Types of Marketing Communications and Expertise

As a marketer, you have many tools in your toolbox. And new tools are being developed all the time. Each of these types of marketing involves different knowledge, skill sets, assumptions, experts, processes, and technology. It helps to be aware of all the options and understand what they can and cannot do. It is also imperative to integrate the various approaches you use, so that your brand makes sense.

Direct Response Marketing

Direct response marketing has been around for over 100 years. Today it accounts for over half of all ad spending in the U.S. Any medium where the ad calls directly for the sale and where the sales response can be measured is a direct response ad.

The most common direct response medium is mail, called "direct mail" by the industry and "junk mail" by irritated consumers. In addition, direct response advertising is on TV, on the radio, in newspapers and magazines, in the classifieds, on billboards, in catalogs, in telephone directories, and on the Internet. TV commercials in the form of news or entertainment programs, called *infomercials*, are a highly specialized form of direct response advertising. There are even channels completely devoted to perpetual live infomercials, such as the QVC Network. Catalogs (also called *mail order*) are collections of large numbers of individual

direct response ads, each one tested to justify taking up "real estate" in the catalog, much as products take up real estate in a store.

> **Direct response marketing** Any form of marketing that is designed to cause the prospect to contact the company directly. The response is usually specific: e.g., to request more information about the product or service being marketed or to order the product or service. Responses can be tracked.
>
> KEY TERM

Direct response prospects may be asked to call a toll-free number, to return an envelope, to fill out an order form, or to stop by with a coupon or promotional offer. The ad triggers the sale, and the result is captured by coding.

The heart and soul of direct response advertising is comparative testing of results. At least two variations of an ad are created (called variables), and the difference in results is measured. (We briefly explained *split-run testing* in Chapter 3.) Variables are usually tested on a small scale; the more or most successful version is then rolled out to the entire market.

There are two types of testing. A/B testing is the direct comparison of one variable against another. For example, a newspaper ad might alternate between version A and version B. Usually only one difference is tested at a time. These A and B versions are randomly distributed among newspaper readers, and results are measured. If the sample size is sufficient, it is possible to predict the improved financial result or *lift*. The other type of testing uses advanced mathematical techniques and large sample sizes to test "recipes" (combinations of variables) to see which combination "pulls harder." It is often discovered that one combination can outpull another by a significant margin, spelling the difference between profit and loss. The most important variables to test are, in order:

- the list of prospects
- the offer (the main promise of the ad)
- the creative

The *creative* can include everything from the number of elements in a mailer (coupon, promotional flyer, letter, fact sheet, etc.) to the writing, design, and photography of the elements.

Most direct response ads also include a promotional offer to encourage prospects to "act now." Formats can range from a simple black-and-white

KEY TERM

Lift Improvement in response between or among two or more alternatives. It can be the difference in volume of responses:

- when using two or more variations of the same ad
- when running one ad, in comparison with the *baseline*, the volume of sales that would have come without running any ad
- when running the same ad in two or more newspapers or magazines or on two or more radio or TV stations
- when sending the same ad to two or more mailing lists

letter in an envelope to a 10-piece, four-color, computer-personalized mailer with clever perforations and return elements.

The people involved in direct response marketing include copywriters, art directors and designers, list suppliers, printers, production artists, print buyers, account managers, broadcast producers and directors and actors and voice talent, staff at toll-free call centers, staff at fulfillment houses (warehouses that send out the merchandise ordered), database analysts, and direct response agency staff, who are like the main contractors who supply and/or coordinate all the pieces.

Database Marketing

Database marketing applies relatively recent computer technology to the mailing list management side of direct response marketing. It collects, stores, sorts, and retrieves information about customers and prospects. Individual customer records are combined to create large databases. Using either simple matching criteria or complex mathematical calculations (algorithms), marketers can use the customer database to personalize marketing communications to maximize return on investment.

