

Unit 4:

Sponsorship, Public Relations, Direct Marketing and Interactive Tools

INTRODUCTION

In this unit we complete our discussion and evaluation of the main promotional tools. We look at some of the longest established tools of promotion and also some of the newest. As with Unit 3, there is nothing particularly significant about the combination of tools in the unit other than perhaps the rapid growth in the use of some of them in recent years. As in the previous two units, we explore the characteristics of these remaining tools of the promotional mix, what we know about how they work, but most importantly, issues which arise in their planning and management.

In this unit, you will need to read the following chapters from the textbook:

Chapter 19: Public relations

Chapter 20: Sponsorship

Chapter 21: Direct marketing

Chapter 25: Digital media

Chapter 26: Interactive marketing communications

The approach taken to using the textbook materials and the activities follows the previous units. Once again, though, you are reminded of the need to read as widely as possible.

OBJECTIVES

After completing this unit, you should be able to:

- comment critically on the issues which arise in managing public relations
- evaluate the issues which arise in managing sponsorship
- understand and explain the issues which arise in managing direct marketing
- understand the recent developments in the growth of interactive tools of marketing communications.

Read Chapter 19.

PUBLIC RELATIONS

Public relations, or PR, as it is usually abbreviated to, has a very long history indeed. In fact, along with personal selling, it is probably one of the oldest tools of promotion. Having said this, some still believe, or at least act as if they believe, that PR is not a tool of marketing communications at all. We return to the reasons for this shortly. Of all the promotional tools, PR is one of the hardest to define precisely what it is, and what it does. As a result, probably no other tool in the promotional mix gives rise to as much controversy amongst those who study, practise, research, or are in some other way involved in PR activities. Shortly you will see the relevance of pointing out these controversies about PR, but firstly, let's briefly mention some examples.

- Is PR ultimately about selling more products for an organisation, or does PR have a wider and less overtly commercial role to play?
- To what extent should PR really be considered and planned as part of the marketing communications mix as opposed to being a separate activity in its own right which should be managed independently by a PR manager?
- Is PR essentially simply another name for organisational 'propaganda'? Some support the view that PR is really an honest attempt to exchange information on a two-way basis with outside stakeholders.

We examine, if not necessarily resolve, these, and other issues and controversies associated with this element of the promotional mix in the unit. We start by looking at the nature, purpose and uses of PR in the contemporary organisation.

NATURE, PURPOSE AND USES

The Institute of Public Relations (1984) defines PR as: 'Public relations is the planned and sustained effort to establish and maintain goodwill and mutual understanding between an organisation and its target publics:

customers, employees, shareholders, trade bodies, suppliers, government officials and society in general'. However, not everyone sees PR in this way!

Review Chapter 19, pages 564–575.

You will now be familiar with some of the suggested key characteristics of PR, some uses and target audiences for PR, alternative models of public relations and finally, the position of PR in the organisation, and in particular, the relationship and differences between corporate PR and marketing PR.

Clearly there is a lot to understand here, so you can use the following series of activities to highlight and explore these key issues which surround the nature, purpose and uses of PR.

Characteristics of PR

ACTIVITY 4.1

One of the main suggested distinguishing characteristics of PR, compared to say advertising or sales promotion, is its 'high degree of credibility'. What do you feel might be some reasons for this suggested high degree of credibility for PR? What counter-arguments can you suggest that PR might sometimes have a very low degree of credibility?

Commentary

Perhaps the main reason for suggesting that PR has a high degree of credibility compared to some of its other promotional mix counterparts is the fact that PR is often channelled through third parties such as magazine editors or managers of news programmes. PR is often perceived not to be primarily 'trying to sell something'. Given our earlier discussion about the importance of source credibility in effective communication, this means that PR can be a very influential source of information.

On the other hand, those at whom PR is directed are not as naïve as this view might suggest. Very often publics do make the connection between PR campaigns and the often commercial motives which underpin them. In this respect, PR might be perceived as being 'less honest' than its overtly commercial counterparts.

Uses and target audiences (publics or stakeholders?)

ACTIVITY 4.2

Why might 'public relations' in many ways more usefully – or at least more accurately – be better termed 'stakeholder relations' in the contemporary organisation? Identify the key stakeholder groups for your own organisation. To what extent and in what ways do you communicate with these groups?

Commentary

Obviously the types of key stakeholder groups differ between different organisations. However, it is likely that you will have identified at least some of the same key groups outlined in Chapter 19. Certainly, the other tools of marketing communications and particularly advertising can be, and often are, used to reach such stakeholders, but PR is the primary tool for this purpose.

