channel, can be reduced in up to twelve percent, and the time of adoption of the third channel can be reduced in up to thirteen percent (VENKATESAN; KUMAR; RAVISHANKER, 2007).

Therefore, simply having marketing channels available for potential contact between customers and firms, is not by itself only an extension of the product or a benefit for the client. Firms must instead manage its marketing channels considering the complexity of the product, the profile and clients preference, as well as the channel intrinsic characteristics, etc.

Effect on Customer Value

Customer Lifetime Value (VENKATESAN; KUMAR, 2004), is a metric frequently used to assess customer value. This tool is used to manage the value of the client over time, in terms of acquisition processes, profitability and retention (REINARTZ; KUMAR, 2000; SCHULZE; SKIERA; WIESEL, 2012). We use the concept of CLV to measure customer value. The estimation of the CLV can be very direct, calculated from the present value of the liquid cash flow, that is, revenues from the transactions deduced from acquisition and marketing costs (BERGER; NASR, 1998). Three components are fundamental for the CLV projection: (i) the duration of the relationship with the client, (ii) the value of the transactions and (iii) the frequency of contact. The concept of CLV is based on the assumption that, the longer the relationship with client is, the more revenue he should generate (DRÈZE; BONFRER, 2005, 2007; REICHHELD; MARKEY; HOPTON, 2000). The value generated for the shareholder be, somehow, equivalent to the increase of the value of the client. The results obtained by Schulze, Skiera Wiesel (2012) indicate that a ten percent increase in the value of the client leads to an increase of fifteen and a half percent raise in the value for the shareholder. Another study identified that, depending on the industry, an increase of five percent in clients retention, leads to a potential profit increase of twenty five to one hundred percent (REICHHELD; MARKEY; HOPTON, 2000). Previous research indicates that, more than market participation, gains of scale and management of costs, client retention is the main competitive advantage to explain growth in profits.

It is highly challenging to establish a link between marketing actions and CLV, leading some authors to argue that marketing actions are actually ineffective to increase the value of the client (BERGER et al., 2002). Moreover, the results found for this specific link between marketing actions or channels, and CLV, are typically non linear and asymmetric, considering that they suffer the influence of many variables simultaneously, such as for example, the relationship that exists between the satisfaction of the client, retention and profitability (MITTAL; KAMAKURA, 2001).

Venkatesan e Kumar (2004) stress the importance of considering the projection of the margin of contribution and the commercialization and marketing costs allocated to the various channels, considering that the offers and costs may be differentiated depending upon distinct client profiles. These authors prove that there is a potential of improvement of CLV through the strategic allocation of resources between the various marketing channels with the clients (VENKATESAN; KUMAR, 2004). However, the results are not linear. One of the factors that explain these findings is the frequency and variety of used marketing channels to manage the relationships with clients, as there is a point from which the usage of channels becomes inefficient (GODFREY; SEIDERS; VOSS, 2011). In this study, these authors identified an inverted-U relationship between results obtained (measured in terms of repurchase spending) and the investment made in communication channels, indicating that there is an optimal point of investment in marketing channels. Therefore, even if it is consensual that a certain amount of contact with the client is better than nothing, this relationship is not linear.

The contacts between companies and clients take place not only to attend the need for communication or services. Many of the contacts promoted by the company under the pretext of relationships aimed at stimulating the transactions (MOHR; NEVIN, 1990). Consequently, the offer of channels that allow the purchase of products or access to services may impact positively the income of the company, insofar as it permits a greater number of transactions, such as up-selling. That is, it is supposed that the income increases with the realization of more transactions (KUSHWAHA; SHANKAR, 2013).

The effectiveness of the adopted channels can also be affected by less tangible factors. For example, reciprocity theory suggests that identifying and using the channels preferred by the clients increase their motivation to respond positively to communication investments (GODFREY; SEIDERS; VOSS, 2011). According to these authors, if the chosen channel provides higher perceived usefulness, the contacts and the transactions (purchase and repurchase) can increase even more. However, and according to the reaction theory, if the contacts between the company and client are evaluated as intrusive, the effect may be negative. The contacts made between the clients and the firms must therefore take place in an integrated and cohesive way, and above all it is expected that clients' experience is positive.