The more data collected on a group of customers and the larger the group studied, the more accurately the computer can be used to model or predict their future buying behavior. Individual human behavior is difficult to predict, but collective human behavior is much more predictable. A classic example of this is the Labor Day Weekend traffic fatality predictions. The predictions can't predict who will die in a traffic accident, but they can predict with surprising accuracy how many people will die in a given time period. The larger the group, the more predictable the behavior, so the primary users of database marketing are large organiza-

tions with many customers, such as the government, retail stores, and consumer financial institutions. Thanks to the computerization of business transactions and the Internet's computerization of communication, extraordinarily large amounts of data can be collected and "crunched" to make remarkably accurate predictions in real time.

The collection of retrieveable data, called a *data warehouse*, is organized differently from daily customer transaction data. Clever analysis of the data in a data warehouse, called *data mining*, can be used to create metadata (data about the data), such as behavioral predictions, correlations, and other observations that can guide business decisions and strategies. For example, a bank might learn that customers who secure a home equity credit line will stay with the bank for more years, purchase more financial products, and have greater lifetime value than, say, ATM customers. The bank may then decide to invest more marketing dollars in attracting these more profitable customers.

Use Data to Find the Best Customers

FOR EXAMPLE

A bank I worked with purchased a set of research data that could predict with 95 percent accuracy which customers were most likely to purchase which financial products, based on only five variables: household income, age, marital status, and number and age of children. Instead of mailing offers to all its customers all the time, which many customers find irritating and which costs a lot of money, it was able to target only the customers most likely to respond.

Lifestyle Database

TOOLS

Use lifestyle databases to find and segment your customers. Lifestyle databases, such as Claritas's PRIZM®, break every household mailing address in the United States into market segments. The people in each market segment share geographic, demographic, and lifestyle tendencies that make their attitudes, income, and purchasing and media behavior statistically predictable. By running your heavy user customers through such a database, you can identify pockets of similar folks who are likely to become good customers. You can use this information to develop creative and messaging strategies, measure market penetration, identify promising store locations, make media decisions, or target households for mailings.

Lifestyle Database

I once worked with a lifestyle database and research firm that specialized in teenagers. The firm enabled us to identify and characterize the age and social group of teenagers who were at greatest risk for date rape, either as victims or as perpetrators. Their predictions were so accurate that we had to have a therapist ready at the focus groups, to counsel girls who had been recently raped.

One variant of database marketing is CRM, *customer relationship marketing*. At its simplest, it is computer software that helps you mine data and manage contacts with your customers to maximize your sales yield from each one. At its best, CRM is designed to enable you to improve overall service to the customer through better understanding and by coordinating all points of customer contact with your company: ordering, delivery, service, complaints, manufacturing, and so on.

CRM revolves around a central individual customer record that automatically collects and updates every transaction with the customer and is accessible to anyone in your company who might need the information to serve the customer. A common use of CRM is to create special benefits and loyalty programs for the most profitable customers and to identify opportunities to up-sell or cross-sell to your current customers. In general, as mentioned earlier, your most profitable target markets are your current customers, and CRM helps you manage your relationship with them. It is not unusual for 20 percent of your customers to account for 80 percent of your profits. So it is just good business to give them special treatment.

Cause Marketing

Studies show that everything being equal (price and quality), people are predisposed to buy from companies that they believe support their values and that are making the world a better place. Since most products and services today are at parity, supporting a good cause can tip the balance in favor of your company. Over the last 100 years, consumers have developed a strong amount of cynicism regarding the motivation of corporations, salespeople, and marketers. Supporting a good cause is one way to help defuse this cynicism.

Support Your Local Neighborhood

In my neighborhood is a building that has housed three restaurants. The first two failed after two years. The third restaurant owner reached out to people and causes in the neighborhood, donating free dinners to local school fundraisers, offering seniors and the indigent a free or discounted spaghetti dinner every Wednesday night, and sponsoring a local community center and a neighborhood girls soccer team. The owner even provided a free place to meet for a group of volunteers concerned about pollution from a nearby factory.

As a result, her neighbors view her restaurant as a key part of the community, and now she is in her fifth year of business and regularly has lines out the door for dinner. The goodwill she's created through her donations, sponsorships, and volunteer efforts has helped build her brand.