Models of PR

ACTIVITY 4.3

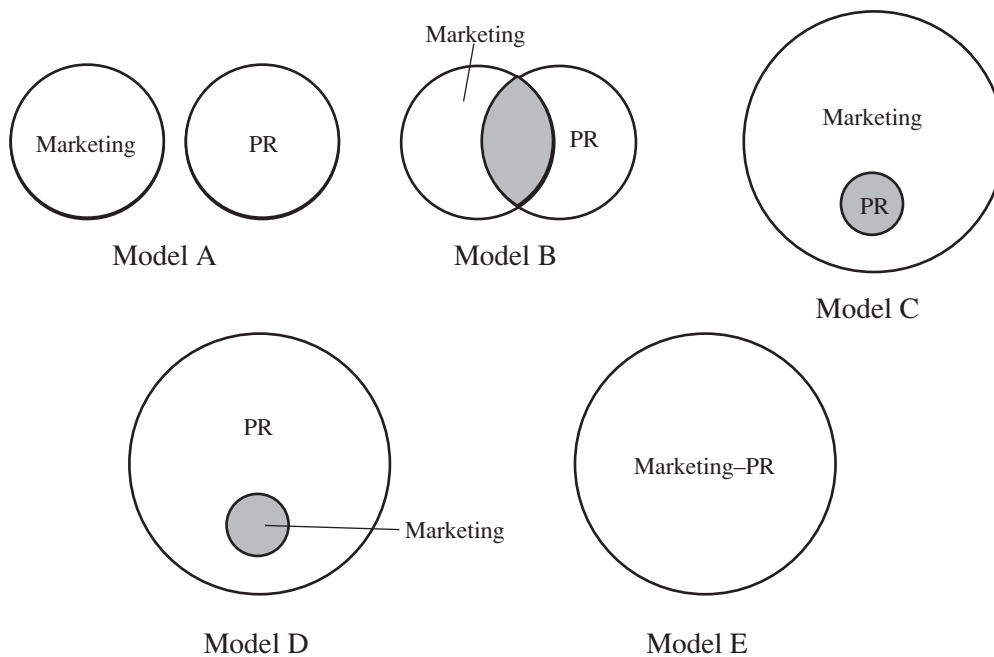
Consider a recent PR campaign that you might have been a target for, perhaps, carried out by a commercial organisation, a charity or a political party. For the purpose of this exercise it really doesn't matter what type of organisation. Using Figure 19.1 (page 569), which of the models of PR shown do you consider best represents the campaign you have identified? To what extent did the suggested characteristics of this model 'fit' the PR campaign?

PR in the organisation: corporate versus marketing PR

Partly because of the range of potential targets, conventionally PR was often regarded as an organisational or corporate activity and not a marketing one. This might appear a relatively unimportant detail, but it gives rise to the issue of who controls and plans PR in the organisation, and for what purpose. Certainly, PR does have many more potential uses than simply selling products. For this reason, in the past, PR has been managed by a separate PR department or manager, or in some cases by an outside PR agency rather than by the marketing department. More recently, and for a number of reasons, the role of PR as a marketing tool

has now been recognised and accepted. One reason is quite simply that the potential for PR to support marketing programmes is now more widely appreciated. PR has always had a marketing role to play, but notwithstanding this there is still controversy about whether or not PR should be part of marketing, simply linked with marketing, or quite separate from marketing in the organisation. Some believe that it would be more useful to think of two different types of PR in an organisation – corporate PR and marketing PR.

Figure 4.1: Relationship between marketing and public relations. From Kotler and Mindak (1978: Fill 2001, p.627)



ACTIVITY 4.4

Using Figure 4.1 which of the models shown most closely corresponds with the relationship between marketing and PR in your own organisation? Which model do you feel would lead to the most effective use of PR in your organisation? Why?