Considering that an important component of the CLV refers to the acquisition and management between channels, many researchers tried to answer the following question: what is the best allocation of resources between the channels in order to maximize the client value (NESLIN et al., 2006; PAYNE; FROW, 2004; REINARTZ; THOMAS; KUMAR, 2005)? In this sense, an important consideration regarding the allocation of marketing resources is that it promotes the "harmony between the channels", defined "in a synchronized and complementary form". Thus, when a company reaches a high degree of coordination between the marketing channels, these will complement each other and have a positive effect on the value of the client (BERGER et al., 2002).

For example, Reinartz, Thomas and Kumar (2005) identified that compared with other channels, highly interpersonal channels present the best results in terms of impact on client profitability, followed by indirect channels. Moreover, the combined usage of interpersonal and indirect channels may have a more positive impact then if used separately, moderated by the time of relationship. Another strategy to make the client more profitable may be to direct clients that generate lower incomes, to low cost self-service channels, such as sites (RANGASWAMY; VAN BRUGGEN, 2005). However, the availability of new channels, mainly in digital media, has promoted distinct results due to cannibalization. Results indicate that the total sales volume tend to increase, but the profit in the long run tends to diminish, consequence of the reduction in the client retention rates (NESLIN et al., 2006). Also, as customers stay for longer with the firm, and buy bigger amounts of products, they become more demanding towards the firm, decreasing the effectiveness of marketing channels. Drawing on the presented literature review, we put forward the following hypotheses:

Push marketing channels:

Hypothesis 1a: There a is not always a significant and positive relationship between the intensity of usage of push marketing channels and CLV,

Hypothesis 1b: The relationship between the intensity of usage of push marketing channels and CLV, is negatively moderated by client time of permanence in the firm

Hypothesis 1c: The relationship between the intensity of usage of push marketing channels and CLV, is negatively moderated by the quantity of plans held by the clients.

Pull marketing channels:

Hypothesis 2a: There a is not always a significant and positive relationship between the intensity of usage of pull marketing channels and CLV,

Hypothesis 2b: The relationship between the intensity of usage of pull marketing channels and CLV, is negatively moderated by client time of permanence in the firm

Hypothesis 2c: The relationship between the intensity of usage of pull marketing channels and CLV, is negatively moderated by the quantity of plans held by the clients.

Based on these hypotheses, we put forward the model represented in Figure 1, on the relationship between push and pull marketing strategies and CLV, considering the moderation effect of time of permanence in the firm and the quantity of plans held by the clients.

METHODOLOGY AND RESEARCH DESIGN

Data Collection

The model was tested with a quantitative study and statistical methods, using the database of 6.324 clients of an insurance company in South American country in the sector of private pension plans. When data was collected, the firm had approximately two million clients. The private pension plans present favorable features for our research aims. First, they are complex products and the buying choice process takes into consideration multiple variables. Applying the concepts presented by Neslin et al. (2006), a potential client may begin the search for information about the types of pension plans in digital channels, such as the website of the bank and associated insurance company, and then make the contract in personal with an account manager. From this moment on, the same client can choose to follow the plan (after-sale) through the website or through the call center, alternating the consultation between the physical and the digital media. Second, the private pension plans are long-term investments, allowing the company to make a series of contacts with its clients over many years. This characteristic creates favorable conditions to evaluate the effect of the *push* and *pull* marketing channels on customer value. Third, considering the possibility of having contacts over many years, the client "accumulates an experience" with those contacts, which takes to the concept of *cumulative satisfaction* presented by Bolton (1998). Lastly, the product also finds adherence to the concept of *payment equity* (PALMER; MADALENO; WILSON, 2006), considering that the price component is less perceived by the clients, because it is presented in the form of administration rate, incorporated in the daily liquid profitability. Thus, the evaluation by the client is not restricted to price, and considers instead the benefits that the product presents in the course of time. The company is also attentive that clients are not too impacted, which would violate reaction theory (GODFREY; SEIDERS; VOSS, 2011). For this end, the firm uses the Data Base Management (DBM) as a client management tool.

In sum, based on the characteristics of the product, of the firm, and of the contacts established between customers and firm, it is possible to evaluate the usage of *push* and *pull* marketing channels on customer value. The used database was built with information from the firm internal systems, the *Data Base Management* (DBM). Data were collected between the years of 2011 and 2014, and grouped as one single database without considering the year data was collected. The selection of clients to be included in the database was random.