Cause Marketing Is Very Demanding

Once you start publicly supporting a good cause, it requires a high standard of behavior. If you support causes that benefit children, you cannot be caught using goods made with child labor in Third-World countries. In your marketing communications, you must put the cause first and your brand sponsorship second. Otherwise, it seems as if you consider your company more important than the cause.

Once you take on a cause, you appear hypocritical if you stop your support. If you always put the cause before your marketing, you will do alright. Otherwise, you will be judged even more harshly than if you had never supported the cause.

Event Marketing

Instead of investing in traditional advertising media, you can consider creating or sponsoring an event. Make sure the event appeals to your target market and is a natural fit with your brand.

For example, if you are a pharmaceutical company specializing in neurochemical drugs, sponsor an annual research meeting that attracts the most influential minds in your category. Make sure your company name and logo are prominently featured everywhere: signage, invitations, booth displays, badges, schedules, and parties. Underwrite or name chairs, scholarships, awards. Find ways to put your employees in touch with your customers.

In some business-to-business categories, these annual events are the primary method of reaching customers. Perhaps the most common examples of event marketing are in the sports marketing area. Some brand names are even part of the name of a tennis or golf tournament or car race.

You will likely need to assign a staff member full time to developing and running this annual event, coordinating everyone from event planners to public relations specialists.

Permission Marketing

Permission marketing is a term coined by Seth Godin. Advertising is usually uninvited, an intruder whose job is to interrupt what you are doing or thinking and get your attention. When the advertising is annoying or irrelevant to them, people dislike being interrupted. With the extraordinary quantities of advertising today, many audiences seek to shield themselves from interruption.

Godin calls this kind of marketing "interruptive" and proposes a model that asks the prospects for permission to communicate with them on a particular subject. This gives the prospects control over what they see and hear, reduces the amount of unwanted interruption, and gives them access to more relevant information. It also makes them more receptive to the message.

Promotional Advertising

Promotional advertising seeks to get prospects to act now, by offering a discount or a perk in addition to the product or service being sold. For example, a standard ad about a hamburger might talk about taste and ingredients. But a promotional ad about that hamburger might offer the opportunity to buy one and get one free, but only for a limited time.

Promotional advertising can usually generate a short-term spike in sales, but often at the long-term expense of the brand. Constantly trying to discount or give away your product cheapens its perceived value. Usually the best approach is to do a mixture of promotional advertising and brand advertising (next section).

Promotional tactics include contests, sales, discounts, everyday low-price offers, coupons, savings clubs (like frequent flier programs), guar-

antees, BOGOs (buy one, get one free), freebies, gifts, trips, bonuses, and premium items. There is an entire industry just devoted to providing personalized or branded premium items such as pens, balloons, plaques, steak knives, thumb drives, etc. Typical promotional media include in-store signage and display, direct mail, newspaper, radio, and TV, because these media are good for limited-time offers.

Brand Advertising

As explained in Chapter 1, a brand is the sum total of all the feelings and perceptions your customers have about your product. Brand awareness, interest, and attitude always precede purchase. In contrast to direct response, promotional, or product feature/benefit advertising, brand advertising seeks to build a favorable feeling and perception about your brand and tie it to your brand name or brand image. There is no rational reason to buy vegetables because your brand is represented by a green giant, or to buy cigarettes because your brand is represented by a cowboy, but human behavior is driven more by emotion than by reason. Today, even presidential candidates are marketed as brand images.

Classic brand advertising elements include an image or character (Energizer Bunny), a pithy memorable catchphrase (What happens in Vegas, stays in Vegas.), or music ("Like a Rock" for Chevy trucks). With repetition and consistency, a brand can even become part of popular culture. Procter & Gamble is a company that has consistently created some of America's most successful brands. It is worth studying.

Most people think of brand advertising as national TV, radio, magazine, and outdoor ads for packaged goods

KEY TERM

Brand positioning What you stand for to your customers and how you're different from your competitors. For example, there is a toothpaste that "whitens" and another that "brightens."

Brand image The mental or physical visual associated with your product.

