Direct Marketing

8

Learning Objectives

Upon completing this chapter the student will be able to:

- Explain the advantages and disadvantages of direct marketing.
- List the types of objectives used in direct marketing.
- Describe the types of direct marketing strategies.
- Describe the main direct marketing tactics.
- Explain how direct marketing efforts are evaluated.

Pre-Test

1. Which of the following involves independent contractors who market or sell products one-to-one or in homes?
   a) Direct marketing
   b) Direct response marketing
   c) Direct selling
   d) Personal sales
2. When would direct marketing be most useful to the IMC planner?
   a) When a product has received negative publicity
   b) When product sales have dropped off
   c) When launching new products
   d) When relationship marketing is not important
3. Which direct marketing strategy is used more often for retaining current customers?
   a) Product trials
   b) Newsletters
   c) Database purchases
   d) Data mining
4. Which direct marketing tactic has the advantage of reaching the most people?
   a) Catalogs
   b) Direct mail
   c) Television
   d) Social media
5. Which media is likely to have the best return on investment for direct marketing?
   a) Internet display
   b) Direct mail
   c) Social media/networking
   d) Commercial email

Answers

1. c) Direct selling. The correct answer can be found in Section 8.1
2. c) When launching new products. The correct answer can be found in Section 8.2
3. b) Newsletters. The correct answer can be found in Section 8.3
4. c) Television. The correct answer can be found in Section 8.4
5. d) Commercial email. The correct answer can be found in Section 8.5

Introduction

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Have you ever received a robocall (automated phone call with a prerecorded message) urging you to vote for your favorite political candidate? Have you ever seen an advertisement in the newspaper urging you to act now or miss out on a great sale? Have you ever watched a 15-, 20-, 30-minute or hour-long **infomercial** (long television commercial)? If so, you've been exposed to several types of direct marketing tactics developed to generate an immediate action from consumers. Robocalls were created to assist the IMC professionals with telephone direct marketing. Infomercials were created to help explain a product, educate the consumer, and create immediate sales and requests for information. Each of these tactics relates to the concept of direct marketing, or direct response marketing. Although online marketing is often used with direct marketing, Internet marketing will be covered in Chapter 9.

8.1 Direct Marketing Overview

We defined direct marketing in Chapter 3 but it bears repeating to provide context to the rest of the chapter. The Direct Marketing Association (DMA) defines direct marketing as an "interactive system of marketing which uses one or more advertising media to effect a measureable response and/or transaction at any location" (www.thedma.org). Direct marketing is also defined as " . . . targeting of products to customers without the use of other channel members" (Clow and Baack, 2014). **Direct response marketing** is a form of direct marketing, but the purpose is to create an immediate response from the targeted consumer groups. Direct response marketing will provide a way for the consumer to contact the company directly with a telephone number, an Internet address, or a business reply card. Another area related to direct marketing is direct selling. According to the Direct Selling Association (www.dsa.org) **direct selling** is "a business model that offers entrepreneurial opportunities to individuals as independent contractors to market and/or sell products and services, typically outside of a fixed retail establishment, through one-to-one selling, in-home product demonstrations or online" (What is direct selling, n.d.). Direct sellers are often called consultants, representatives, or distributors.

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▲ An example of direct selling is when farmers sell products directly to consumers.

Direct marketing encompasses both channels of distribution and communications. Integrated marketing communications professionals are mainly concerned with the communications function of direct marketing.

Marketing Guru Speaks about Direct Marketing

David Ogilvy (1911–1999) was an advertising executive and author of the book, *Ogilvy on Advertising*. He became well-known for his expertise. Although the video was created in 1985, Ogilvy's insights are still relevant today.

http://www.youtube.com/watch?v=Br2KSsaTzUc&feature=share&list=PLA46AF6F687D1A609

Growth of Direct Marketing

Direct marketing was one of the fastest growing IMC tactics during the 2000s. While most companies utilize direct marketing as a supplement to other forms of integrated marketing communication executions, many companies have adopted direct marketing or direct response marketing as their only method of doing business. Many different forms of direct marketing are used, with the purpose of increasing sales and consumer response rates. In direct selling alone, over 16 million people are engaged in selling, generating over $28 billion in sales annually (Belch and Belch, 2012). In 2011, direct marketing spending was about $163 billion and accounted for 52.1% of total advertising spending in the United States. The industry supports about 9.2 million jobs (DMA Releases . . . , 2011). The DMA (http://thedma.org/) suggests that the majority of any direct marketing budget is used for new customer prospecting, while the remainder typically is spent on customer retention (Levey, 2004). Direct marketing is typically tied to database marketing, and is integrating with electronic commerce and Internet marketing. Let's take a look at some advantages and disadvantages of direct marketing.

Advantages of Direct Marketing

One of the biggest advantages with direct marketing is that a company can target and reach an audience without wasting money. Good databases are very specific and create positive results. Companies can buy lists that allow them to reach target market segments. Another major advantage is the ability to evaluate and measure the effectiveness of direct marketing efforts. A telephone number, codes on a promotion, or specific website uniform resource locator can help a company measure interest. A **uniform resource locator (URL)** is a text string used in Web browsers to locate a specific Internet site. Although costs tend to be high per contact when using direct marketing, profits may be higher because of the ability to target the audience and to reduce waste audience coverage. Direct marketing over the Internet can reduce costs and may be less expensive when compared to other IMC tactics. The **conversion rate**, which is the percentage of consumers that take a desired action is high, which helps justify the costs. Direct marketing allows for testing of variables associated with the launch and running of an IMC campaign that focuses on direct marketing.

The ability to personalize direct marketing is also an advantage. Direct marketers can make consumers feel that businesses are speaking directly to them while customizing products with names, logos, slogans, or whatever the customer desires. Another advantage is that direct marketing pieces can be developed and launched very quickly, allowing the IMC planner to take advantage of changes in the business environment. When environmental scanning shows a change in the business environment, direct marketers can create and execute a plan that deals with the changes. Direct marketing is a great tool to generate frequency. In particular, online direct marketing can reach a consumer daily (or multiple times a day), weekly, monthly, quarterly, or yearly. Finally, direct marketing helps create long-term relationships. Relationship marketing is where the seller focuses on developing an enduring relationship between a brand and its consumers. The concept of relationship marketing is to develop brand loyalty, which will translate into repeat purchases and greater profits and sales (Shimp and Andrews, 2013).

Disadvantages of Direct Marketing

While direct marketing has many advantages, there are some disadvantages. One of the major disadvantages is direct marketing's image. Many customers resent direct mail and as a result, they have a low image of companies using that tactic. Additionally many direct response broadcasts are low-budget productions. The image of a product may be tarnished with these types of executions.

Direct marketers must be cognizant of image issues when they develop their tactical executions. The numerous do-not-call lists that are in effect for both landline and mobile phones make telephone direct marketing difficult. Although profits can be high, the overall costs associated with direct marketing can be high. For example, every time the United States government increases postal rates, the costs associated with direct marketing rise.

