

CHAPTER 7

Direct marketing and channels marketing

There are two areas of marketing communication that are often misunderstood as simply ways of delivering a message rather than a *type* of message that deserves consideration on its own: direct marketing and channels marketing. The first is not new, direct marketing has been used in one way or another for centuries. Channels marketing, however, is a relatively new idea that combines tactical marketing and traditional co-op advertising. Each may be used with either advertising-like or promotion-like messages, although their primary application has been in the area of promotion.

■ The role of direct marketing in IMC

When most people think about direct marketing they think of direct mail. In fact, many marketers assume that they are the same. But direct mail is only one part of direct marketing, and while it is a very important part, it is not even the largest in terms of the money spent on direct marketing. In one sense, it probably does not really matter what is meant by direct marketing. But as Shultz (1995) has pointed out, what someone means when they say direct marketing may have absolutely no relationship to what others think is direct marketing. This is always a danger when terms are used loosely, and doubly so in integrated marketing communication (IMC) planning.

Consumers are unlikely to know or care what marketers call the messages they send, or the way they deliver them. But if managers are to be disciplined in their planning, they must. In fact, consumers think that nearly all the marketing communications they are exposed to is 'advertising'. This means everything from bumper stickers to coupons to refunds (Schultz, 1995). But for effective IMC planning, there must be an agreement on what is meant by such things as advertising and promotion (as already seen in earlier chapters), and what it means to include direct marketing as a part of an IMC program.

What then is direct marketing? According to the Direct Marketing Association, it is:

An accountable system of marketing which uses one or more communications media to effect a response. It is an interactive process where responses from or about buyers are recorded in a database for building profiles of potential customers and providing valuable marketing information for more efficient targeting.

Obviously, the Direct Marketing Association has something rather definite in mind, and we shall now look more closely at several components of this definition (Figure 7.1).

The basic characteristics of direct marketing, implied by this definition, are that it asks for a response and that it can be highly targeted. In fact, it can be aimed at a single individual or a very narrowly defined group of individuals. In addition, every aspect of direct marketing must be tied to a

Accountability	Tracking response to control content and cost
Effect a response	Objective is an immediate response to the message
Interactive process	Feedback helps modify future messages
More efficient targeting	Database helps target specific individuals or groups
Database	Used to identify target audience and track response

Figure 7.1
Basic characteristics
of direct marketing

database so that statistical analysis can be used to access the effectiveness of any program. More on the importance of a database later, but let us briefly consider the other characteristics.

Accountability: Accountability is a key issue in direct marketing. While all marketing communication should be cost-effective, direct marketing is tightly controlled because of its dependence upon a database. With appropriate models, direct marketing offers the manager not only the opportunity of predicting and measuring responses, but also the ability to determine the actual costs associated with particular responses. Because of the database, managers can continually purge and update files to maximize the cost-effectiveness of their direct marketing programs.

Effect a response: The point has already been made many times that all forms of marketing communications must address brand awareness and brand attitude. But the primary job of direct marketing is to stimulate the target receiver to take some kind of action now: place an order, use a service, or make an enquiry. In this way it reflects the primary communication objectives of promotion-like messages.

Interactive process: All direct marketing is interactive in the sense that the response to a message becomes new information to be recorded in the database. This new information is then used in developing new messages to be used in future direct marketing efforts. When telemarketing or the Internet is involved, there is an opportunity for modifying the message during contact.

More efficient targeting: Since the primary goal of direct marketing is a response of some kind, the effort must be highly targeted. One is looking for a single individual or relatively small group of similar people, likely to respond favourably to the brand's message. Even when mass media is used for direct marketing, an effort should be made to target as specific an audience as possible.

Jerome Pickholz (1994), when chairman and CEO of Ogilvy-Mather Direct, suggested that there are two significant hurdles for direct marketing to overcome. The first is building a good database. The problem is that it must be built over time, and as Pickholz reminds us, this can be a real problem for marketers who are looking for immediate solutions. The second hurdle is the cost. Despite the fact that studies show direct marketing

helps to build business, the cost per response can seem way out of line. As again Pickholz points out: 'It's hard for marketers accustomed to a \$20.00 cost per thousand to acclimate themselves to a \$500 CPM, no matter how much more effective the medium has proven to be.' But the nature of direct marketing does allow for close monitoring of costs, and provides the needed flexibility to evolve increasingly more cost-effective programs.