Commentary

Model A in Figure 4.1 is an outmoded and ineffective way of conducting relationships between marketing and PR, so let's hope that this isn't the one that applies to your organisation! The others, of course, all show some form of integration and overlap between marketing and PR. Model B, which shows a small degree of overlap, is probably the most frequently encountered type of relationship. Some of the others, however, are quite interesting. For example,

Model D shows marketing as a part of PR and not the other way around, as in Model C. Are there any organisations that would fit this model, and more importantly perhaps, could this sort of relationship be appropriate? The answer to both parts of this question is Yes! There are organisations which fit this model and where it is appropriate for PR to be the most important partner. A good example where this sort of relationship between marketing and PR might be appropriate is in the public sector organisation where, needless to say, there are lots of 'publics' and less marketing. Intuitively, Model E represents the most effective organisational relationship between PR and marketing, and note again how this model highlights the need for integrated marketing communications. They are, and should be planned as, interactive elements. The view taken here, therefore, is that corporate PR and marketing PR should not be planned and operated separately. Each can, and should, be used to support the other.

ACTIVITY 4.5

Think of some specific examples of ways in which marketing PR activities could be used to support the corporate PR agenda at the product level in your organisation. What could be some of the potential disadvantages of using corporate PR in support of product marketing activities in an organisation?

Commentary

There are many examples in the textbook of ways in which companies can, and have, used marketing PR to support their corporate PR. Indeed, the two are inextricably linked. The use of customer care lines as with the Burger King, or an emphasis on marketing environmentally friendly products such as The Body Shop, illustrate how marketing PR can support corporate PR.

On the other hand, it is also true that corporate PR can be used to support product marketing activities in the organisation. However, we have to be careful here regarding the possible disadvantage of using corporate PR as perhaps the major advantage of PR as a promotional tool, namely its high level of credibility, can be undermined if corporate PR is used extensively or inappropriately to support marketing.

PR METHODS

As we have seen already with each of the marketing communications tools, a wide variety of methods and techniques of PR are available for use in communication campaigns. Obviously in order to select from this wide range of tools you first need to be familiar them. We now look at the tools of PR and consider their main characteristics, uses, and limitations before turning our attention to the planning and evaluation of PR campaigns.

Review Chapter 19, pages 575–584.

You will now appreciate the wide range of tools available. Additionally, there is the issue of what precisely constitutes PR. Some argue that ultimately everything a company does or says can be considered as part of its PR. Certainly there is an element of truth here and it is also the case that some other elements of the communications mix have a strong PR element, for example, sponsorship. However, there are some activities that can be considered as distinctly PR. We refer to these as the 'primary' PR tools. Amongst these primary PR tools, we can identify those tools that have conventionally, and for a long time now, been part of PR. In addition, and again, as we have seen with each promotional tool considered so far, these conventional tools have constantly been added to as new tools of PR are developed to take account of the changing organisational and business environment. You first need to ensure that you are familiar with the more conventional tools of PR before moving on to consider some of the newer developments and tools covered in the textbook.

CONVENTIONAL PR TOOLS

The following are the main categories of conventional PR techniques; where appropriate, the main tools of PR found within each category are included.

Publicity

- Press releases
- Press conferences
- Interviews
- Sponsorship

Events

- Product events
- Corporate events
- Community events

Corporate advertising

You should now be familiar with the nature and use of these more conventional tools from your textbook. The following activities will reinforce your understanding.

ACTIVITY 4.6

Imagine you work for a company which is launching a new brand of tomato sauce. This sauce has the unique characteristic of having an unlimited shelf life achieved by the use of new, genetically modified tomatoes in the recipe. Your organisation, however, is aware of the fears and uncertainty amongst the buying public about the use of genetically modified foodstuffs. Extensive testing has shown the new product to be entirely safe. Which of the PR tools of 'publicity' and 'events' do you use to try to allay consumer fears and misgivings?

Commentary

Probably the most useful techniques of publicity would be the use of press releases and interviews arranged with the media. Product events such as demonstrations and tastings would probably be most appropriate.

ACTIVITY 4.7

Using Table 19.3 (page 582), try to find some current corporate advertising campaigns which you feel are particularly good examples of achieving the different goals shown.

ACTIVITY 4.8

Think of examples of particular occasions when your organisation has used, or perhaps should have used, corporate advertising in the past.

NEWER PR TOOLS

There have been many developments in the tools and techniques of PR, but probably two of the most significant are those outlined in the textbook, namely **lobbying** and the growth of **crisis management**. Another

emerging area in PR is **blogging**. You need to be familiar with these new but increasingly significant areas of contemporary PR management.

Lobbying

ACTIVITY 4.9

How and why might the PR technique of lobbying be a useful PR tool for your organisation? If you feel it would not be useful to your organisation, what reasons can you give?

Commentary

There are a number of situations where lobbying can be a particularly useful PR tool. Examples would include when an organisation wishes to affect future legislation regarding its products or markets, or when an organisation is trying to secure government funding, or when support for a proposed takeover is necessary. Very often, lobbying is done at an industry as opposed to an organisational level.