Another disadvantage is the lack of content and editorial support. In magazine and broadcast advertising, there is editorial support and other content to complement efforts. With direct marketing, the creation of editorial support and its effect on customer mood is minimal. Direct mail and online direct marketing are only supported by the programs and editorial content displayed online or within the direct mail piece. Another disadvantage to direct marketing is that consumers often reject direct marketing efforts due to the many marketing messages received on a daily basis. It is easy for a consumer to throw away a direct mail piece that took time and energy to create. Finally, there are many inaccurate lists used in direct marketing. People die, move, change their habits, have varying income levels, change jobs, and have other changes in their lives. If companies that provide lists aren't keeping lists current, the effectiveness of direct marketing diminishes. Computer software programs have made the task of updating lists and renting new lists easier; however, it is still up to the direct marketing planner to make sure in-house databases contain accurate information. Table 8.1 summarizes the advantages and disadvantages of direct marketing.

Table 8.1 Advantages and disadvantages of direct marketing

Advantages	Disadvantages
• Easy to target audiences • Easy to evaluate and measure success • Can generate high profits • Ability to personalize messages • Can be implemented quickly • Helps to generate frequency • Helps to create long-term relationships	• Poor image of direct marketing • Existence of do-not-call lists • Overall cost is high • Lack of content and editorial support • Rejected by consumers • Inaccurate lists

Case in Point: The Do Not Call Registry

The National Do Not Call Registry gives consumers the ability to opt out of receiving telemarketing calls. The Federal Trade Commission (FTC) manages the registry and enforces the law. Before enacting the registry, the FTC solicited feedback from interested parties and considered public opinion; most favored creating the registry. In 2008, the Do-Not-Call Improvement Act of 2007 became law. There are more that 209 million phone numbers registered on the list (Kerr, 2012). Once you register your phone number, telemarketers have up to 31 days from the date you register to stop calling that number or face a fine of up to $16,000.

The law does not cover several areas. Calls from or on behalf of political organizations, charities, and telephone surveyors are permitted. If a consumer has an existing business relationship with a company, that company can call without penalty. To stop calls a consumer must ask the company to place his or her number on its own do-not-call list.

Despite the existence of the Do Not Call Registry, complaints about unwanted telemarketing calls have increased in the past few years. The most complaints are about robocalls, which are the hardest

(continued)

to trace. Under the law, telemarketers are required to check the do-not-call list at least every 31 days, but many companies do not check or still call consumers. Telemarketers have to pay the FTC a fee to access the registry so that they can remove the listed phone numbers from their call lists. While enforcement is difficult, the FTC has the power to penalize companies. Those penalized include Talbots®, DirecTV, and Dish Network, yielding $5.6 million in penalties (Kerr, 2012).

Consumers can register a phone number online at www.donotcall.gov (National Do Not Call Registry) or by phone at 1-888-382-1222.

Reflection questions:

1. Why do you think political calls and charities are not covered under the law?
2. What other actions can telemarketers take to reach customers?
3. Why do some telemarketers break the law?
4. Do you have your telephone numbers registered on the Do Not Call Registry? Why or why not?

Despite the disadvantages, direct marketing is a great tactical execution for integrated marketing communications planners and professionals. It allows a business to communicate with its customer base in a customized, direct manner. It gives a company's sales staff the tools to connect and keep long-term relationships with their customer base. From the consumer's perspective, direct marketing offers the buyer immediate access to comparative information such as pricing on a wide range and variety of products and services as well as company and event information. Direct marketing tends to be interactive as well as immediate, giving consumers more control over their shopping and informational needs. Disadvantages for the consumer include the proliferation of direct marketing materials received (thus the term *junk mail*), nuisance calls from telemarketers, and security concerns.

Security and Direct Marketing

One of the biggest concerns from the consumer's perspective is security and privacy, especially when it comes to the Internet. Many consumers fear that computer hackers will be able to view their online business transactions, acquire personal information, and intercept credit and debit card numbers used to purchase products. Identity theft has become a major threat and must be dealt with by marketing communicators in order to make their customers feel safe when conducting business online. Invasion of privacy is perhaps the toughest public policy issue now confronting the direct marketing industry. Purchases completed by children or other vulnerable or unauthorized groups are of particular concern to direct marketers. **Phishing**, a type of identity theft that uses deceptive emails and fraudulent websites to fool consumers into believing that the communication is legitimate, has become commonplace. Consumers may divulge information about their personal lives, financial situations, passwords, and more when confronted with phishing communications. Businesses, and in particular direct marketers, must be cognizant of these threats and create countermeasures that combat these threats and make consumers feel comfortable about doing business online.

Direct marketers need to be proactive in order to curb privacy abuses. Although legislators are trying to combat these threats through legislation and laws, new threats come about daily and must be dealt with. Firms such as TRUSTe (www.truste.com), a global data-privacy management company, help to ensure privacy and security for their business clients. The U.S. government also gives tips on protecting privacy online (Protect Your Privacy Online http://www.usa.gov/topics/family/privacy-protection/online.shtml). The most important tip is to limit the amount of personal information that you place online.

❯ *Learning Check*

Reflect on your learning by answering the following questions:

1. What are the advantages and disadvantages of direct marketing from a business perspective? From a consumer perspective?
2. Do you think companies care about privacy and security for their customers? Why or why not?

8.2 Direct Marketing Planning

Relationship marketing permeates all aspects of integrated marketing communication and the IMC mix. It figures prominently into most IMC plans; accordingly, the marketing concept and building relationships must be uppermost when developing a direct marketing plan. Make sure the direct marketing objectives relate to the overall IMC objectives. Direct marketing can help create synergy, and will be very useful to the IMC planner during slow sales seasons, when launching new products, when reminding consumers to take action, or to stimulate sales at a given point in time.

Direct marketing plans follow the same outline as the other plans within the IMC plan/marketing plan. Start with the direct marketing objectives, create an overall strategy (or strategies) and develop tactical executions to achieve the objectives. Budgets are required, as are timelines that indicate when and where the tactics will be launched. It is very important to evaluate and control the effectiveness of the direct marketing campaign. Make sure it integrates with the other tactics and that it creates synergy within the campaign.

Many objectives may be developed for direct marketing. Remember that businesses use direct marketing for communication and distribution. In this text, we are not concerned about objectives for distribution, only about those that deal with communication. We are not concerned with the development of a direct marketing distribution channel, but in how we can use that channel to communicate with various targeted market segments. Table 8.2 lists the main types of direct marketing objectives (Stone, 1989).

Table 8.2 Direct marketing objectives

Objective Type	Example
Supplement sales in other areas of the organization	Develop a 30-page catalog to increase sales from the Internet and retail store by 10% in a 12-month period
Get qualified leads for salespeople, dealers, and distributors of the company's products and services	Increase qualified leads for residential paint jobs from 150 to 250 in a 12-month period
To inform or educate consumers and potential consumers about a brand, product, events, or services	To get 1,000 people to call the toll-free number and order product × in a one-month period
Create direct sales to other business customers bypassing the traditional channels of distribution	Increase the number of companies buying supplies directly from us from 125 to 400 within a 12-month period

As with the other IMC areas, objectives must be SMART (specific, measurable, attainable, relevant and have a time frame). Direct marketing can take many directions, so objectives have to be very clear. Once objectives are created, the development of a strategy or strategies is necessary to determine how tactics will be achieved.

❯ *Learning Check*

Reflect on your learning by answering the following questions:

1. What are the types of objectives used when developing direct marketing?
2. Develop one objective for each type of objective listed in this section. Is it easy to develop objectives? Why or why not?