Difference between direct marketing and traditional advertising

There are a number of ways that direct marketing differs from traditional advertising and several are detailed in Figure 7.2. Perhaps the most important difference between direct marketing and traditional advertising is that rather than trying to stimulate brand purchase intention via brand attitude through multiple exposures to the message, direct marketing usually makes only one attempt to generate a response. And as we have already discussed, while brand purchase intentions is rarely a specific objective for advertising-like messages, it is always an objective with direct marketing. The target audience is always asked to do something, and do it now.

	Direct marketing	Traditional advertising
Message delivery	Single exposure	Multiple exposures
Target audience	Individual	Mass
Distribution	The delivery medium serves as the marketplace	Distribution is used to define the marketplace
Primary communication objective	Brand purchase intention	Brand awareness and brand attitude
Accountability	Direct	Indirect

Figure 7.2
Differences between direct marketing and traditional advertising

Another difference is the personal nature of direct marketing. Because the target audience can be tightly targeted, direct marketing rarely addresses a mass audience. One speaks directly to members of the target audience about their particular needs, *and never in the third person*. Also, the focus of direct marketing is generally on existing customers (Reichheld, 1996).

Distribution is also considered in a much different light. With direct marketing, distribution itself can become an important brand benefit (e.g. not sold in stores). Direct marketing also uses the delivery medium (direct mail, telemarketing, broadcast) *as the marketplace*, whereas with traditional advertising distribution is used to define the marketplace. For

example, direct marketing is really the only way many companies and others distribute their products.

In terms of communication objectives, while both brand awareness and brand attitude must be objectives, advertising will be more strongly oriented towards brand attitude goals while direct marketing clearly means to stimulate immediate brand purchase intention, the same as promotion. Yet just as we saw that promotion can and should help support brand equity, direct marketing too can help build brand equity.

One final difference is related to the issue of accountability in direct marketing and databases. In a very real sense direct marketing may be seen as 'interactive'. Based on information about the target audience a specific message is tailored to it, which in its turn repays the marketer with new information about the target market, either through a purchase response or request for information. All of this is tracked and measured, providing a record of a program's effectiveness. One of course tracks and measures the effects of advertising, but the accountability is not nearly as tight (although continuous tracking programs for advertising have made significant gains in measuring response to advertising).

In many ways, direct marketing is much like personal selling (Tapp, 1998). Before the 'sales call' one gathers as much information as possible about the customer. With direct marketing, this is found in the database. And like personal selling, direct marketing communicates directly to individuals, and the message can be tailored for them.

When to use direct marketing

Direct marketing can be an important part of IMC planning. But one must remember that it is merely *one* way to deliver marketing communication. While it has become an increasingly used tool, this does not mean that direct marketing need necessarily be a part of any particular IMC campaign, only that it should be considered when appropriate. Direct marketing is not appropriate for every type of product or service. In fact, it is almost never a good way of marketing most fast moving consumer goods (fmcg). While direct marketing can be effective for some low-involvement products, its primary use is with high-involvement products.

This does *not* mean that consumer-packaged goods marketers do not use marketing communications tools that may look like they are part of a direct marketing campaign. This is where the definition is important. Does the inclusion of an 800-number in advertising constitute direct marketing? Probably not, in most cases. What about direct mail coupons? Again, probably not. As we have seen direct marketing is a way of delivering a message that asks for an immediate response, is highly targeted, but importantly, is based on a database. An 800-number in an advert is probably a convenience for enquiry, not the primary objective of the marketing communication; and the mass mailing of coupons generally is not highly targeted. When considering the use of direct marketing in IMC planning, it should be within the bounds of its definition.