Not all organisations are able to, or wish to, use lobbying. Some organisations are much too small and hence the need sometimes for an industry approach. Others believe that such lobbying is not in the public interest and/or may attract unfavourable criticism.

Crisis management PR

Perhaps one of the most interesting developments in the field of PR is the growth of crisis management PR. Most of the more conventional tools of PR are essentially concerned with the achievement of pre-planned objectives. From time to time, however, PR is needed to cope with sudden and often unexpected events which threaten a company's reputation, image and ultimately sales and profits. These unanticipated crises can, and do, confront companies from time to time and include:

- a case of product tampering in the factory or retail outlet
- an environmental pollution 'accident'
- a bribery and corruption scandal concerning company officials
- sudden evidence to suggest that the organisation's products are unsafe
- press reports about high levels of salary and bonuses being paid to senior company management.

ACTIVITY 4.10

Can you think of any examples in your own industry, or possibly your own organisation, where crises have arisen recently?

Some argue that a changing environment, including for example, greater degrees of social awareness, a heightened interest in the safety of products and the environment, more open information, and so on, has meant that the frequency with which such crises arise has increased in recent years. What is not in doubt, however, is the potential impact of such crises on the organisation. For example, when Perrier had a crisis as a result of a problem of product pollution, it lost significant market share. Although the company acted promptly and effectively to counter this problem, the lost market share has taken a long time to recover. Many companies have realised the importance of dealing effectively with such crises and increasingly companies have advance plans for dealing with potential future crises. As these often directly affect the company's reputation and its relationships with possibly several stakeholders, PR is often the main tool for addressing such crises.

Review Chapter 19, pages 584–591.

BLOGGING

Blogging is an increasing means for circulating information, creating and encouraging discussion, and generating grassroots support. Blogs allow anyone to share anonymous opinions with no comeback if they are untrue. Blogging differs from other media as there is no distinction between company and consumer. Bloggers and blog readers can be the same people.

Blogs can be accessed immediately by millions of people round the world who can add their comments. Even if it is not read by millions, journalists are increasingly reading blogs in search of new stories. Furthermore, when companies have done something wrong, blogs can be powerful tools for consumers to challenge large companies.

Zerfass, Sandhu and Young (2007)¹ found that PR professionals were increasingly seeing the need to monitor and contribute to weblogs, however they identified difficulties in terms of finding the time, responding to feedback from readers and being creative with new posts.

¹ Zerfass Ansga,; Sandhu Swaran and Young Philip (2007): *Euroblog 2007: European Perspectives on Social Software in Communication Management – Results and Implications*, Leipzig/Luzern/Sunderland: www.euroblog2007.org/euroblog2007-results.pdf (22 July 2007)

In fact, the PR industry now taking blogging seriously: the Director General of the Chartered Institute of PR spoke at the Cambridge Digital Marketing Conference on 5 July 2007 on the topic of “Blogging for business”²

As such, blogs are a new communications tool that should be used by businesses to communicate with different stakeholder groups. In the event of a PR disaster on blogs a company needs to be honest and get the facts out quickly, perhaps also via blogs. Very few bloggers have been approached by companies to assist in communications, and this is an area companies may consider exploring further.

PLANNING AND MANAGING PR

Now we have established the nature, purpose and scope of PR plus some key tools in this area of the marketing communications mix, we now turn our attention to the overall planning and managing of this promotional tool. We summarise the key steps in this process.

Determining PR objectives

As with managing each element of the marketing communications mix, it is important to set clearly defined objectives for PR. A broad division between the objectives for PR is between those aimed at improving the image and reputation of the organisation as a whole and those aimed specifically at supporting products and brands. We return to this distinction and in particular the use of corporate promotion in a later unit, but obviously, PR decisions should be based upon a clear understanding of what PR is intended to achieve. However, there is an overlap between corporate and marketing PR and they are certainly not mutually exclusive. Within these broad objectives, however, PR campaigns should relate to more specific issues and tasks. Examples of possible objectives for a given PR campaign could include building local support for a new factory, enhancing the company’s reputation through the promotion of community events, dealing with a specific crisis or increasing the chances of government grants and funding.