8.3 Strategies

There are many different strategies that can be used to guide direct marketing efforts. When developing direct marketing strategy it's important to consider the entire integrated marketing communications plan. Additionally, the business or organization's mission and vision must be taken into account. Direct marketing strategies must be integrated seamlessly with the overall marketing and IMC strategies as well. The strategy should include the following components:

- a comprehensive review of the current business situation
- a short description of the problems and opportunities facing the firm or organization
- a statement on the direction direct marketing should take
- an overall analysis of the IMC plan and where direct marketing fits in

As with other areas of IMC, the type of message to be communicated and the overall IMC budget (as well as the direct marketing budget) will dictate what strategies should be developed. Although there are many different strategies that can be pursued, the following sections discuss the general areas that are typical direct marketing strategies.

Customer Retention

It is easier and less expensive to retain current customers than to generate new customers. According to KISSmetrics, a blog about marketing analytics, it costs seven times more to acquire a new customer than to keep a current customer (Fastest Way to Lose Customers, 2013). Because of this, direct marketers often develop strategies that can help with customer retention. Thanks to the Internet it is getting easier to reach and retain customers. A customer list is often used to communicate with the current market on a regular basis through newsletters, emails, and social media. Information is provided about existing and new products or upcoming events. The overriding idea is to let the customers feel they are informed about products and events prior to the general public.

Product Trials

Marketers with new or modified products need to get their products into the marketplace. Direct marketing can help facilitate this action by encouraging product trials. An effective directed marketing strategy, especially for new products, is to provide a sample. An example of product inducement would be a marketer who wishes to market a new vitamin. One strategy would be to buy a database. The marketer may want to access the subscriber base of *Men's Health* magazine in order to create awareness and generate product trial. Each member of the list could be targeted to receive advertisements or free samples of the new product, thus creating attention, interest, desire, and action (AIDA) for the new product.

Attempts to Encourage People to Switch Brands

An effective strategy to take market share from competitors, a practice called brand switching, is to entice customers to switch companies. A company may have developed a new product that provides the same utilities, or satisfactions, as does the competitor's, but with an additional advantage. To begin a campaign focused on getting the current users of a competitor's products to switch, a direct marketer must secure a list of current customers from the competitor and execute a persuasive direct marketing piece that highlights the advantages of the new product. Often companies will develop policies that prevent a customer from easily switching to a competitor. **Switching costs** incurred by a consumer include the costs of canceling a contract, changing phone numbers, changing website addresses, and having to buy compatible product accessories (Klemperer, 1995).

PRNewsFoto/*Men's Health magazine*

▲ Direct marketers may buy a list of names of people who subscribe to magazines—such as subscribers to *Men's Health*—to attempt to sell products related to the subject area.

Increase Sales or Usage Volumes

The majority of the time spent in direct marketing is focused on increasing sales or usage volumes. To undertake this strategy, direct marketers use loyalty programs, which encourage consumers to purchase more of a particular product or service. These programs may also help increase product usage among the current market. On-demand television uses this strategy to encourage the marketplace to view or download more television content. Customer relationship management programs are used to drive more sales through constant contact with customer bases.

Customer Relationship Management

Many companies have in-house databases that are part of their customer relationship management (CRM) strategy. Related to relationship marketing is **customer relationship management (CRM)**, which refers to a systematic process for managing customer relationships. Companies implementing CRM are better able to identify, acquire, retain, and nurture profitable customers by focusing on building relationships (Sin, Tse, and Yim, 2005). Database marketing is often an integral part of a CRM strategy. **Database marketing** is a form of direct marketing that uses databases of consumer information to create relevant marketing materials. Statistical analysis is used to determine how to communicate with customers. Some database marketing systems are so sophisticated that models of consumer behavior are generated to predict customer behavior.

Building a Customer Database

Effective database marketing begins with a useful customer database. A **customer database** is an organized collection of comprehensive data about current and potential customers including demographic, geographic, psychographic, and behavioristic information. Based on the data, specific customers are targeted for a given promotion.

Customer information such as customer names, addresses, purchase data, payment data, use frequency, and credit history are stored in databases. Many departments have separate databases. The information in the separate databases is combined to form a bigger database called a **data warehouse** and is analyzed by the company's direct marketers to develop reports. The data warehouse is used to conduct **data mining**, which is the process of analyzing data from different databases to discover buying behavior and trends. The in-house database is often used to generate leads, which will eventually turn into sales for a business because the database contains information about people who have already purchased products or have responded to the company's marketing efforts in some way. The goal of the direct marketer is to find the right people to target with a lead generation campaign.

An additional source of database information comes from renting lists from other companies. Because many customers are interested in many different products and services that provide the same wants and needs satisfaction, direct marketers rent lists from other companies. The agreement in list usage typically limits the number of times a marketer can use a list and has a cost associated with how the list is used, often charging a fee for every thousand names (known as CPM). Direct marketers can be assured that the customers listed have an interest in their goods and services.

Types of Lists

There are three kinds of lists available to direct marketers. The first type is a response list**.** A **response list** consists of customers who have made purchases or who have responded to direct mail or direct marketing efforts over a given period (such as a year). List brokers, the professionals that sell or rent these lists, provide specific information on the respondents. Direct response **hot lists** provide information on customers who have recently made purchases or responded to direct marketing efforts over the past 30 days. Because the information is more current, hot lists are more expensive than other response lists. Hot lists typically generate better and more immediate responses from customers than do typical response lists.

Another form or type of list is a compiled list. A **compiled list** provides information on consumers who meet specific demographic, geographic, or perhaps geodemographic profiles. Compiled lists offer a direct marketer a better method of segmenting the market than do typical response lists. Compiled lists tend to cost more than a typical response list. The more detail required by the direct marketer when purchasing a list, the more expensive the list. It has become a common practice to merge the compiled and response lists to create a more powerful database.

In addition to in-house sources, other sources can be accessed in order to generate information for a database as shown in Table 8.3.

Table 8.3 Database marketing sources

Company	Internet Address
The U.S. Census Bureau	http://www.census.gov/
Simmons Market Research Bureau (SMRB)	http://www.simmonssurvey.com/
The United States Postal Service	https://www.usps.com/business/send-mail-for-business.htm
List Brokers	Search the Internet for companies
The Standard Rate and Data Service (SRDS)	http://next.srds.com/home
The Direct Marketing Association (DMA)	http://thedma.org/

The DMA's *Statistical Fact Book of Direct Marketing* is an outstanding source of information for direct marketing and the direct marketer's database (found at http://thedma.org/ bookstore).

When renting or purchasing a response or compiled list, the direct marketer must make sure he or she adds new names and eliminates duplicate names (within other lists or the in-house list). This process is known as a **merge and purge**. At the same time, incorrect information is corrected in the list. Sometimes incorrect information is only discovered when mail is returned.

After all names have been merged and purged, the next step is to consider list enhancement. **List enhancement** is the process of adding customer information and data such as psychographics, geographics, demographics, geodemographics, and behavioristics of customers into the database. An example would be adding age and income information. A more complex example would be adding information such as the number of people in the household who are interested in skiing. List enhancement can be accomplished by sending in-house names to be matched with a demographic database maintained by a list compiler such as Metromail/Donnelley or R.I. Polk & Company. The cost of enhancing using this method is calculated utilizing a "per hit" method of matching. Because the enhanced (or basic) list information does not belong to the direct marketer, the direct marketer cannot rent or sell the list to others interested in the database.

It's important for managers to determine the value or effectiveness of their database. Many direct marketers have turned to a method called **recency, frequency, and monetary transactions (RFM)**. The date of the last transaction (recency), how often the customer made a purchase (frequency), and how much money the customer spent in a given time period (monetary) are recorded and analyzed. By analyzing patterns in the data, direct marketers can determine which products and services are selling, purchases that are trending, and the buying patterns of individual customers (Belch and Belch, 2012).