There are three questions a manager must ask when thinking about using direct marketing in an IMC program (see Figure 7.3). First of all: Does direct marketing make sense? Are there situations where a direct response is desirable? Is all or part of the target audience concentrated and easily identifiable? This would certainly be the case, for example, with customers for military aircraft or some specialized manufacturing equipment. But what about consumer markets? As we have just noted, the *key* is likely to be whether or not the purchase decision is high involvement.

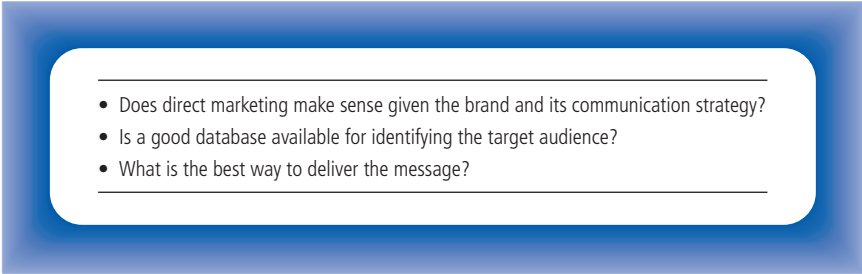
- 
- Does direct marketing make sense given the brand and its communication strategy?
 - Is a good database available for identifying the target audience?
 - What is the best way to deliver the message?

Figure 7.3
Questions to answer
when considering
direct marketing

Again, this does *not* mean direct marketing is never appropriate for low-involvement products. But it does mean that one should take a closer look if marketing low-involvement products, *and apply the definition*. Of course too, we are assuming these low-involvement products are available through traditional mass merchandising chains of distribution. Many catalogue and other marketers deal with low-involvement products, but direct marketing is their *only* (or primary) means of distribution. These marketers, if they indeed only distribute via direct marketing, are not involved with IMC.

If direct marketing does make sense, the second question that must be asked is: Is there a good database available for the target market? If direct marketing has been a part of previous marketing programs, a list is probably available. Many businesses retain customer and prospect lists. If not, lists of businesses and consumers are generally available to rent, covering almost any product category or selected demographic group. If nothing satisfactory is available, consideration could be given to developing custom lists. This, of course would only work if there were time to develop the list.

As the definition implies, a database is required for direct marketing and we will be dealing with this issue in more detail later. To underscore the importance of a database in direct marketing, it has been suggested that the quality of the list used accounts for 40 percent of the effectiveness of a direct marketing effort, compared with the headline or primary thrust of the message which account for another 40 percent, and the remainder of the message, only 20 percent (Lamons, 1992). Without a good list, direct marketing is unlikely to be effective.

The last question to ask is: How do I deliver the message? Basically, there are four media to choose from: direct mail, telemarketing, mass media, and interactive media. As a rule, only *one* form of media will be used in direct marketing when it is part of an IMC program. Messages in other media in an IMC program may play a secondary role by alerting the target market to the direct marketing efforts, but the nature and cost of direct marketing usually dictates a single, primary medium for delivering the message. An exception would be when different segments of the market are more easily reached by one medium over another. The strengths of each of these four basic media for different direct marketing tasks are highlighted in Figure 7.4, and discussed next.

Figure 7.4
Strengths of basic
direct marketing
media

Media	Strength
Direct mail	Greatest flexibility
Telemarketing	Provides immediate feedback
Mass media	More broadly based audience
Interactive	Largely self-selecting

Direct mail

We have already remarked that direct mail and direct marketing are often thought to be merely two ways of saying the same thing. But direct marketing is a *type* of marketing communication, not simply a way of delivering a message. Direct mail is, however, a key medium in direct marketing. It provides the greatest flexibility in targeting audiences, and provides the greatest latitude in creative options.

According to Stone (1996), direct mail has a number of advantages over other direct marketing media:

- There is greater *selectivity* with direct mail enabling more precise targeting.
- *Virtually unlimited choice of format* available.
- A greater ability to *personalize* the message.
- If someone opens and reads a piece of direct mail (a big 'if'), there is *no direct competition* for their attention.
- Because the marketer controls the mailing dates, whom it is mailed to, and what is said, direct mail offers *more control*.
- And finally, it offers a *unique capacity to involve the recipient*.