Identifying PR targets

This element of planning PR campaigns involves determining the key audiences for the PR. Obviously this will depend upon the objectives of the PR campaign but could include, for example, one or more of the following:

² Farrington C (2007) *Blogging for business – references to talk by COLIN FARRINGTON*. [online]. Chartered Institute of PR. Available from: <http://www.cipr.co.uk/news/speeches/2007/Blogging-For-Business-July07.pdf> (Accessed: 22nd July 2007)

- local community
- government departments and ministers
- shareholders
- current employees
- potential employees
- distributors
- customers.

From this brief list, we can see that PR often has a much broader range of target audiences than some of the other tools of promotion, hence the importance of the notions of networks and stakeholders which you examined in Chapter 8 of the textbook.

Selecting PR methods

You now are familiar with the range of PR methods available. Overall, we are seeking the most cost effective ones in achieving our objectives. Often, a mix of methods will be necessary including, for example, press releases, interviews and events, depending on the individual campaign. Often the advice of a specialist PR agency will be used in selecting the most appropriate methods and in implementing the campaign. Once again we see the importance of our theme of integrating PR with the other elements of the communications mix, but also with both corporate and marketing strategy.

Review Chapter 19, pages 592–596.

ACTIVITY 4.11

Consider the Mini-case: British Airways: the world's least favourite airline, in the textbook pages 594–596. This case illustrates an organisation in crisis and the consequent PR damage that can ensue. Think about a crisis communications plan for your organisation. What are its main elements?

Commentary

Even though crises may take many different forms, ranging from physical disasters, or industrial accidents through to financial crises, product failures and even terrorist incidents, all crises have the potential to seriously damage the credibility and reputation of the organisation at the centre of the crisis. Despite that fact that crises can take many different forms, the principal elements of crisis management planning in any context are generally recognized to be broadly similar. Here, for example, acknowledged crisis management expert Michael Register has outlined a broad generic framework for issues and crisis management (Register & Larkin 2008) which emphasises the value of risk and issues management as the keys to preparedness to handle any potential crisis and often to diffuse the issues before a crisis develops. However, some crises can occur because of unexpected events or physical disasters. The key elements in the crisis planning/management framework advanced by Register and Larkin consist of the following:

- Cataloguing potential crisis situations
- Devising policies for their prevention
- Formulating strategies and tactics for dealing with potential crises
- Identifying who will be affected by them
- Devising effective communications channels to those affected so as to minimize damage to the organization's reputation
- Testing everything

Gonzalez-Herrero and Pratt developed a similar four-phase crisis management model process that comprises the stages of: issues management, planning-prevention, the crisis, and post-crisis (Gonzalez-Herrero and Pratt, 1995).

Here the guiding principle for effective crisis management is undoubtedly preparation and careful 'risk analysis' to identify all potential sources of crisis for an organisation. Such analysis should uncover a set of contingencies that crisis planners would then build in the organisation crisis preparedness- as Gonzalez-Herrero and Pratt and Register and Larkin both highlight in their crisis management frameworks, issues management and planning preparation are the key to the effective handling of any crisis.

Evaluating the PR campaign

This final stage in managing and planning PR involves determining the extent to which PR objectives have been achieved in a cost-effective manner.

Review Chapter 15, page 465.

Understandably, the approach taken to evaluating a PR campaign and the methods of evaluation which are appropriate will depend upon the specifics of that particular campaign. However, unfortunately the effectiveness of PR campaigns can be very difficult to measure given the range of possible targets which may be involved and the often qualitative effects on the target audience which are being sought.

ACTIVITY 4.12

To what extent are PR activities in your own organisation evaluated for their effectiveness? How could this evaluation process be improved?

SPONSORSHIP

This next main tool of the promotional mix has received considerable attention in recent years, and indeed some companies have made this the main thrust of their marketing communications plans. However, like PR, sponsorship is one of the longest established tools of promotion. Sponsorship is amongst one of the fastest growing areas of promotional spend.

Read Chapter 20.

You will now appreciate that sponsorship takes many different forms and can be used to achieve a range of communications and marketing objectives. Not unlike PR, which we have already suggested some view sponsorship as being a part of, it can be used to support and achieve corporate objectives and to support products and brands. Again, there is substantial overlap between these areas. In addition, sponsorship can serve other very useful purposes in an organisation such as building employee morale. Obviously, when an organisation sponsors a 'worthy cause' such as an expedition by an explorer, or sponsors the arts, it is because a company's owners or senior management feel that this is the 'right thing to do'. Ultimately all sponsorship is for the benefit of the organisation involved. Sponsorship in the commercial organisation is used to support marketing and communication objectives. But why has sponsorship been such a rapid growth area in recent years? What are the advantages that sponsorship offers to the marketer?