Recency, Frequency, and Monetary Transactions Explained

This video provides an explanation of how companies use RFM:

http://www.youtube.com/watch?v=-WlRm2-8vws

There are many different tactical executions available to direct marketers. The most popular tactics are discussed in the sections that follow.

Learning Check

Reflect on your learning by answering the following questions:

1. Why do companies concentrate more efforts on getting new customers instead of retaining current customers?
2. What are the ethical considerations that should be considered when developing DM strategy?
3. Have you ever switched brands? If so, why did you switch? If not, why did you stay with the brand?

8.4 Direct Marketing Tactics

Once the strategy and database operations are in place, it's time to plan the direct marketing executions. Make sure the tactical executions match the overall IMC and direct marketing strategy and are in line with the company and IMC mission and vision. Below are the basic and most popular forms of direct marketing.

Direct Mail

Direct mail marketing involves developing and sending offer, announcement, reminder, or another item to a person either in the mail or online. An **offer** is a statement indicating what the company is selling and the details of the sale. Direct mail is easily measured. Direct mail pieces get attention and include a call to action. Often enticements such a special deals or coupons are included to encourage action. Each component of direct mail can be easily tested (the offer, the copy, graphics, color, etc.). Direct mail is a common tactical execution and helps drive sales.

Direct mail has many advantages including

- carefully selected customer names,
- the ability to personalize direct mail pieces,
- ease of measurement for direct mailings, and
- options for different formats used by the direct mail marketer.

There are two major disadvantages:

- The abundance (clutter) of direct mail received by consumers
- The cost associated with sending direct mail pieces to large audiences

Clutter is subsiding a little as Internet marketing replaces direct mail and companies become more selective on their mail outs. Direct mail communicates not only to final consumers, but also to B2B customers. B2B marketers are encouraged to stretch their marketing budgets by utilizing direct marketing to generate leads for their sales staff.

M. H. McIntosh, president and principal consultant for Mac McIntosh Inc., a B2B lead generation and marketing consulting firm, recommends the following, which is applicable for both physical and email direct mail:

> You'll generate more leads by touching 1,000 prospects three times with direct marketing than you would by touching 3,000 prospects once each . . . emailing is a quick and cost effective way to generate responses and identify qualified leads as well as search engine optimization. A company can increase the likelihood of being found at the top of search engine results when you put the right words or phrases in the places on the webpage (s).
>
> Source: Krol, C., "How can B2B marketers stretch their budget to generate leads in this economy?" Direct Marketing News (July 20, 2009). Copyright © 2009 Direct Marketing News. Reprinted by permission.

Direct mail helps to stimulate short term sales and can be used in conjunction with other direct marketing tactics such as the Internet. As technology has improved, direct marketers have begun to customize direct mail pieces for individual customers using a system called **digital direct-to-press**, which is software that creates tailor-made messages for each individual customer (Clow and Baack, 2014).

Case in Point: Volkswagen Uses Direct Mail to Promote New Golf

The automotive industry uses direct mail to promote its products. In 2013 Volkswagen, in conjunction with its direct marketing agency, Proximity London, unveiled the direct mail campaign to promote the new Golf car. The creative ad shows a cityscape created by using the parts from the old Golf model along with the tagline, "There's so much more to discover behind the wheel of a new Golf."

This video shows how the cityscape scene was created.

http://www.youtube.com/watch?v=k4-df2YFNw4

The intent of the DM piece is to encourage test drives. "Direct mail works incredibly well in the automotive space; we do a lot of email and CRM for VW, as well, but direct mail is still what people want because it provides a tactile experience—they actually want to keep the literature," says Caitlin Ryan, executive director, Proximity London. The target audience for the campaign is current and potential customers ages 25–65+.

Source: Schiff, A., "VW's direct mail campaign is greater than the sum of its parts," Direct Marketing News, (April 8, 2013). Copyright © 2013 Direct Marketing News. Reprinted by permission.

Kyodo via AP Images

According to Tom Wharfe, marketing communications manager at Volkswagen, "When customers make a major purchasing decision, they look beyond the surface gloss to the product truths underneath. Proximity has cleverly created a communication which portrays the depth of changes in the new car and which we hope will be appealing to our audience" (West, 2013). The photographer, Carl Warner, is known for creating cityscapes with food.

Reflection Questions:

1. How does creativity in direct marketing executions translate into sales?
2. Do you think the target audience will be enticed to take a test drive as a result of the direct mail piece?
3. What does Ryan mean by the phrase "direct mail creates a tactile experience"?

How to Get Creative with Direct Mail

This video gives ideas of how companies can get creative with direct mail campaigns:

http://www.youtube.com/watch?v=3ODT0VwoatQ

Direct Response

It is quite common for a direct marketer to solicit inquiries simply by listing a firm's Web address and toll-free number in print ads (or online). The direct response offer requires the customer to take action by going to the Web address or calling the toll-free number. This is a type of direct response marketing. Direct response marketing has become quite popular and is used extensively in various industries such as the pharmaceutical industry. Direct response marketing can be seen in the ads for prescription medications by pharmaceutical firms. These ads prompted over one-third of all Americans to ask their doctors about a particular brand of medicine they saw advertised (Appleby, 2008). There are numerous media available to undertake direct response marketing including newspapers, television, magazines, catalogs, and radio.

Direct Response Media

Direct response media techniques have changed and expanded over the past decade. Many new techniques have emerged and are used as marketing communicators attempt to stay relevant with their techniques and messages. The main direct response techniques that are currently being used include **package insert programs (PIPs)**, **ride-alongs**, statement stuffers, and **card packs**. Each technique allows a marketing communicator different methods of reaching his or her audience. Table 8.4 summarizes each of these methods.

Table 8.4 Direct response techniques

Technique	Description
Package insert programs (PIPs)	Materials placed within order fulfillment packages. Example—Omaha Steaks includes direct response order forms for cookware, checks, CD clubs, and other inserts within its shipping materials. They derive revenue from selling the advertising and direct marketing space to other companies who do not compete with them.
Ride-alongs	Direct marketing and advertising materials placed within another company's catalogs or direct mail pieces. The purpose is to stimulate direct sales or to generate exposure for a company or organization's activities. Example—A shoe retailer may include special offers in its direct marketing material. These offers are related to the purchase. For example, there may be information about a local retailer included in direct marketing material from a shoe retailer.
Statement stuffers	Direct mail offers placed inside a company's bill or account statement. By using statement stuffers, direct marketers may save money on the cost of mailing. Example—In a bank bill you may get special offers for nearby restaurants
Card packs	Decks of 20 to 50 business reply cards, normally 3 ½ by 5 inches, are placed inside a plastic package and mailed directly to consumers at their homes. The advertisers are typically noncompeting. The cost of mailing is shared among those companies that choose to advertise or create direct marketing by utilizing this medium. Example—A group of merchants in a city get together and send out card packs to residents.