Everything from product samples to corporate gifts, brief postcards to involved messages and catalogues, can be delivered via direct mail.

Telemarketing

The telephone today probably accounts for the largest amount of direct marketing activity, but not all of that activity would be called telemarketing. Direct marketing requires an immediate response, and the telephone (especially 800-numbers) offers a convenient way for this to be accomplished. Telemarketing, however, also implies telephone contact with the target market in order to deliver some kind of message. In a more detailed definition, Stone and Wyman (1986) have said that telemarketing:

'Comprises the integrated and systematic application of telecommunications and information processing technologies with management systems to optimize the marketing communications mix used by a company to reach its customers. It retains personalized customer interaction while simultaneously attempting to better meet customer needs and improve cost effectiveness.'

You can see how closely aligned this definition is with the Direct Marketing Association definition of direct marketing: it enables immediate responses, it can be highly targeted, and it makes use of the best database technologies. It also underscores telemarketing's most positive advantage over other forms of direct marketing: immediate feedback. This is especially helpful in marketing high-involvement products because it permits the message to be customized to a prospect's concerns and questions as they arise.

Telemarketing does have a potentially significant drawback. By its very nature, it is non-visual. This means if your product requires visual recognition or understanding, telemarketing cannot be used. Also, in the US beginning in the early 2000s consumers were able to 'opt-out' of receiving telemarketing calls by supplying their telephone numbers to a central database.

Mass media

Direct marketing can use any mass media, the same media used by traditional advertising and promotion. The fundamental difference is the way in which the media is purchased and used. Direct marketers are looking for media that will deliver the optimum number of *immediate responses* for the least amount of money, and the use of space will be dictated by a different creative style. The use of the four major types of mass media in direct marketing is outlined next.

Television: While in the past direct marketing on television was generally confined to the early hours of the morning, it is more and more finding its way into prime time. Still not much of a factor in over-the-air television, among other reasons because it does not offer precise enough targeting, it is becoming increasingly a part of satellite and cable television. One reason for this is the somewhat-better targeting potential owing to cable channels devoted to highly specific topics (e.g. history, home and garden, sports, etc.) and the ability to run longer commercials – 60-second, 90-second, and

even 2-minute commercials are not uncommon. The longer commercials, of course, permit more copy, a necessary ingredient when television is used for high-involvement products. The ultimate long commercials are 'infomercials', which are program length and run up to 30 minutes or longer. They look like regular programming, and their use is growing (Cleland, 1995).

Television commercials, and especially longer commercials and infomercials, are a good way to direct market high-involvement products where a demonstration is necessary or desirable.

Radio: As might be correctly surmised, radio is not often considered for direct marketing. The obvious reason is the difficulty in effecting an immediate response to the message. Radio is generally a 'passive' medium, listened to while driving or engaged in some other activity, making it difficult to switch attention and find pen and paper to write down a telephone number or address in order to respond to the message.

Nevertheless, radio does have the advantage of being able to tightly target specific audiences, and it is relatively economical. It also provides almost instant access for a message. Radio commercials can be quickly produced and aired; even within a day or two if necessary. These are very real advantages, but one must be sensitive to the creative challenge involved in facilitating a response (e.g. repetition of an address or telephone number, made easy to remember with, say, a mnemonic device).

Newspaper: The primary use of newspapers in direct marketing is for the distribution of various pre-printed inserts, principally free-standing inserts (FSIs). The advantage of using newspaper for direct marketing is that almost any length printed message may be inserted, and it does not need to be printed on newsprint stock; almost any paper stock can be used. Another advantage is timeliness. Newspapers are distributed daily, so a message can be scheduled for delivery on any specific day. The disadvantage is that newspapers reach an ever shrinking market, and circulation is not targeted (except, perhaps, geographically). This means newspaper should only be considered when a broad-based target audience, within specific geographic boundaries, is appropriate.

Magazines: Compared with newspapers, magazines offer the opportunity for rather focused targeting. There are magazines and trade journals aimed at almost any type of audience one might require. Where newspapers utilize FSIs, direct marketing through magazines generally will use on-page messages in the magazine itself, often with a bound-in postal reply card. There may even be stand-alone cards that by themselves carry the message (known as 'blow-ins').