ACTIVITY 4.13

What are the possible major advantages of sponsorship as a marketing communications tool?

Commentary

Some of the major advantages of sponsorship that explain the reason for its rapid growth in recent years include:

- Sponsorship can be used to reach very specific target audiences which share particular characteristics of interest to the marketer, for example, demographics, lifestyles and values.
- Sponsorship can sometimes be used where other types of marketing communications cannot. For example, many countries have banned tobacco advertising in the media. However, sponsorship of, say, sports or the arts by the tobacco companies may still be permitted.
- Sponsorship usually has positive effects on a company's image and reputation, particularly where it is associated with prestigious events and causes.
- Sponsorship has the potential to achieve very extensive coverage. For example, it is estimated that each Formula 1 motor race will be seen by 300 million people.
- Related to this coverage, sponsorship offers potentially one of the most cost-effective ways of spending promotional monies.

TYPES OF SPONSORSHIP

Review Chapter 20.

Sponsorship, you will now appreciate, covers many different types and uses. The main types of sponsorship are:

- broadcast sponsorship, for example, TV programmes and weather forecasts
- sports sponsorship
- arts sponsorship
- community sponsorship
- sponsorship of individuals, such as expeditions and round-the-world balloon flights.

Although these are the main types of sponsorship used in recent years, with imagination there are many more potential sponsorship vehicles for

companies. We have seen sponsorship of education in schools and universities and even sponsorship of roundabouts on main trunk roads in the UK. Often, the choice of the particular type of sponsorship is related to the company's product markets, and in particular its target market. For example, brewing companies, such as Carlsberg, have been particularly active in sponsoring football as this enables them to reach their key target audience of 18- to 30-year-olds. On the other hand, companies who use sponsorship more for corporate promotion are not restricted to selecting a type of sponsorship which corresponds to their target market. For example, sponsorship of the arts, say, or education does not need to be target-market specific. Obviously, companies choose those sponsorship vehicles that they feel will work best in promoting the organisation and/or its brands.

ACTIVITY 4.14

Consider ViewPoint 20.1 and Exhibit 20.1 *On time for sport sponsorship* in the textbook, page 602. Why do you feel that Formula 1 motor racing in particular has attracted so much sponsorship money? Although it has worked for the watch industry, what are the risks that these companies take in deciding to sponsor Formula 1 motor racing? What are the advantages and disadvantages of other forms of sports sponsorship for this industry?

Commentary

The watch industry probably decided to sponsor Formula 1 for a number of reasons. Firstly, the image of Formula 1 fits the product type since both are associated with precision technology. Secondly, it reaches its key target market, both in socio-economic and lifestyle terms. Finally, the potentially huge target audience for Formula 1 makes this a very cost-effective promotional spend.

The risks of using Formula 1 sponsorship include:

- amount of competitor sponsorship – major competitors are also using Formula 1 sponsorship for the same reasons so the effect of the spend may be diluted
- sponsoring an unsuccessful team may affect the company's image brand negatively.

ACTIVITY 4.15

Programme sponsorship has been one of the fastest growing types of sponsorship in different parts of the world. Often, but not always, this programme sponsorship often uses a 'linkage' between the

sponsor and its products and markets and the programme being sponsored. Try to find examples of programme sponsorship where this sort of link exists.

PLANNING AND MANAGING SPONSORSHIP

The key steps in planning, implementing and evaluating sponsorship are essentially the same as for the other tools of promotion.

Setting objectives

It is important to be clear about what the sponsorship is for. As this is often not directly to achieve increases in sales and profits, the setting of specific and quantitative objectives for sponsorship campaigns can be difficult. Most agree that sponsorship aims to increase awareness about the company and/or its products. It is important, though, to be specific about why sponsorship is being used. This could range from, for example, gaining publicity by improving community relations to creating promotional opportunities.

Identifying target audiences

As with PR, there is often a wider range of target audiences for sponsorship. Certainly the target audience may be the same as the target market for the company, but often it is much broader than this, potentially involving the whole range of outside stakeholders. Finally remember that often sponsorship is used to foster good employee relationships and build company morale.

Selecting sponsorship methods

Specifying objectives and identifying targets helps to determine the most appropriate sponsorship methods. But even if we have narrowed down the choice to one particular method such as, say, sports sponsorship, there may still be many specific sponsorship deals to choose from. As with PR, a specialist sponsorship agency can help. Of particular importance in the selection of sponsorship vehicles are the legal aspects. Sponsorship can, and does, involve long-term contractual obligations to another party or parties, and these need to be negotiated and planned very carefully. Again, specialist advice should be sought.