Operationalization of variables and data analysis technique

The insurance sector is highly abstract and complex that implies future benefits. As such, insurance companies must develop a marketing strategy of consistent relationships for with the long-term (MENDE; BOLTON; BITNER, 2013). The firm used in this research establishes a series of contacts with their clients over time, and these contacts take place trough different channels and relationship actions available, separated in two perspectives detailed in Figure 1. Contacts and used marketing channels were classified under the denomination *push or pull marketing channels*, depending on who initiates the interaction: channels where the client is the agent promoting the contacts were denominated *pull marketing channels*, whilst in *push marketing channels* the agent promoting the contact in the firm. Below we present the operationalization for the variables associated with *pull marketing channels* (Call Center model A, Call Center model B, SMS pull) and with *push marketing channels* (Direct mail, SMS push, and Events). The variables of contact channels *push* and *pull* correspond to the number of times each channel was activated either by the customer or by the firm. The *pull* contacts may take place through the following channels: site of the company, site of the distribution channel, the service center of the company, self-service terminal and mobile application, totaling five possible combinations. So, the value of this variable varied between 0-5 for the variety of *pull* tools used.

Pull marketing channels:

Call Center Model A - info: The number of times this channel, a service rendered to clients of all segments that addresses their requirement of information about the products and the carrying out of transactions (e.g., the updating of registration data and increase of the monthly contribution) was activated by the customer.

Call Center Model B - complaints: The number of times this channel, a service rendered to clients of all segments, exclusive for complaints of any order (e.g. failure in the sending of a document or dues charged for the administration of the plan) was activated by the customer.

Messages through SMS: The number of times this channel, which consists of text messages sent to the clients as a result of a previous transaction made by the client (e.g. the confirmation of total withdrawal, or an electronic order for payment) was activated.

Push marketing channels:

Direct mail: The number of times this channel, which refers to the communication actions with the several segments of clients who use relationship messages and *cross selling* offers, was activated by the firm to a specific customer. For example, these actions may include birthday messages, promotional actions that are linked with an award for the increase of monthly contribution or additional sporadic payments (you bought it & you won it), or financial simulations that demonstrate the fiscal benefit offered by the product.

Relationship events: The number of times this channel, that is about the sponsorship of entertainment and cultural events (shows or art exhibitions) and the carrying out of technical workshops about the theme retirement and economic scenario, offered to the various client segments, was activated by the firm to a specific customer. The benefits to clients may vary between discounts for the anticipated purchase of invitations, courtesy and exclusive benefits.

Messages through SMS: The number of times this channel, that consists of text messages sent to the clients who chose to receive several information such as, for example, the balance of their investments sent according to the periodicity stipulated on the product, was activated by the firm to a specific customer.

Client Lifetime Value (CLV):

The firm used in our data collection calculates the value of the client in line with what was discussed in the literature review. The estimation is based in two main pillars: a statistical model of survival, that considers the probability of the client to continue in the company in the next 24 months and the financial calculation, that is, the estimation of the financial revenues that the client will aggregate in the next 24 months. Consequently, this model captures the past transactions and the expectation of future revenues. The revenues are determined by the financial administration rate (TAF), loading tax and revenues of risk coverage (cross-selling). From the revenues obtained in the last 12 months, the revenues for the next 24 months are projected. After that, this result is multiplied by the probability of survival (time of permanence) in the base for 24 months.

Control Variables:

Time of Permanence: Period between the signing of the private pension plan and the realization of the plan's full redemption, or time of permanence in the database (December 2014). It is expected that the greater the time of permanence, more transactions the client makes, and consequently the greater will the value of the client be.

Quantity of plans: The number of plans held by the client in December of the considered year. It is expected that that the greater the quantity of plans, the greater the value of the client and the possibility of contacts.

Client Segment: There are three segment types, namely Retail Income Segment (income < R$2.000) Personalized Income Segment (R$2.000 < income < R$8.000), and High Income

Segment (income > R$8.000). The higher the income of the client, the higher will the purchasing and value of the client be.

For the analysis of the data and developed econometric model, the statistical application used had as base the multiple regression. After structuring the database, as described in the previous section, the extraction of the results was made with the statistical software STATA version 12.

Results and Discussion

Push marketing channels and moderating effects

A summary table of results is presented in Appendix 1. We found a significant, positive effect for all three marketing channels considered in the analysis, having therefore found a positive effect of direct mailing, events and sending of SMS on CLV. To begin with, direct mail affects positively the CLV ($b=0,073$; $p<0,1$). This was expected given that, besides its underlying communication appeal for customer, direct mail also offers the means for the additional payment. That is, besides the usual payments made, the direct mail may generate a unpredicted payment for that client, which added to the others, elevates the CLV. The most frequent contact with the client allows, for example, reinforcing messages about the characteristics of the products and the need of maintaining long-term investments, which can increase the retention and reduce the withdrawals.