In IMC planning, the inclusion of magazines to deliver direct marketing falls somewhere between highly targeted direct mail that is designed to reach specific audiences and newspapers that deliver a broad-based, geographically targeted audience. The need for specificity of target audience and cost will determine which of the three is more efficient for a printed message.

You may be wondering here why we are talking about mass media when a point was made about the need for using a database in direct

marketing. In this case, a database is used to identify specific media used by the target audience, and their response to the offer is tracked by medium, and this new information added to the database.

Interactive media

Although interactive media plays a relatively small role overall in today's marketing communication programs, as discussed in the last chapter it is growing and will likely continue to grow. Technological advances almost guarantee it. Nevertheless, there are serious questions about the extent to which it is likely to ever play a really large role in direct marketing.

Perhaps the earliest example of interactive direct marketing was television shopping programs such as the Home Shopping Network in the US. While not technically 'interactive', it certainly conditioned a large number of households to television shopping, and as CD-ROM-equipped televisions become more common, shopping networks will become truly interactive. For those with CD-ROM-equipped home computers, CD-ROM catalogues are available now for interactive shopping.

Of course, the real star of interactive media is the Internet and other new media. There is no question that marketers are becoming more comfortable with the Internet. But as Harry Rosenthal, when president of Sundance Catalogue reminds us, getting people to browse through the catalogue isn't the problem, 'getting them to buy is hard because they might not be direct response buyers (Miller, 1995).' This is an important point. Just because someone buys over the Internet does not mean that they respond to direct marketing appeals.

The database in direct marketing

As the definition of direct marketing implies, a database is at the heart of a direct marketing operation. Before discussing the database in direct marketing, however, something should be pointed out. Not all uses of a database in marketing constitute direct marketing. In fact, in its broader application, use of databases in marketing is often referred to as 'database marketing'. One growing use of database marketing is in the retail area. A study of nearly 300 retailers (including large mass merchandisers as well as smaller retailers) revealed that two-thirds were using database marketing programs, and an additional 40% were planning them (Miller, 1995). They were used for everything from general promotions and information mailings to preventing customer defections and support for special promotions. Mall marketers too are using database marketing as an aid for their smaller, less sophisticated retailers (Shermach, 1995).

But not all database marketing is direct marketing. And a database is *not* just another name for a mailing list. A mailing (or telephone) list is indeed essential to a database, but a database is much more. One definition of a database describes it as 'a shared collection of interrelated data designed to meet the varied information needs of an organization.'

This data will generally combine the names of customers and prospects (including how to contact them) along with particulars about their buying or usage behaviour and other information. Obviously this can be a powerful tool in isolating very specific target groups.

The most effective use of a database is when it is a closed-loop system, according to Robert Kestinbaum (1994) when head of a large direct marketing company. In his words, one knows 'who has been contacted at what time, and at what cost', and by looking at the costs, evaluate the results. This ensures accountability. It also permits updating and re-evaluating the database.

Building a database

The steps that go into building and maintaining a database are shown in Figure 7.5. The first step is to *develop a list*. This can be done in any number of ways. If there is no customer list, the first step is to develop one. Regardless, managers should comb through all available marketing data; it may be surprising what is already on hand. Sales forces keep records, there may be warranty cards, charge records, etc. If there is time, one could survey the market. A quick start is possible by simply renting or buying a list that corresponds to the target market.