Evaluating sponsorship

Read Chapter 15, page 466.

The evaluation of sponsorship and its effectiveness can be problematical. Often the effects of a sponsorship campaign are difficult to measure in any meaningful way. As you now know, audience reached is frequently used for sponsorship such as programme and sports sponsorship, but this is unlikely to be a good measure of effectiveness. Customer attitude and awareness surveys are likely to be closer to mirroring the objectives of most sponsorship campaigns, but again many factors affect customer attitudes. Once again, developments in technology based on panel data may allow much more effective monitoring and evaluation of sponsorship spend in the future.

DIRECT MARKETING AND INTERACTIVE COMMUNICATIONS

In this final part of the unit, we consider the two remaining major categories of marketing communications tools available to the marketer, namely **direct marketing**, and the newest tools of marketing communications which enable **interactive communications** between marketers and customers.

Read Chapter 21.

DIRECT MARKETING

As we have found so often regarding the nature of the different marketing communications tools, there are different views about what constitutes direct marketing and the range of activities and techniques that it includes. Essentially – perhaps as you might expect – direct marketing involves an organisation communicating directly with its target audience. No intermediaries, distributors or media owners are involved and some sort of direct response is to be elicited. The nature of this response is not necessarily always a sale. The response sought might be, for example, a customer enquiry, a request for a catalogue, or the arrangement of an appointment.

Although there may be differences of opinion about the precise nature of direct marketing, there is agreement that direct marketing is one of the fastest growing tools of marketing communications in recent years. As you would expect, this growth rests upon the advantages that direct marketing offers as a marketing communications tool. The main advantages of direct marketing include:

- the potential for much more precise targeting of customers in increasingly fragmented markets
- costs of using intermediaries are removed and control over the marketing effort is increased

- developments in computer technology, and particularly access to low cost but accurate databases, has facilitated the growth of direct marketing
- more personalised approach to customers is more in line with the expectations of today's customers
- social/cultural and economic factors such as an increasing propensity to work and shop from home
- potential for immediate response from customers means that the effectiveness of direct marketing is much easier to measure than with some other marketing communications tools
- facilitates the building of long-term relationships with customers.

Review Chapter 21, pages 623–642.

ACTIVITY 4.16

Why is it surprising to learn that the Heinz Company in 1994 stated its intention to move from television advertising to direct marketing?

Commentary

As little as six years ago, many would have been surprised by this shift in strategy. Advertising and sales promotion in particular have tended to dominate the communication mixes of marketers of fast-moving consumer goods, and particularly branded food products through the grocery multiples. This shift to using direct marketing by Heinz, therefore, illustrates the growing recognition of its potential. You will also note that improved databases have facilitated this growth. If Heinz have demonstrated the effectiveness of direct marketing for their products, we can only expect this form of promotion to grow even more in future.

METHODS OF DIRECT MARKETING

There is a common misconception even in some marketing circles about the methods of direct marketing – that direct marketing involves only direct mail and that the two are synonymous. Certainly direct mail is one of the major methods of direct marketing, accounting in the UK for as much as 50% of all direct marketing activity. However, there are several major methods of direct marketing:

- direct mail

- direct response advertising: print – newspapers, magazines, mail order catalogues, and broadcast – TV and radio
- telemarketing (telephone marketing)
- door-to-door
- electronic direct marketing: fax, e-mail and the Internet.

You will note from this list that although direct marketing methods include some of the latest developments in technology and marketing techniques, other methods are amongst some of the longest established techniques of marketing available.

Decisions by the marketing communications planner about which methods to use in a promotional campaign require an understanding of the different methods, their characteristics and potential advantages and disadvantages. We explore some of these different methods of direct marketing in the following activities.

Review Chapter 21, pages 642–651.

ACTIVITY 4.17

You have almost certainly received direct mail shots at home or at your organisation. This mail is often called **junk mail**. What does this derogatory term for direct mail shots tell us about planning and using direct mail?

Commentary

Above all, direct mail must be well planned and implemented if it is not to become just another batch of junk mail. Central to this process is the **mailing list** that is used to identify target recipients. This must be accurate, pertinent, and as detailed as possible in terms of the nature of the target respondents. The mail shot itself must be well designed to generate immediate interest. Both the outside package or envelope and the internal contents of the direct mail shot must serve to encourage the recipient to act in the manner intended.