Broadcast Media

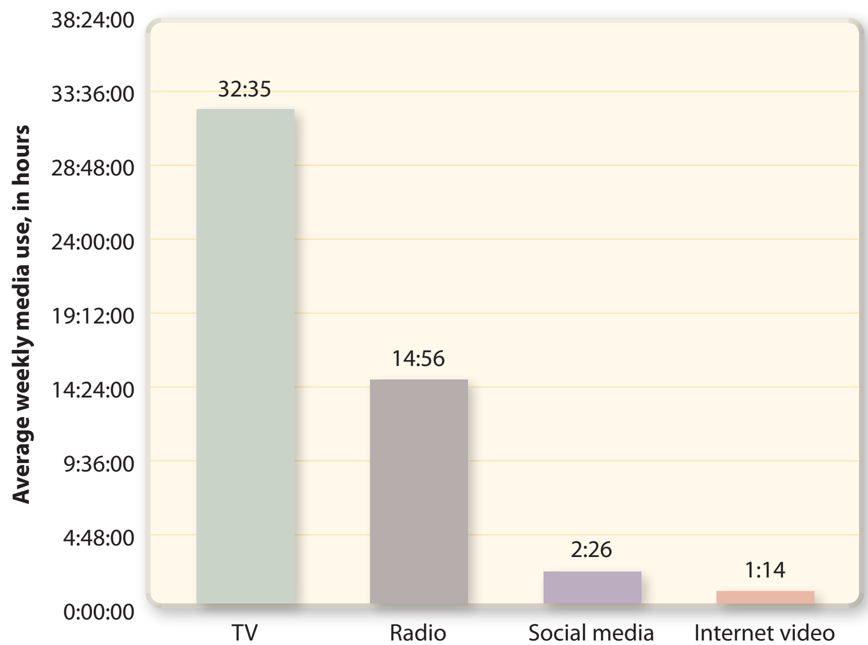
Because of its ability to reach large audiences, direct marketers often opt for broadcast media in order to get their message and products to their customers. The two main types of broadcast media are television and radio. Although popular in the 1950s, radio's popularity for direct marketing has waned, so television makes up the vast majority of direct marketing broadcast activity. The Media Comparisons Study (2012) reported the following about television:

- People spend more time with television each day than they do with radio, magazines, newspapers, Internet, or mobile.

- Television reaches more people than other mediums.
- Consumers credit TV ads as more influential than other mediums in making purchase decisions.

Figure 8.1 provides specific information on television viewing habits.

Figure 8.1 Average weekly media use for 2012, in hours



Source: Based on data from Short, J. E. (2013). *How Much Media? 2013: Report on American Consumers*. Los Angeles: Institute for Communications Technology Management, University of Southern California. Retrieved from http://classic.marshall.usc.edu/assets/161/25995.pdf.

Another method of direct marketing is **direct-response television marketing (DRTV)**. A television advertising spot that describes a product and asks customers to respond immediately is an example of DRTV. Usually the customer responds by calling a toll-free number or accessing a website to make a purchase or get more product information. DRTVs vary in length. Those that are 30 minutes or longer are called infomercials. DRTV is a basic method of direct marketing and allows businesses to generate longer explanations of how their products and services work and the benefits of owning or using these products.

Interactive television (ITV) is a new technology influencing the development of a direct marketing plan. ITV lets viewers interact with television programming and advertising using the remote control. Interactive television merges the Internet with traditional television programming. The ITV system allows the viewer to pull up information about a television show, its actors, histories, and other statistics and information. Additionally, ITV allows viewers to make purchases directly from their television sets.

When using direct marketing for broadcast, marketers are aiming to create either direct response advertising or support advertising. Support advertising was created to support other integrated marketing communications or advertising activities. In broadcast media, direct response marketers can use TV spots, infomercials, or home shopping sites to sell their goods. Radio direct marketing works in the same way, just without the "show and tell" ability of television. Many companies with very specific markets utilize some form of print media direct marketing. Most of the time these direct marketing ads are placed in newspapers and magazines such as sports magazines, health magazines, or financial periodicals like the *Wall Street Journal* that target a specific segment.

Catalog Marketing

Catalog direct marketing has changed since it was first introduced. For years it was common practice to create a bound catalog that was at least 8–10 pages. These catalogs sold different types of products and were aimed at those who couldn't shop in the traditional manner either because of distance or physical limitations. Since the advent of the Internet, catalogs are used with all customers, not just those with some type of purchase limitation. Most print catalogs have added an online presence, which makes ordering products and services faster and less expensive than in the past. The major advantage to using web-based catalogs is the reduction in printing, production, and mailing expenses. Those costs still exist for physical catalogs. Many customers enjoy the experience of turning pages and looking at several products at the same time. Paper catalogs also have high pass-along rates (people other than the intended recipient who read the catalog). Paper catalogs have an emotional appeal and direct marketers can use this appeal to drive paper-catalog readers online to make their purchases (or have an order form attached to the catalog along with a toll-free telephone number).

AP Photo/Robert F. Bukaty

▲ Catalogs can be in paper format, online format, or both.

Larger retailers use catalogs as a supplement to their traditional IMC executions.

Internet Direct Marketing

Internet marketing has revolutionized how marketers use the information they have collected to identify and track traditional final consumers as well as B2B customers. The information allows the direct marketer to better target and better manage strong customer relationships. **Click-only companies** operate only on the Internet. These types of firms include a wide variety of entities including e-tailers such as Amazon.com, search engines and portals (such as Google), transaction sites (such as eBay), and content sites (such as ESPN.com). These companies are web-based and facilitate commerce and communication. **Click-and-brick companies** have both a physical presence as well as an online presence. Macy's is a good example of a click-and-brick company. Customers can go directly to a Macy's store to try on clothing or to the Internet site to buy products. Online marketing and electronic marketing will be covered more extensively in a later chapter; however, direct marketers use them frequently.

Social Media, Local, and Mobile Marketing

SoLoMo, or social media, local, and mobile marketing, has seen immense gains over the past few years and will continue to grow in the future. Companies use Facebook, Twitter, YouTube, and blogs to get their direct marketing messages to consumers. More companies embed **quick response**

codes (QR codes) on their direct mail pieces, which are matrix barcodes that can be read by smartphones to provide consumers instant access to a website. Many consumers use their smartphones to respond to direct marketing efforts (Direct Marketing Trends, 2012).

According to the International Telecommunication Union (2013), there are about 6.8 billion worldwide mobile cellular subscriptions. More than half of the total subscriptions come from the Asia-Pacific region. Marketers cannot ignore the importance of this growing market. Because of the large numbers of users, many groups and trade associations have come into being that focus on mobile marketing (called m-marketing or m-commerce). One association, the Mobile Marketing Association (MMA, http://www.mmaglobal.com/), concentrates its resources on the development and use of mobile phone for business communications. M-commerce is here to stay and must be taken into account when developing a direct marketing plan. With smartphones becoming more available, IMC planners and in particular, direct marketers, must include this channel as part of their overall IMC plan.

Users of m-commerce technology were at first skeptical about receiving ads and other marketing communications directly on their phones. Based upon this skepticism, a system of permission-based mobile marketing was created that allowed the phone user to opt into these types of mobile communications. As time passed and advertisers created advertising that provided value to the customers, users of mobile phones have begun to accept the mobile phone ads as part of life. Mobile phone owners are open to mobile advertising and communications as long as they're relevant to the user.

When developing mobile phone marketing, make sure it is integrated with the other areas of the IMC plan, and in particular the tactical executions. Mobile phone marketing is directly tied to marketing communications efforts in electronic marketing.

Telemarketing

Telephone marketing, also called telemarketing, involves using the telephone to sell or communicate directly with both business customers and product final consumers. Despite do-not-call lists, telemarketing continues to be a much-used tactic when executing direct marketing. Business-to-business marketers and marketing communicators use telephone marketing extensively when communicating with their customer base. There are two types of telemarketing methods: outbound and inbound.