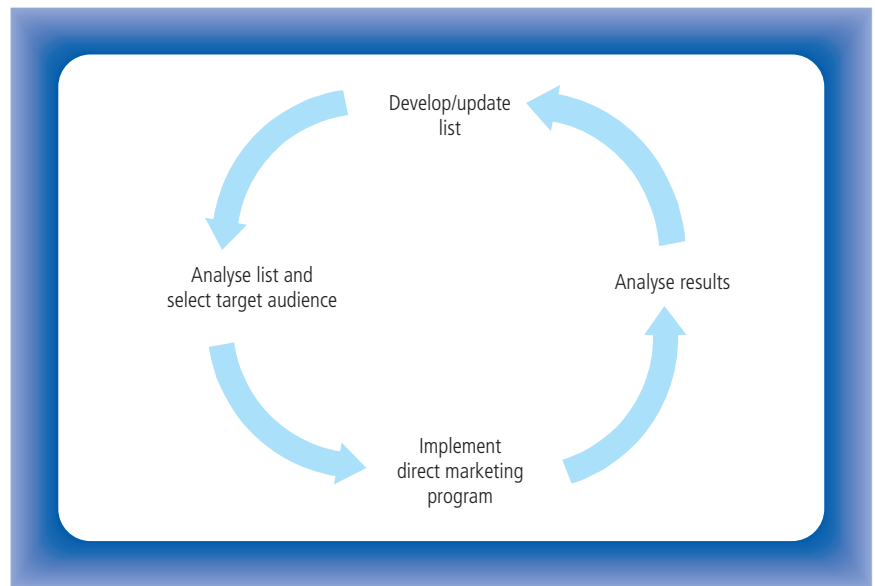


Figure 7.5
Steps in building
and maintaining a
database

But having a list is not enough, it must *analysed*. What information does it contain? Should the entire list be used? What does the list imply about the type of offer or means of response? Who are customers, whom prospects? Once the content of a database is understood, it is time to *use* it to implement a direct marketing program. Once the program has run,

the results must be analysed. It is not enough to simply use a database as a source for contacting customers or prospects. One must study the effectiveness of the list. Is there any information in the database that explains why some people may or may not have responded to the message?

Developing and using a list does not make a database. One must constantly *update* all of the information. Keep track of who does, and who does not respond, to what type of messages; what are the purchase rates and patterns. In effect, retain and track the details of every direct marketing program and the response. In a very real sense one is always building a database.

Effective use of a database

Since the definition of direct marketing includes the use of a database, when to use a database in one sense is the same as when one should consider using direct marketing. This has already been discussed. What we want to briefly cover here is how a manager can use a database to help make direct marketing decisions. Figure 7.6 outlines four situations where information in a database can help guide strategic decisions as to whether or not to include direct marketing in a particular IMC program. The first situation is where it is known that people on the list make *multiple or repeat purchases* of a product or service, especially where there are high gross margins. It also helps if the purchase cycle is neither too short nor too long. If the purchase cycle is too short, even if a person is a regular customer, the margins generally will not support specialized direct marketing. If the purchase cycle is too long, unless one knows it is time for the customer to repeat, too much of the direct marketing effort could be wasted on people not in the market at the time of the campaign.

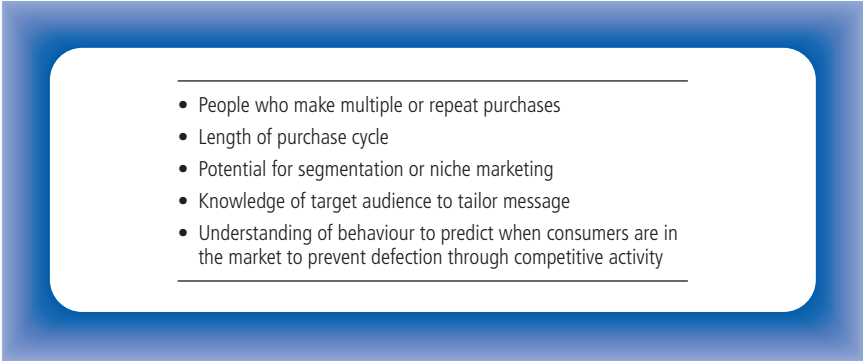
- 
- People who make multiple or repeat purchases
 - Length of purchase cycle
 - Potential for segmentation or niche marketing
 - Knowledge of target audience to tailor message
 - Understanding of behaviour to predict when consumers are in the market to prevent defection through competitive activity

Figure 7.6
Information in database that helps identify opportunities for direct marketing

A second situation is where specialized niche marketing or *segmentation* makes sense. Direct marketing is meant to be highly targeted, and a database can reveal important segments. Of course, this assumes that the brand has compiled the relevant dependent segmentation variables in its database. Because so much is known about the customers and prospects in the database, it offers unique opportunities for *increasing business*

among them. An obvious example here would be to use the database for cross-selling. Beyond this, by knowing customers well, it is possible to tailor messages to reduce switching behaviour or increase their current usage or purchase of the brand. Finally, with a good database one can predict when customers are most likely to be in the market, and prevent defections by competitive attempts to lure them away. This is why 'quick-lube' outlets send a reminder card after three months, or a bank reminds customers a savings instrument is about to mature.