ACTIVITY 4.18

Many telemarketers are increasingly moving away from the use of **canned calls**. What are the reasons are for this?

Commentary

Simply, canned or pre-prepared scripts, which are used by the seller in telephone marketing, are not customer oriented. Obviously they are inflexible and often, to the customer, annoying. Although they enable the use of relatively unskilled telephone selling staff and they remove uncertainty, they are being used less and less by telesales companies. There is now more use of semi-structured **framed** scripts and of open-ended **customised** scripts. An interesting development in this area is the use of **branched** scripts that enables the telephone seller to proceed according to a variety of alternative customer responses.

ACTIVITY 4.19

Some companies have used door-to-door direct marketing extensively. In some ways, this method of marketing represents the most convenient way of buying for customers and one of the lowest cost for the marketer. Why then is it not used more widely?

Commentary

Successful though this type of direct marketing has been for some companies, it still suffers from an 'image' problem. It is often associated with downmarket products and with the old-fashioned 'foot-in-the-door' type selling. However, today's door-to-door selling is usually very professional and the products available are no longer of low quality. Another factor limiting the use of this method in some markets is the unease of some householders about being confronted by strangers at their doors.

ACTIVITY 4.20

Consider Exhibit 21.2 in the textbook, page 627, showing the trademark Direct Line red telephone and read the discussion on page 751. What are the reasons for the success of this company in using direct response TV advertising?

Commentary

A number of reasons probably explain the success of Direct Line's direct response TV advertising, not the least of which is that the advertising itself is well done. In addition, however, the product itself

– car insurance – is particularly well suited to being marketed through this method.

FUTURE OF DIRECT MARKETING

The factors that have given rise to the growth of direct marketing in the past will undoubtedly continue to accelerate its growth in the future. The technological developments, which enable much more effective and efficient use of direct mail by the marketer, will be the main mechanism of growth. However, social factors too, with more and more people having less and less time for conventional shopping, will play their part. So far as the use of direct marketing in the marketing communications mix is concerned, even where direct marketing is not the major tool, it can and should play a significant part in working with the other tools of promotion to support sales and marketing activities.

INTERACTIVE MARKETING COMMUNICATIONS

As an extension of direct marketing, and having characteristics that make this an entirely new way of communicating with customers, interactive methods of marketing communications are an exciting development in recent years. If the key characteristic of direct marketing is the eliciting of a direct response from a target audience then we could argue that the quicker and more direct this response, the more effective direct marketing is likely to be. The growth in direct marketing has in large measure been due to the development of technologies that have enabled a speedier and more effective response. Examples of these technologies include database systems, improved telephone systems, satellite TV and so on. The latest of these enabling systems or technologies, however, are those that not only enable direct communication with the target audience, but also allow an 'interaction' to take place. Needless to say, these technologies are essentially electronic or computer based. Collectively, they are called **interactive** tools of marketing communications. Although there are a number of them, by far the most important, and some would argue, the future for many marketers, are the **Internet/world wide web** and **interactive television**.

These are somewhat specialised areas, even for the marketing communications specialist, however, their growing importance and use in marketing communications means that the contemporary planner must at least be aware of these tools and their uses and limitations.

ACTIVITY 4.21

If your organisation has a website:

- In what ways does the site help in the overall marketing process for the organisation, and in particular, how does it help your organisation's customers?

If your organisation does not have a website:

- How could the development of such a site be justified in marketing terms?
-

ACTIVITY 4.22

Notwithstanding the tremendous growth in Internet usage, some predict that it is interactive digital TV which will be the most important development for marketing in the future. Why?

ACTIVITY 4.23

Consider the RAC campaign described in the textbook, pages 650–651. What factors might explain the success of this campaign? What are the main constraints of this approach?

REVIEW ACTIVITY 4.1 HOW *LEARNIT* USES WEB 2.0 TO ENGAGE AUDIENCES

Read Mini-case How *Learnit* uses Web 2.0 to engage audiences on pages 801-803 and answer the questions at the end.

SUMMARY

In this unit, we have completed our detailed analysis of the marketing communications tools by looking at sponsorship, PR, direct marketing and interactive tools. We have ranged from some of the longest established tools of promotion through to the newest developments in marketing communications. Collectively, these tools represent some fast growing areas of marketing communications spend and with direct and interactive marketing in particular, the future of much marketing activity.

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