Outbound telemarketing is not as popular as it once was because of laws and regulations that govern its usage. **Outbound telemarketing** involves utilizing sales people to make cold calls to current or potential customers with the purpose of making a sale or collecting contact information that can be turned into leads. Outbound telemarketing works best when tied to some system of electronic marketing such as a database. Outbound systems that contact customers who haven't made a purchase over a long period are effective. Many people are offended by telemarketing cold calls; there can be an image problem if outbound marketing is not handled properly.

Inbound telemarketing is still very popular. **Inbound telemarketing** involves customers calling a place of business to buy products and services or to get more information about products and services. Inbound telemarketing is almost always tied to other aspects of the IMC plan and is used in conjunction with other IMC tactics. Toll-free numbers (i.e., 1-800, 1-888, 1-877, and 1-866) are placed in advertisements and other IMC tactical executions to entice potential buyers to place a call and order a product. These ads are typically placed in newspapers, direct mail pieces, on the radio, television, or in catalogs. Website addresses are usually included within the advertisement to make ordering as easy as possible for the targeted market group.

Every day of every year, people are developing new systems that will ease the job of direct marketers. New applications are developed that make it easier for consumers to receive important marketing communications as well as make purchases of products and services. Integrated marketing communications planners need to be aware of the advances in technology and systems that impact communicating with customer bases.

❯ *Learning Check*

Reflect on your learning by answering the following questions:

1. Which DM tactic appeals to you most? Why?
2. In 10 years which of the mediums used for direct marketing may no longer be around? Why?
3. How has the Internet changed DM tactics?

8.5 Rationale, Evaluation, and Control

When developing the direct marketing plan it is important to include why a particular tactic is used. As with other areas of the IMC plan, evaluation and control are needed to make sure the direct marketing efforts are having the desired results. Different media have varying levels of effectiveness. Table 8.5 shows the 2012-forecasted return on investment.

Table 8.5 U.S. direct marketing by media return on investment (ROI) forecast for 2012

Channel	2012 (Forecast)
Direct mail (catalog)	$7.25
Direct mail (noncatalog)	$15.40
Insert media	$11.34
Internet display	$22.38
Internet search	$19.71
Social media/networking	$12.90
Commercial email	$39.40
Telemarketing	$8.26
Mobile	$11.37
The table shows the return for every $1 invested in direct mail. For example, for every $1 invested in telemarketing, a company can expect, on average, $8.26 in incremental revenue.	

Source: Data drawn from Direct Marketing Association, The Power of Direct Marketing, 2011–2012. Used by permission of Print in the Mix (Rochester Institute of Technology).

In the direct marketing industry a great many metrics (units of measurement) are used to calculate the effectiveness of a direct marketing campaign. These are useful tools, but must be integrated and coordinated with all the other areas of the IMC mix. Without integration of metrics across the tactical areas, direct marketers as well as IMC professionals will not have a good idea of how well their campaigns are faring, and if the campaign is generating desired results. While standard metrics such as sales and profits are used to evaluate the direct marketing plan, two other metrics become important in assessing the costs associated with direct marketing and online direct marketing.

The most popular measurements are as follows:

- response rates
- sales conversion rates
- click-through rates
- cost per thousand
- cost per order
- cost per action rates

Response rates calculate the percentage of people responding to a direct marketing campaign. If a company sends out 10,000 postcards and 6,000 people contact the company for more information, the response rate is 60%. Related to response rates are **sales conversion rates**, which calculate the percentage of people that buy a product based on exposure to a direct marketing campaign. Out of the 10,000 postcards sent by a company, if 300 people buy a product, the sales conversion rate is 3%. **Click-through rates** represent the percentage of consumers who are exposed to an Internet-based ad and have "clicked" their mouse on the link. If a consumer doesn't click through to a site, it is not counted as part of the click-through rate. The metric, cost-per-thousand (impressions) or CPM, calculates how much it costs to place an online advertisement in order to reach 1,000 impressions. This metric was also introduced in the chapter about advertising. This metric will not indicate the effect of the advertisement, just that the ad is placed in front of selected audiences who have the "opportunity to see" (OTS) the advertisement.

The cost per order (CPO) calculates the cost to the company of a customer placing an order for a product or service. An example of a CPO would be to run direct marketing advertisements on different radio stations (or some other medium) at the same time. The cost of running the ad is divided by the number of inquiries (or sales) generated to give a cost per order (or inquiry) for the campaign. The medium that generates the lowest cost per order has the highest efficiency and productivity.

Many times direct marketers will place advertisements or offers in another company's communication medium such as a catalog or website. The cost per action (CPA), also known as cost per acquisition, measures how much the business that is advertising pays for a specific action performed by a potential customer. Actions may include submitting a form, signing up to receive a newsletter, account registration, or a sale. Direct marketers using this option only pay when specific predetermined customer actions have occurred, thus minimizing risk. CPA is most often used with online direct marketing. Actions are often tracked with the use of special telephone numbers, websites with a specific URL, and the use of special promotional codes. To calculate the CPA, the manager would take the cost of the direct mail piece and divide it by the number of acquisitions.

Metrics are tools direct marketers can use to evaluate the effectiveness of their direct marketing campaigns. Overall, direct marketers should evaluate and control their direct marketing plans by assessing the exposure value of the website or online advertisement, the ability of the site to hold its users, the number of repeat visitors to the site, and the ability to target the market and site users. With this type of information, direct marketers can be assured that their efforts are being used in an effective way.

❯ *Learning Check*

Reflect on your learning by answering the following questions:

1. Why is DM easier to measure when compared to other areas of IMC?
2. Why is it important to measure the results of a DM campaign?

Summary and Resources

The focus of Chapter 8 was on the utilization of direct marketing within the integrated marketing communication plan. Direct marketing bypasses other channels and media to go directly to the customers in order to generate information or entice the customer to make a purchase. Many direct marketing strategies were discussed including the current customer retention strategy, the inducement of product trial strategy, and the brand switching strategy. We also looked at strategies to increase sales and product usage.

The focus of the chapter then changed to the development of a database and the use of that database in direct marketing efforts. Database marketing has become a major tactic used by direct marketers in order to achieve their objectives. Direct mail, direct response media, and direct response marketing along with catalog, telephone, and online direct marketing were identified as the main forms of direct marketing. Technologies such as direct response television marketing (DRTV), digital direct-to-press, and interactive television (ITV) were also discussed. The chapter ended with a discussion about the methods of evaluation and control that are germane to the direct marketing industry. The next chapter will cover online marketing and social media.