Analyzing a database with these points in mind will help pinpoint potential direct marketing applications. If information that might help target particular segments is not in the database, thought should be given to what it might take to add it.

■ The role of channels marketing in IMC

Channels marketing is a term that refers to marketing communications geared to assisting the marketer at all levels of trade. The term 'channels marketing' evolved out of the importance of trade-oriented promotions. The two principal components of channels marketing are co-op advertising and tactical marketing. While cooperative or co-op advertising has been around for a long time, tactical marketing is something relatively new. Co-op advertising is essentially an arrangement between a marketer and a retailer to cooperate when selling the marketer's brand or service. It consists of advertising programs that are really nothing more than extensions of the marketer's basic marketing communication plan, funded in whole or part by the advertiser, and designed to assist the retailer in selling the brand or service.

Tactical marketing, however, is a channel-oriented marketing communication system that is designed to alter the terms of marketing in favour of the marketer and leverage incremental support from the trade (particularly retailers) by offering them specific advertising and promotion paid for by the advertiser on an *earned* basis. Simply put, the concept is to offer the retailer comprehensive customized advertising and promotional support in exchange for incremental sales features, distribution and/or store space.

Co-op advertising

While co-op advertising and tactical marketing may appear quite similar, as they should since tactical marketing is an outgrowth of basic co-op principles, the difference lies in the nature of how these techniques are applied. Co-op programs are usually broad in scope and passive in nature. In a typical co-op arrangement, a brand's entire retailer base is eligible to participate, with retailers earning a certain budget for advertising

or promotion based on sales volume. The marketer provides set material for use by the retailer, and then reimburses the retailer for its use on a periodic basis up to the limits of an established budget.

Generally the retailer takes advantage of the money and marketing communication as they see fit. To counter this, marketers should make a special attempt to encourage greater retailer participation or a particular strategic shift in retailer activity by manipulating allowances or methods of allocating funds. For the most part, however, traditional co-op programs are fairly straight forward.

Tactical marketing

Tactical marketing is always a *proactive* effort. When tactical marketing is considered, a brand is looking for specific and incremental support from a given retailer. In return for this support, the marketer will create a specific program tailored to the needs of that retailer, and will fund and implement the program. With tactical marketing the *marketer* controls the entire process from beginning to end.

Tactical marketing concepts grew out of the need for brands to provide a more individualized execution than was possible with most co-op programs. In traditional co-op advertising, the marketer reimburses the retailer or pays them all or part of the cost of the advertising or promotion. As retailers became more and more powerful through consolidation and the formation of buying groups and with the expansion of national chains via mergers, they began using co-op advertising as a profit centre to offset their operating costs. Frequently funds went to increasing store margins and other non-advertising functions. With an increasing power advantage, retailers began forcing marketers to participate in retailer initiated programs which may or may not have been to the advantage of the marketer or its brands. In effect, the marketer had lost control of co-op programs to the retailer.

As a result of this situation, the tactical marketing concept was developed as an alternative retailer marketing system that could provide the marketer a means of extending brand support at the retail level with control flexibility, while providing complete coordination and production services to the retailer. This means that a retailer could take advantage of marketing communication provided by the marketer, but also in more of a partnership. Tactical marketing also enlarges on the more traditional print orientation of co-op programs by providing the retailer access to television and radio commercials, direct marketing, sponsorships, outdoor, and other IMC options. But perhaps most importantly in terms of IMC, a specific marketing communication plan customized to particular retailers is utilized, one consistent with the overall IMC strategy.