Brand personality A description of your brand as if it were a person or a character.

Brand DNA The twin strands of reason and emotion that make up your brand in your customers' minds.

Brand story How all these brand elements fit together in a story to mean something to the customer.

aimed at mass markets. But this does not have to be the case. Even the tiniest neighborhood store or nonprofit cause can brand itself.

Employee Branding

If you are in a service business, such as health care or credit unions, your employee represents your entire brand to the customer. If your positioning or advertising claims that you are friendly but a nurse or call-center employee is rude or negligent, then your brand perception suffers. In fact, negative word of mouth has proven to travel farther and faster than positive word of mouth.

Recognizing that their employees are their brand to their customers, some companies have begun carefully recruiting, training, measuring, and rewarding employees for living the brand promise every day. This involves everything from on-brand recruitment advertising, personality profiling when hiring, and extensive employee communication and training programs, to hiring, firing, promoting, and rewarding employees based on measurable brand promise delivery.

TRICKS OF THE TRADE

Employees: Your Most Powerful Marketing Tool

One large health care client I worked with used employee branding to successfully deliver better patient care, create competitive superiority, and send a powerful brand message to patients, their families, and their employers. We used research with model employees and their patients to identify the most powerful brand promise and the employee behaviors that were essential to communicating that promise. We identified 10 key behaviors and a personality profile of the ideal employee at any level (including beliefs and actions). We created recruitment ads to attract applicants matching the profile. These ads used actual employees to demonstrate to the public the kind of care they could expect. They also served as the basis of a strong internal employee communications campaign through newsletters, posters, and contests. The training department built the characteristics into its training programs. The personnel department developed a test to identify recruits who matched the profile and built measurements of the key characteristics into the performance reviews of every department. A year later, employees who met the performance standards were rewarded, and employees who did not were let go (including doctors). This organization has now achieved some of the highest performance numbers in the world in delivering quality health care, in all areas.

Public Relations

Paid advertising gives you complete control over when, where, and what you say and show, but the level of credibility is usually very low. Public relations (PR) offers you very little control, but it gives you outstanding third-party credibility. A TV news report or newspaper or magazine article is far more credible than a paid advertisement, because a third-party expert screens and therefore endorses the information.

Public relations is not free, as you must do a lot of work and you may want to hire a PR firm or expert, but it is considerably less expensive than most paid advertising media. The only catch is that there is no guarantee you will get media coverage.

One measure of the productivity of public relations is the number of inches of or minutes of coverage you get in the press and the dollars it would cost to purchase an equivalent amount of space or time.

An equally important but opposite dimension of public relations is *crisis management*. When negative events and news coverage happen, a skilled PR person can help you minimize the damage and manage or "spin" how the story is covered in the media. Some companies pay PR experts to keep them out of the news. A standard tactic is to send press releases and press kits to publications and news reporters. But public relations can also help you create news, by creating events that are worthy of news coverage.

A large public relations firm may employ almost all types of marketing communications strategies and tactics. All the same elements are needed: a clear business objective and target market, a message strategy, media tactics, unexpected and relevant creative ideas, budgets, timetables, and performance measurements. For more detail, see Chapter 13 on public relations.

Graphic Design

Long before any prospects read a single word of your marketing communications and long before customers use your product or service, they see visual images and register feelings and draw conclusions based on those images. Visuals are usually the first part of the impression made by an ad, and human beings have an instant visceral reaction to shapes,

colors, photos, materials, typography, and style. If your product is intangible, such as software or a service, it pays to give people a visual handle to grab onto. Most of the human brain is devoted to visual thinking, and visual communications transcend language, which is great if you have a global target market.

Most businesspeople, scientists, engineers, accountants, and doctors are unskilled and insensitive to the effects of their visual style, and view design as mere ornamentation rather than an element critical to functionality. But your software product is not very functional if the graphical interface is hard to use. And it's hard to claim a premium price for your cutting-edge service if your offices and brochures and logo look like they were designed by a Soviet planning committee in 1930.