Post-Test

1. Which of the following involves independent contractors who market or sell products one-to-one or in homes?
   a) Direct marketing
   b) Direct response marketing
   c) Direct selling
   d) Personal sales
2. When would direct marketing be most useful to the IMC planner?
   a) When a product has received negative publicity.
   b) When product sales have dropped off
   c) When launching new products
   d) When relationship marketing is not important
3. Which direct marketing strategy is used more often for retaining current customers?
   a) Product trials
   b) Newsletters
   c) Database purchases
   d) Data mining
4. Which direct marketing tactic has the advantage of reaching the most people?
   a) Catalogs
   b) Direct mail
   c) Television
   d) Social media

5. Which media is likely to have the best return on investment for direct marketing?
   a) Internet display
   b) Direct mail
   c) Social media/networking
   d) Commercial email
6. The largest portion of a direct marketing budget is typically spent on
   a) prospecting for new customers.
   b) building customer loyalty.
   c) recruiting new marketers.
   d) costs associated with managing databases.
7. An organization would like to increase the number of likely customer prospects generated for its services in the next year. Which type of direct marketing objective should the organization develop?
   a) Supplement sales in other areas of the organization.
   b) Get qualified leads for salespeople, dealers, and distributors of the company's products and services.
   c) Inform or educate consumers and potential consumers about a brand, product, events, or services.
   d) Create direct sales to other business customers, bypassing the traditional channels of distribution.
8. Which of the following is a true example of switching costs?
   a) A customer who wants a new laptop finds she must pay more for it than she paid for her previous laptop several years earlier.
   b) A customer who decides to go with another provider must pay to cancel his cable television contract.
   c) A customer who purchases a cell phone also purchases a contract for cellular service in order to get a lower price on the phone.
   d) A customer who usually prefers one brand of soda decides to try another brand because it is on sale.
9. A high-end tea importer with a mail-order business includes special offers for another company's porcelain teapots with its own catalog mailings. This is an example of which direct response technique?
   a) Package insert programs (PIPs)
   b) Ride-alongs
   c) Statement stuffers
   d) Card packs
10. Which of the following is NOT a popular metric for calculating how effective a direct marketing campaign was?
    a) Click-through rates
    b) Cost per hundred
    c) Sales conversion rates
    d) Cost per order

Answers

1. c) Direct selling. The correct answer can be found in Section 8.1.
2. c) When launching new products. The correct answer can be found in Section 8.2.
3. b) Newsletters. The correct answer can be found in Section 8.3.
4. c) Television. The correct answer can be found in Section 8.4.
5. d) Commercial email. The correct answer can be found in Section 8.5.
6. a) prospecting for new customers. The correct answer can be found in Section 8.1.
7. b) Get qualified leads for salespeople, dealers, and distributors of the company's products and services. The correct answer can be found in Section 8.2.
8. b) A customer who decides to go with another provider must pay to cancel his cable television contract. The correct answer can be found in Section 8.3.
9. b) Ride-alongs. The correct answer can be found in Section 8.4.
10. b) Cost per hundred. The correct answer can be found in Section 8.5.

Key Ideas

- Direct marketing is an IMC tactic that uses one or more advertising media to reach the customer with marketing related, measureable communication.
- Direct marketing encompasses both channels of distribution and communications. Integrated marketing communications professionals are mainly concerned with the communications function of direct marketing.
- Direct marketing allows a business to communicate with its customer base in a direct and customizable manner. It also gives a company's sales staff the tools necessary to connect and keep long-term relationships with their customer base.
- From the consumer's perspective, direct marketing offers the buyer immediate access to comparative information, such as pricing and product features, on a wide range and variety of products and services as well as company and event information.
- Disadvantages for the consumer include the proliferation of direct marketing materials received (junk mail), nuisance calls from telemarketers, and security concerns with direct marketing.
- Direct marketers need to be proactive in order to curb privacy abuses. Although legislators are trying to combat these threats through legislation and laws, new threats come about daily and must be dealt with.
- Effective database marketing begins with a useful customer database. The information in the database is used to identify the customers in the target market for a given promotion.
- To determine the value or effectiveness of their database, many direct marketers use the recency, frequency, and monetary transactions (RFM) method. Data on the date of the last transaction (recency), how often the customer made a purchase (frequency), and how much money the customer spent in a given period (monetary) are recorded and analyzed.
- SoLoMo (social media, local, and mobile marketing) has seen immense gains over the past few years and will continue to grow in the future.
- The most popular measurements for direct marketing are response rates, sales conversion rates, click-through rates, cost per thousand, cost per order, and cost per action rates.

Key Terms

card packs A direct marketing method of sending a stack of business reply cards from different companies directly to customers' homes via a wrapped card deck package.

click-and-brick company A company that has both a physical location and an Internet site.

click-only companies Companies that operate only on the Internet.

click-through rate Represents the percentage of consumers who are exposed to an Internet-based ad and have clicked their mouse on the link.

compiled list A list that provides information on consumers who meet specific demographic, geographic, psychographic, or behavioristic profiles.

conversion rate The percentage of consumers that take desired action as a result of marketing efforts.

customer database An organized collection of comprehensive data about current and potential customers including demographic, geographic, psychographic, and behavioristic information and data.

customer relationship management (CRM) A systematic process for managing customer relationships.

database marketing A form of direct marketing that uses databases with consumer information to create marketing materials relevant to the customer.

data mining The process of analyzing data from different databases to help determine buying behavior and trends.

data warehouse A database that combines the data from other databases to analyze the data and to develop reports.

digital direct-to-press A software program that enables users to develop personalized direct marketing material.

direct response marketing A form of direct marketing with the purpose of creating an immediate response from the targeted consumer groups.

direct selling One-to-one selling to the consumer in home and online; selling occurs outside of a retail establishment.

direct-response television marketing (DRTV) A television commercial which asks customers to respond immediately by calling a toll-free number or accessing a website to make a purchase or get more product information.

hot list A direct marketing list that includes customers who have purchased or responded to direct marketing efforts in the recent past (typically within 30 days).

inbound telemarketing Occurs when an individual initiates a call to a company or organization in order to make a purchase or acquire information.

infomercial A long television commercial.

interactive television (ITV) Technology that allows television viewers to interact with television programming and advertising via remote control.

list enhancement The process of adding information such as demographic, psychographic, geographic, psychographic, or behavioristic data to a direct marketing list or database.

merge and purge The process of adding names to and removing names from a direct marketing list.

offer A statement indicating what a company is willing to sell and the details of the sale.

outbound telemarketing Occurs when a company calls individuals via the telephone in order to make a sale or to get a customer to perform some other action.

package insert programs (PIPs) Materials placed within order fulfillment packages with the intent of creating advertising awareness or product ordering; PIPs are usually used by noncompeting companies.

phishing A type of identity theft that uses deceptive emails and fraudulent websites to fool consumers into believing that the communication is legitimate.

quick response codes (QR codes) Matrix bar codes that can be read by smartphones to provide consumers instant access to a website.

recency, frequency, and monetary (RFM) transactions RFM stands for recency, frequency, and monetary transactions; the three areas are used by direct marketers to track direct marketing sales and relate those sales to the effectiveness of the direct marketing database.

response list Consists of customers who have made purchases or who have responded to direct mail or direct marketing efforts over a given period (such as a year).

ride-alongs Direct marketing and advertising materials placed within another company's catalogs or direct mail pieces.

sales conversion rate The percentage of people exposed to a direct marketing campaign that buy a product.

SoLoMo A term used to describe social media, local, and mobile marketing.

statement stuffers Marketing materials placed within a company's bill or statement of account.

switching costs The costs incurred by a customer when switching from one product or brand to a competitor's.

uniform resource locator (URL) A text string used in Web browsers to locate a specific Internet site.

Discussion Questions

1. What type of products or services do you feel direct marketing would work best with? Why?
2. How does direct marketing help with relationship marketing?
3. With which variable of the IMC mix would direct marketing work the best? Give reasons for your answer.

