

## Week 5 Direct and digital marketing

### Direct marketing

1. Direct marketing is being used across a variety of consumer and business to business markets

### Definition, role, aims, use

1. The US Direct Marketing Association has defined direct marketing as: An interactive system of marketing which uses one or more advertising media to effect a measurable response at any location
2. Interactive implies a two way communication – buyer and seller –
3. Effect and measurable response implies quantifiable objectives
4. Any location – implies flexibility and pervasiveness – not limited to one medium of communication but it fails to note direct marketing in building and sustaining longer term relationships

### Added value

1. The ongoing relationship implies continuity and building the relationship with the customer
2. To do this a database is needed to obtain as much as possible about each customer.

### Objectives

1. There are a number of tasks that direct marketing can perform – depending on whether it is used for direct selling or supporting product promotion
2. The basic objectives are:-
3. **Direct ordering** - whether by telephone, mail, online. The use of credit cards, passwords, account numbers make this possible.
4. **Information giving** - direct marketing aims to open a channel of communication to enable potential customers to ask for further information.
5. **Visit generation** – direct marketing aims to invite potential customers to call in and visit a store, website, show or event with or without prior notification.
6. **Trial generation** - direct marketing aims to enable a potential customer to request a demonstration or product trial in the home, office or factory
7. **Loyalty creation** – direct marketing offers organisations the opportunity to create loyal customers.

### How and when to use direct marketing

1. **Initiation** – the earliest stage, initiation, can be difficult as it involves creating the initial contact.
2. In introductory offers to new customers, there might be a discount voucher code in the hope of building loyalty
3. **Relationship building** - most direct marketing is aimed at the relationship stage customer.
4. the seller has started to build a buying profile, supported by more widely available non-purchase specific data.

5. **Combination selling.** Results from using contacts gained from one medium – e.g. trade exhibition – for regular contact by direct marketing.

### **Techniques**

1. Direct mail – through the postal service to homes or businesses
2. Direct response advertising – appears in broadcast and print media but designed to generate a direct response such as a coupon to cut out in a print advertisement or a phone number.

### **Telemarketing**

1. Takes a direct approach to marketing which can be intrusive.

### **Mail order**

1. Involves the purchase of products featured in advertising or selected from a catalogue-Much mail order shopping is now done online.
2. The internet and email provide alternative approaches to retaining customers and generating repeat sales.

### **Database creation and management**

1. Any organisation needs to think about how to store, analyse and use data captured about customers.
2. A database with detailed profile about each customer in relation to geodemographic, lifestyle, purchase frequency and spend patterns,

### **Customer information**

1. Typical information in a database describes customer profiles, and through analysis and model building, its predictive potential can be exploited.

### **Keeping customers and re-selling**

1. The continuation of exchanges depends on how well needs have been satisfied, service provided and value offered
2. It is more cost effective to retain customers than to win new ones

### **Five stages in a retention and customer development programme**

1. Welcome – early contact can help regarding further communication.
2. Selling up – organisations should encourage the customer to trade up to a better or higher valued model.
3. Selling across – cross-selling –where an organisation tries to sell a wider range of products than those in the area originally selected.
4. Renewal – products that involve annual or regular renewal – the timing of appropriate and personalised communication around the renewal date, can reinforce repeat purchases.

5. Lapsed customers – those temporarily dormant or permanently lost. A continuation of communication may be appropriate so as not to lose contact.

#### **Review and recycle**

1. The database should be monitored, reviewed and evaluated periodically to make sure it is working well.

#### **Digital Direct marketing**

1. This is now part of the marketing communications landscape.
2. Mobile marketing – permission based – with the consumer being able to opt out
3. Using email as a means to drive interested consumers to Facebook and Twitter to build a social community around a brand.
4. There is the danger of information overload, and reduced customer attention.

#### **Email Marketing**

1. This is still a powerful means of communication that marketers are adopting as part of promotional activities as email enables individual to be targeted.

#### **Indiscriminate**

1. Companies that send indiscriminate emails creates a perception of email marketing as junk or spam
2. Legislation says that companies cannot send marketing emails unless they have the recipients consent to do so or unless the recipient's details were collected in the course of a sale.