Out of the three push marketing channels considered, invitation and engagement of customers in events was found to be the most effective push tool ($b=1.309$; $p<0,01$). The sponsored events and the offered workshops help the building of loyalty, as they are benefits exclusive to the clients that have retirement plans with the firm. The diversity of themes, the frequency, and the geographical amplitude allow reaching a greater number of clients, responding to all segments. The CLV of the impacted clients may be affected positively, insofar as the events are perceived as a benefit and render clients less susceptible to the appeals of the competition, remaining consequently more time in the base.

Finally, we also found a positive effect of SMS push on CLV (b=0,008; p<0,1). (b=0,073; p<0,1). The messages sent through SMS maintain the client informed about their product (push) and provide the security that the transactions asked were made (Pull). It is possible that this affects positively CLV, because they can be perceived as quality in the service to the client, avoiding the dissatisfaction and eventual cancelation of the product.

In conclusion, in what concerns the direct effect of push marketing channels on CLV, our results corroborate with previous research that also show that these channels have a positive effect over customer value (KUMAR; VENKATESAN, 2005). Push marketing channels, such as direct mail (*up-selling* or cross selling) and relationship events that according to reciprocity theory strengthen the relationship firm-customer, stimulate the concretization of transactions and sales (GODFREY; SEIDERS; VOSS, 2011). Overall, we found support for the argument that push marketing channels and thus, contacts made by the firm, promote revenue, and results show that all channels were effective, although with different levels of impact on CLV.

As for the moderating effects of time of permanence of the customer and quantity of bought/held plans (i.e., products), time of permanence was found to have a significant and negative effect over one of the employed push marketing channels (i.e. SMS push; b=-0,000; p<0,05), and also over the effect of Events CLV (b=-0,315; p<0,01). We can therefore conclude that the positive effect of SMS push on CLV is more effective for customers that have not been for long with the company. There seems some wearing of the relationship developed over time. The firm may therefore consider sending more SMS with offers or any other information for customers who have recently joined the firm, than for those who have been with the firm for long. Moreover, the positive effect events of CLV is negatively moderated by the quantity of plans held by the client, meaning that the higher the amount of plans the customer has, the less effective in the marketing channel events. This is probably due to the fact hat, from a point onwards, these clients which hold a high amount of resources, take for granted the offering of events and workshops, affecting CLV in a negative manner.

Pull marketing channels and moderating effects

Out of the three pull marketing channels considered in the analysis, we only found a significant, positive effect for Call Center A ($b=0,035$; $p<0,1$), i.e., the use of the call center by the customer to ask for information or request for any after sale service. The Call Center works as a platform of services to the client, which allows accessing a varied set of service, from a simple change of address to a complex contracting of a new plan. A high frequency of contacts made by customers to get information or any type of help (Call Center model A – information and other services), indicates that the channel respond to their needs, consequently having a positive impact on CLV. On the other hand, the same channel could also be used to the manifestation of complaints about the product and service (Call Center model B - complaints), which could have a negative impact on CLV. However, we did not find a significant result for this effect.

The effect of SMS pull on CLV was also not significant and negative. Thus, although having approved for this type of automated service, clients does not seem to appreciate the fact that the firm contacts them through an SMS after they carry out a transaction to confirm what was made. This may be because customers have to deal with an overload of information and contacts from multiple firms (including the focal firm), and being contacted again causes dissatisfaction and unwillingness to stay for longer with the firm or buy more.

Regarding the moderating expected effect of quantity of held plans on push marketing channels, we did not find any evidence that there was a significant moderation effect with any of the considered channels. As for quantity of held plans, we found a significant, negative result for one of the considered variable (i.e., Call Centre model A), indicating that the positive effects of Call Center model 1 on CLV is lower for those who hold many resources.

Control Variables

As for the control variables, and as expected, the quantity of held plans was found to have a positive impact on CLV (b=-0,3263; p<0,01). Thus, clients with a greater amount of private pension plans have higher CLV. This is in line with previous work by, for example Reinartz, Thomas and Kumar (2005), as well as with the form that is used by the firm to calculate customers' CLV, which considers not only time of permanence with the firm, but also amount of products bought in order to forecast future customer revenues.