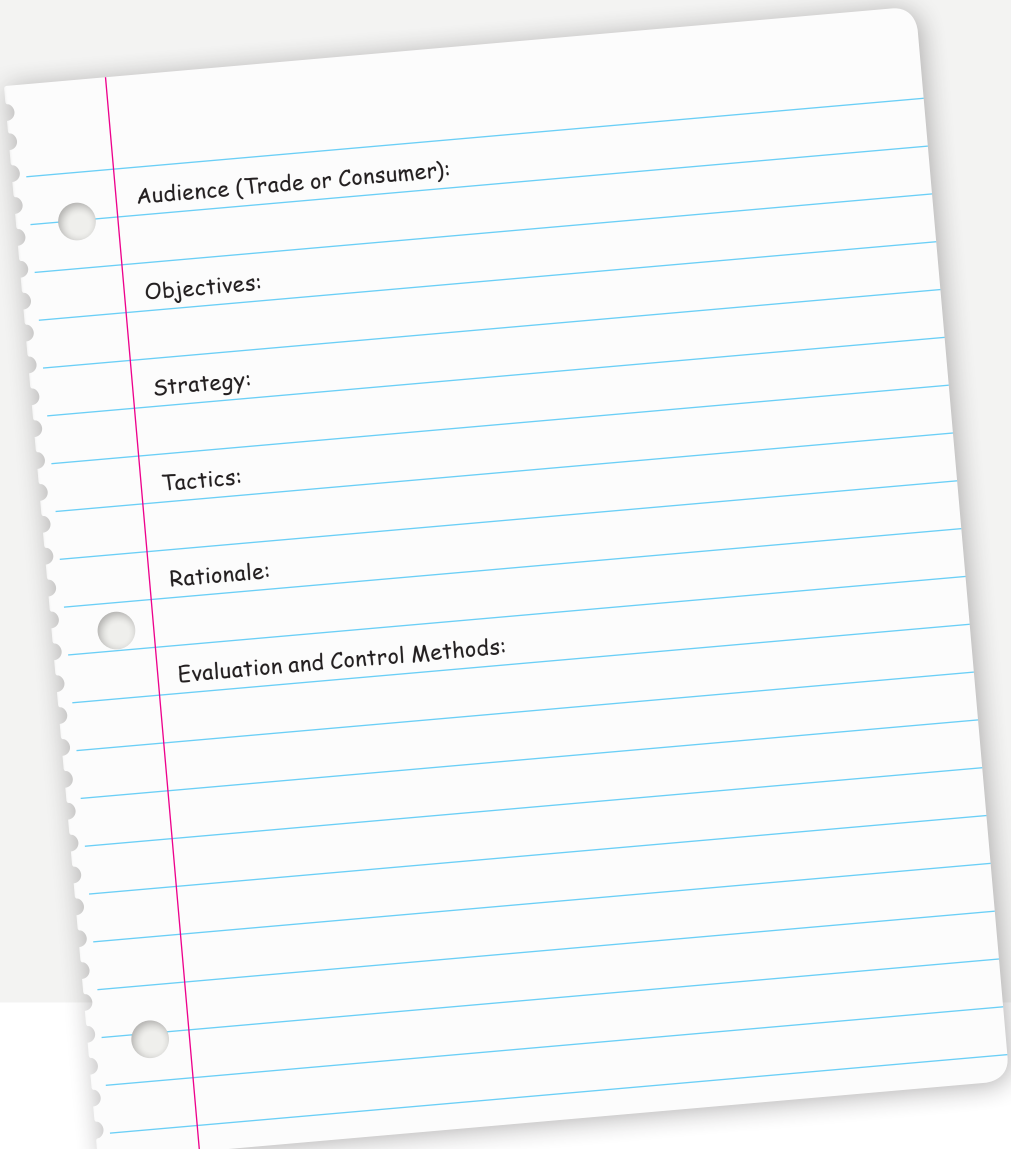
4. Do you feel that direct marketing will become a larger or smaller industry over the next 10 years? Twenty years? Provide rationale for your answer.

Critical Thinking Exercises

1. Find three examples of direct marketing and critique the effectiveness of the pieces.
2. Choose three companies and explain how each company can use direct marketing for retention of current customers.
3. You are a marketing manager of a sporting goods retail company and have been put in charge of developing a customer database. What information would you include in the database? Where would you get the information?
4. Design a direct mail piece for a company of your choice. In addition to your creative piece, include a paragraph that explains the piece.

Continuing Project

Below you will find a template for a direct marketing plan. Insert the needed information into each section of the template. When the information is inserted, review the template and compare it with those you have already finished to make sure you have seamless integration in your overall IMC plan. Insert the finished document (the direct marketing plan) into the overall IMC plan.



Web Resources

Direct Marketing Association—Leading independent association for direct marketing professionals: http://thedma.org/

Direct Marketing IQ—Part of Amazon.com, an online bookstore that sells content from editors and practitioners in the direct marketing industry: http://store.directmarketingiq.com/

Direct Marketing Resources—A job placement site focusing on direct marketing: http://www.dmresources.com/Main.htm

Neolane—Direct Marketing Best Practices Resource Page–Contains analyst reports, news articles, case studies, webinars, blog posts and white papers for direct marketing professionals: http://www.neolane.com/usa/resources/best-practices/direct-marketing/index

MyCustomer—This site offers information pertaining to the direct marketing industry: http://www.mycustomer.com/

Direct Marketing Fundraising Association—Professional association for direct marketing fundraising professionals: http://www.dmfa.org/

National Mail Order Association—Helps small and mid-size businesses with direct mail techniques: http://www.nmoa.org/

American Catalog Mailers Association—Nonprofit organization for catalog industry: http://www.catalogmailers.org/

Direct Selling Association—Trade association for companies that sell directly to consumers: www.dsa.org

Mobile Marketing Association (or MMA)—Trade association for mobile marketing professionals: http://www.mmaglobal.com/

Case Study: Cadbury and the Twisted Campaign

In 2009, Cadbury (United Kingdom) launched a new product called Cadbury Creme Egg Twisted. Instead of the traditional egg shape, the candy bar is tube shaped, with ridges that make it easy to break off and eat. The candy bar contains the creme egg filling for which the Cadbury eggs are known. The company launched an IMC campaign to introduce Twisted, which included television, posters, digital, public relations, sales promotion (point-of-purchase displays and free samples), and direct mail (Cadbury launches . . . , 2008). The candy bar was created because consumers indicated they wanted to eat Cadbury eggs year round (FMCG . . . , 2009). The new shape makes it convenient for busy consumers. For retailers, the new product provides an opportunity to sell the candy year round instead of only during holidays. The tagline for the product was "It's no Creme Egg . . . it's Twisted!" (Cadbury launches . . . , 2008).

To introduce Twisted, the advertising agency hired by Cadbury (CMW London) used direct marketing and called the DM campaign *Goo on the Loose*. Fans, bloggers, and journalists were sent a lock box containing spots for three Twisted candy bars. Two candy bars were included and a third was missing. It appeared to have escaped out of a hole at the bottom of the box. The direct mail campaign invited recipients to become Cadbury Intelligence Agency (CIA) agents to hunt for clues to find the missing bars (Ads of the World, n.d.). Players were sent tips via Twitter. Social media was used to promote the campaign. Prizes included trips and a cash prize of £20.000.

Critical Thinking Questions:

1. What attributes did the Twisted direct marketing have that made it appealing?
2. Why is direct marketing useful in product launches?
3. How does the use of integrated marketing communication (IMC) improve the chances of product success?
4. Explain how Cadbury uses relationship selling when promoting their products.