Overall, while co-op advertising programs tend to be general, passive, and standardized, tactical marketing is specific, proactive, individualized, and highly participatory.

Summary

Direct marketing and channels marketing are more than just ways of delivering a message. They also define a specific type of advertising-like or promotion-like message. In the case of direct marketing, this means a message that seeks an immediate response, and one that is part of an interactive process, tightly targeted, within an accountable system, all driven by a database.

Direct marketing is like traditional promotion in that its objective is an immediate response and the results can be measured directly. But, it is not promotion. Direct marketing may utilize both advertising-like and promotion-like messages. It differs from traditional advertising not only in terms of seeking an immediate response, but in using a single exposure versus multiple exposures, addressing a highly targeted versus more broadly based target audience, and using its delivery system as the marketplace versus using the distribution chain to define the marketplace.

Managers need to address three questions in considering the use of direct marketing as part of an IMC program. First of all, does it make sense given the brand and its communication strategy. Second, is a good database available to identify the target audience. Then, if it fits within the brand's overall communication strategy and a good database is available, what is the best medium to use in delivering the message. Here there are four basic options: direct mail, telemarketing, mass media, and interactive media. Direct-mail offers flexibility, telemarketing the opportunity for immediate feedback and the chance to adjust the message during the call, mass media can reach a broader audience (while still tightly targeted), and interactive is self-selecting.

A strong database is critical for effective direct marketing. One builds a strong database by developing a list, analyzing it, and selecting a target audience. A program is implemented, and results then become a part of the database, which is re-analysed, leading to a better targeted audience for the next effort, which will provide new information for the database, and on it goes. The database is continuously updated and refined as more information is acquired from and about the target audience.

Channels marketing grew out of a recognition by marketers of the need for more control over traditional co-op advertising. With co-op, there is an arrangement between a marketer and retailer to cooperate in joint advertising and promotion for the brand. While the advertiser may bear most or even all of the cost of the program, they have little control over implementation. Channels marketing differs in offering the trade-specific programs paid for by the advertiser or on an earned basis. This is important for IMC because it means the message will be consistent with other marketing communication for a brand since it is developed and controlled by the marketer.

■ Review questions

- 1 How would you define direct marketing?
- 2 In what ways is direct marketing similar and in what ways different from other ways of delivering advertising and promotion?
- 3 Why is a database critical for direct marketing?

- 4 What is the fundamental difference between direct marketing and traditional advertising?
- 5 Describe some situations when it might make sense to include direct marketing in IMC for a fmcg.
- 6 Discuss when you would use direct mail rather than telemarketing for a direct marketing program; and when you would use telemarketing rather than direct mail.
- 7 When does it make sense to use mass media in direct marketing?
- 8 How would you go about building a database for a new product?
- 9 Why are co-op advertising programs not always good for a brand?
- 10 How does co-op advertising differ from tactical marketing?

References

- Cleland, K. (1995) More advertisers put infomercials in their plans. *Ad Age*, 18 September, 50.
- Kestinbaum, R. (1994) Editorial. *Journal of Direct Marketing*, 8(3), 2–3.
- Lamons, B. (1992) Creativity is important to direct marketing too. *Marketing News*, 7 December, 10.
- Miller, C. (1995) Marketers find it's hip to be on the Internet. *Marketing News*, 27 February, 2.
- Pickholz, J.W. (1994) From the practitioners. *Journal of Direct Marketing*, 8(2), 2–6.
- Reichheld, F.F. (1996) *The Loyalty Effect*. Cambridge, MA: Harvard Business School Press.
- Schultz, D.E. (1995) What is direct marketing. *Journal of Direct Marketing*, 9(2), 5–9.
- Shermach, K. (1995) Large and small retailers see value in database marketing. *Marketing News*, 25 September, 8.
- Stone, B. (1996) *Successful Direct Marketing Methods*. 5th edition Lincolnwood, IL: NTC Business Books.
- Stone, B. and Wyman, J. (1986) *Successful Telemarketing*. Lincolnwood, IL: NTC Business Books, p. 5.
- Tapp, A. (1998) *Principles of Direct and Database Marketing*. London: Financial Times Management Pitman.