The three segments included in the analysis were all found to have a statistically significant impact on CLV (all with p<0,01), being positive for High Income Segment (b=0,767; p<0,01), and Personalized Income Segment (b=0,443; p<0,01), and negative for Retail Income Segment (b=-0,244; p<0,01). This was expected, as clients from more premium segments are expected to have a very high and positive impact on CLV, whilst those in low-end segments have a negative effect on CLV. No significant effect was found for time of permanence with the firm, which contradicts previous literature (see for example (REINARTZ; THOMAS; KUMAR, 2005).

Overall Conclusions

Multi-channel marketing strategies are increasingly strategic, and organizations feel highly pressured to make the right investments to improve the effectiveness of the adopted channel startegy and achieved levels of customer satisfaction and value (FROW, 2004). We set to understand whether all push and pull marketing channels are (equally) effective, and if time of permanence in the firm and quantity of held products by the customer conditions the performance of different channel strategies. In summary, we found that not all marketing channels and corresponding intensity of usage has a positive effect on CLV (THOMAS;

Sullivan, 2005). This contradicts previous research according to which revenue always increases if more contacts are made between firm-customer (see for example Kushwaha and Sahnkar, 2013). In the context of private pension plans, we found that whilst all push marketing channels used by the company resulted in increased customer value, not all pull marketing channels had a significant or positive effect. Also, push marketing channels strategies were found to be more effective than pull marketing channels. Firms should take this fact under consideration when developing its multi-channel marketing strategy, as it may be allocating resources in an inefficient way. Furthermore, within the range of push or pull strategies, different channels present different degrees of effectiveness. Another important finding is that the time of permanence in the firm, as well as the quantity of products held by the client, moderate the impact of specific (push and pull) marketing channels on CLV. Firms should therefore use different channel strategies for different groups of clients, depending on how long clients have been in the firm and the size of their product portfolio.

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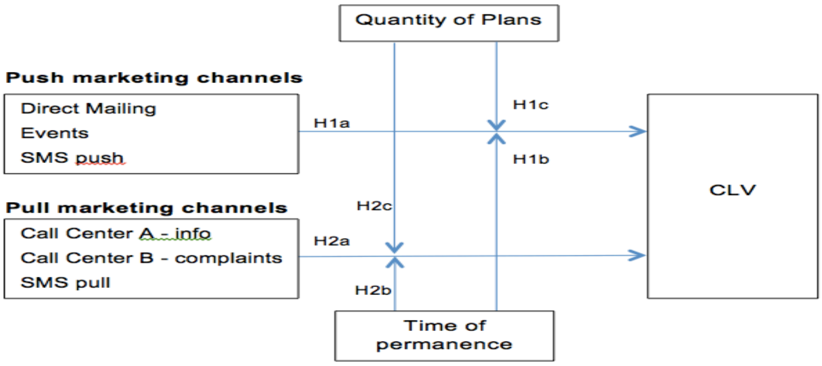
Figure 1 – Econometric Model



Appendix 1 – Table of Results

		CLV	
Direct Mailing	H1a	0.073	(2.37)*
Events	H1a	1.309	(3.42)***
SMS Push	H1a	0.008	(2.34)*
SMS Pull	H2a	-0.011	(-0.14)
Call Center A	H2a	0.035	(2.43)*
Call Center B	H2a	0.216	(1.16)
Direct Mailing x Time	H1b	0.005	(1.91)
Events x Time	H1b	0.019	(0.72)
SMS Push x Time	H1b	-0.000	(2.76)**
Call Center A x Time	H2b	0.000	(0.50)
Call Center B x Time	H2b	-0.008	(0.61)
SMS Pull x Time	H2b	-0.000	(0.08)
Direct Mailing x Qt Plans	H1c	-0.002	(0.31)
Events x Qt Plans	H1c	-0.315	(-5.56)***
SMS Push x Qtd Plans	H1c	-0.000	(0.73)
Call Center A x Qt Plans	H2c	-0.010	(2.78)**
Call Center B x Qt Plans	H2c	-0.015	(0.48)
SMS Pull x Qtd Plans	H2c	0.009	(0.75)
Quantity of Plans		0.263	(10.82)***
Time of Permanence		0.010	(1.77)
High Income Segment		0.767	(15.48)***
Personalized Income Segment		0.443	(9.15)***
Retail Income Segment		-0.244	(4.5)***
Constant		6.216	(83.07)***
Observations		4.934	
R2		0.21	

Estatístic t in parenteses: * p<0.05, ** p<0.01, *** p<0.001