#### **Customer acquisition**

1. Viral marketing is one way of building an emailing list or a list can be purchased.

#### **Customer retention**

1. Email marketing is able to build and create a relationship with customers on an individual basis.

#### **Response and review**

1. There is a speed of response to emails and there needs to be response to the customer
2. The channels for direct communication to consumers are expanding : M commerce (mobile), F commerce (Facebook) S commerce (social media) and V commerce (Viral Marketing)
3. All fall under the umbrella of direct and digital marketing, but this is a fast changing area.

#### **Mobile marketing**

1. Research shows that mobile users pick up their phones 18 times a day, and 51% of the UK population has engaged in m-commerce.
2. M-marketing or mobile marketing is becoming more established as another major opportunity to target customers.

### **M-marketing**

1. Different customers will be more receptive at different times of day
2. The m-marketer must fully appreciate customer lifestyles and set the right tone in the communication

### **SMS**

1. Most SMS short messaging services – is short, sharp messages to remind or inform.
2. SMS and MMS multimedia messaging services are used by Coca-Cola, Dominos, Burger King, Marks & Spencer, But privacy issues stop it being a mass communication device

### **Barriers**

1. One of the barriers to development of text messaging is the continued bad practice of sending unsolicited text messages.
2. Computer programmes sometimes generate random mobile numbers and send out messages to all of them whether or not there has been an opt in.

### **Relevance**

1. However, some might welcome the messages and reminders by text.
2. The next phase is likely to see integration between voice and text, games, images, and sounds.

### **F-commerce and s-commerce**

1. Increasingly companies are using Facebook and other social networking sites to bring e-commerce close to where decisions are made.
2. This is moving beyond brand building social interaction with fans/followers into functioning e-commerce capability, making it possible for customers to buy from Facebook pages.

### **Recommendations**

1. The integration of social sites and e-commerce into f-commerce – makes it quicker and easier to turn thought into action.
2. More sites incorporate product reviews which can buy decisions and third party endorsements

### **Useful tips for retailers in social media**

1. Publicise your social media presence
2. Find out where your customers are – not every network will be right for every brands
3. Quality content is key – social media success depends on creating great content that your followers or fans will want to share.
4. Engage with your audience – most retailers using social media are just broadcasting information – initiating conversations and engaging with your audience will help encourage loyalty and retention.
5. Track your traffic- if you use a social channel to promote offers – make sure you use trackable tags in the links.

### **Social media networking**

1. The number of people on social networking sites is still increasing.
2. Facebook has over 600 million users globally
3. The problem is how to incorporate social media in order to benefit the brand or organisation
4. A basic level of use could be to inform customer service – just by noting what people are saying.

#### **Individual communication**

1. Social media can improve engagement with customers.
2. It is an opportunity to target and design effective propositions and encourage customer action

#### **Social media engagement**

1. For some services social media makes it easier to engage e.g. LoveFilm enables users to express a liking for a film on its site and publishes the information the customer's Facebook newsfeed.

#### **Problem**

1. A survey by ForeSee Results found 20% of those surveyed didn't want to hear from retailers when using the sites

#### **Viral marketing**

1. Viral marketing or email a friend – is word of mouth by email
2. It is deliberately stimulated by the marketer as an easy way of achieving a forwarding facility

#### **Originally**

1. Originally viral marketing was associated with youth brands to create a bit of excitement
2. The material or attachment is different/enjoyable – it is more likely it will be passed on.
3. Budweiser and Levis have all used viral marketing - It can be in the form of a quiz that friends pass on.

#### **Risks**

1. If the message is too promotional – it can be seen as spam
2. The campaigns have to have sufficient appeal and relevance for recipients to be bothered to act.

#### **Two strands**

1. There are two strands to viral marketing – the original strand aimed to get consumers to refer their friend to a website
2. More recently – viral activity has focused on generating interest and involvement through creativity
3. Vanclize – an online fashion brand in China – aims to allow shoppers to hack its own ads, using Photoshop to superimpose their own image and place the results on blogs.
4. It was very successful – the more shocking, funny or humorous the viral campaign is –the more likely it might catch on.