Design and visuals also enable you to communicate messages indirectly that would sound silly if said out loud: e.g., "This car makes me look rich and successful" or "This dress makes me look young and feel sexy." As product parity becomes the rule and as customers start seeking experiences over products, design can become a critical element in your marketing plan. If you are in a style-driven business—such as fashion, perfume, entertainment, hospitality, travel, adult beverages, or teenage products—great design is a must. If your business is large and complex, with many different products in markets in many countries, or if you market a system of franchises, you may need a graphic standards manual for your troops to use. This will ensure that your brand looks and feels the same at all times. But it is only as good as your ability to enforce it.

You'll generally work with three types of designers or design firms:

- *graphic* designers who create marketing communications, usually in print and Web media
- *product* designers who integrate form and function
- *space* designers, such as retail store designers, interior designers, display designers, and architects

Typical elements that clients will have designed are logos, brochures, letterhead, business cards, Web sites, signage, packages, annual reports, PowerPoint presentations, trucks and vans, uniforms, in-store displays, store interiors, and products and product interfaces and controls. The best marketers choose their designs based on market testing, rather than

personal opinion. But make sure you use indirect methods of testing or you will get false opinions as people play "creative director."

Online Marketing

What once was a world of computers talking to other computers has evolved into a vast network of people, communications, and devices including video, text messaging, cell phones, and PDAs such as the iPhone and the BlackBerry. And the opportunities for targeting consumers with marketing messages have become as vast.

E-marketing (aka Internet marketing, i-marketing, Web marketing, and online marketing) is now the fastest-growing marketing communications area and likely to be the dominant marketing medium in the near future.

Low Cost, Highly Targeted, Global, Interactive

The Internet has brought many unique benefits to marketing, one of which being lower costs for the distribution of information and media to a global audience. The interactive nature of Internet marketing, in terms both of providing instant response and of eliciting responses, also makes the medium highly effective, as does the ability to target users based on behavior, history, interests, and geography.

Internet marketing also refers to the placement of media along different stages of the *customer engagement cycle* through search engine marketing, search engine optimization, banner ads on specific Web sites, e-mail marketing, and Web 2.0 strategies.

Internet presence is often the first point of contact: The first place a news reporter goes when writing a story about your company is the Internet; consumers often research online before purchasing, or they locate retail outlets, and prospects often look to see what others are saying about a company or product before considering it. Rather than being present on the Web only

KEY TERM

Customer engagement cycle A series of four broad stages through which prospects/customers typically pass as a relationship develops with a company. The terms vary, but generally the stages are labeled as awareness, consideration, inquiry, and purchase. Some marketers add a fifth stage, expansion.

in maintaining and promoting their Web sites as destinations, companies are finding that their Web presence is ubiquitous—in online news channels, YouTube videos, blogs, Flickr images, Facebook pages, and other social networking venues. Managing a brand online is much more complex than ever before.

The Internet has successfully broken the tyranny of the two-mile radius of retail store selling and made it possible for even companies consisting of a single individual to sell their wares globally. This has also ended the dominance of the mass market blockbuster and opened the door for products that appeal to tiny percentages of the giant global population.

Micro-Marketing

Rather than reaching their target markets simply by blasting out a mass message or building a brand in the historical way, companies are finding it increasingly difficult to reach their targets. Relationships have become ever more important, as has the concept of niche marketing. Users are in control of what they see, which products they interact with, and by whom they want to be contacted. They are often the ones to initiate a contact, whether through search engines, direct load, or referral.

Top online tactics for businesses are those mentioned a little earlier in terms of the customer engagement cycle—search engine marketing, search engine optimization, banner ads on specific Web sites, and e-mail marketing, all resting on a bed of social networking and based on relationships between trusted people. Companies need to understand the potential of these tactics and the concept of one-to-one marketing in the online space.

For more detailed information, see Chapter 14 on Internet Marketing.

Guerrilla Marketing

Guerrilla marketing is the use of nontraditional tactics to reach a target market. Often, this involves inventing your own media or turning common daily objects and occurrences into media and events to sell your message.

The two chief advantages of guerrilla marketing are that the methods are unexpected (and therefore more likely to garner attention) and the tactics are often cheaper than traditional advertising media. Examples

include writing your message in sidewalk chalk outside a key location where your target market gathers, putting up Post-it® note graffiti in a public restroom, having actors ride in elevators of key office buildings and have conversations about your product that other people "accidentally" overhear, and paying beautiful young women to go from bar to bar ordering your new brand of liquor. One gambling casino even paid a young man to have its logo tattooed on his forehead for a year, in order to gain publicity as the first brand to do so. Using a specific location to dramatize your message is another powerful guerrilla tactic. Here's an example: painting a sign on the side of a barn that points to cows grazing out in front and says, "If our hamburgers were any fresher, they'd look like this."

Day-in-the-Life Exercise

Use this exercise to create guerrilla advertising tactics.

- Write a rough description of a day in the life of the people in your ideal target market: list where they are and what they are doing from minute to minute.
- Make a list of every detail: what they need, what objects are in their environment, what they are wearing, whom they are around, how they get from one place to another. Include all five senses.
- Take that detailed list, and find a way to put a message in it or on it or to create a dramatic and unexpected event. For example, "8:00 am, they pull into their parking stall. Put a sign on it. 8:15, they enter the front door and wipe their feet on the welcome mat. Have mats printed with a new message" … and so on.
- Choose the least expensive and most effective tactic(s).

Guerrilla Marketing for Music Creation Software

A small, unknown software company invented music creation software for the personal computer. The company needed to introduce it to the buyers of large retail electronics stores at the world's largest trade show (over 10,000 products featured), but the company's budget was limited. We used the "Day in the Life" exercise to identify that most of the trade show participants would be arriving there through one airport. (to be continued)

FOR EXAMPLE

Guerrilla Marketing, Continued—in Action

We spray-painted messages on luggage that went around and around the airport luggage carousels. We hired out-of-work actors to dress like rock stars and walk through the airport with guitar cases with messages painted on the side. We hired more out-of-work actors to dress as limo drivers and hold up signs with the brand name. Within 10 minutes of arrival, we had hit our targets with a message three times.

When they got to the trade show, we staged a protest of the product and passed out flyers asking participants to boycott the booth. Human nature being what it is, the booth received so much traffic that vendors at adjacent booths complained. At the booth we passed out pads of printed Post-it® notes with provocative messages that participants stuck on bathroom walls and even on competitors' ads. (to be continued)

FOR EXAMPLE

Guerrilla Marketing, End—the Results

The campaign received an award for generating the most buzz, international media wrote stories on the guerrilla tactics, the company stock went through the roof, and the product successfully sold into the retailers. Within one year, the product had the largest market share in the category—more than double that of the nearest (and much better funded) competitor.

Integrated Marketing

As you can see, there are many types of marketing and many types of media. Integrated marketing is what pulls them all together for maximum effect on your target market.

Integrated marketing is about strategic alignment. Your price, product, placement, and promotion strategy (the 4 P's) should line up and work together. Your position, brand, messaging, and communications should sing the same tune. Your traditional and online and guerrilla messages should work together to reach the same conclusion.

The purpose of integrated marketing is to create a single powerful brand that is consistently reinforced over time in every way that your brand touches your consumer (touchpoints). The secret of integrated marketing is:

- strategic alignment
- consistency over time and across all touchpoints

- consistent enforcement

The critical tool to achieve integrated marketing is a marketing plan. Without support from the top management of the company, it is almost impossible to achieve full marketing integration, because every department touches your customer in some way.

Manager's Checklist for Chapter 5

- ☑ Managers have a variety of types of marketing they can use:
  - Direct response
  - Database marketing
  - Cause marketing
  - Event marketing
  - Permission marketing
  - Promotional advertising
  - Brand advertising
  - Employee branding
  - Public relations
  - Graphic design
  - Online marketing
  - Guerrilla marketing
- ☑ The most effective marketing is *integrated marketing*, which aligns all the ways you touch your customer.
- ☑ The best way to integrate is to use a marketing plan.