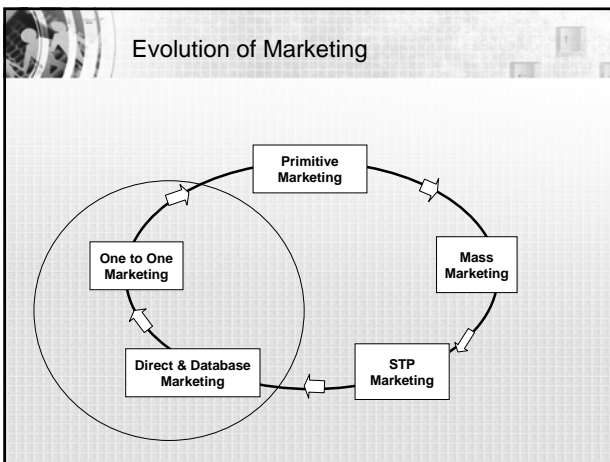




Aims

- To understand the history behind its development
- To consider the definitions of Direct Marketing
- To examine the objectives of Direct Marketing
- To understand the importance of targeting (Pareto's Principal)
- To examine the four features of the Direct Marketing Mix
- The understand the Direct Marketing database
- To explore the types of media used for Direct Marketing
- To consider examples of Direct Marketing
- Summary



The Modern Marketing Concept

	Starting Point	Focus	Means	End
Old	Factory	Products	Selling and Promotion	Profits through Sales Volume
Classical	Target Market	Customer needs	Integrated Marketing	Profits through customer satisfaction
Contemporary	Individual Customer	Customer Experience	CRM	Profits through Customer loyalty

Kotler, 2003

Development & Growth of DM

- **Development**
 - Direct Mail: Freeman's Catalogue launched 1905
 - Large growth 1950 to 1970
 - Problems in early 1980s due to recession
 - Late 1980s renewal
 - Direct Marketing: Early 1990s Heinz Campaign
 - 1996 UK DM expenditure £5.5 Billion
- **Growth**
 - Movements in Technology
 - Declining Effectiveness of Traditional Media
 - Changes in Market Information
 - Need for Better Targeting

UK Spending through DM

- Total spending £27bn in 2004-05
 - 2.3% increase over 2003
- 30-45 years old spend the most
- Average consumer spending £590
- Clothes account 41% of the market
- Travel saw the highest rise (260%) with 3.3bn turnover
- DIY products up by (162%) with 0.5bn turnover
- 73% of all UK consumer buying through DM live in Northern region of UK

DM Bulletin, Marketing Direct, 31st Dec 2004 and 2007

Definitions of DM

- 'Direct marketing is a method of distribution in which transactions are completed between buyer and seller without the intervention of a salesperson or retail outlet'
Stan Rapp
- 'any advertising which creates and exploits a direct relationship between you and your prospect or customer as an individual'
Drayton Bird

A Different Approach

- Mass Marketing
- Market Segmentation
- Direct Marketing
- Integrated Direct Marketing

Objectives of Direct Marketing

- Generating repeat purchase
- Introduction of a new product
- A platform for cross selling
- Provision of a new distribution channel
- Targeting minority markets
- Establishing loyalty
- Identification of prime prospects

Precision Targeting

```

    graph TD
      A[Suspects] --> B[Prospects]
      B --> C[Trialists]
      C --> D[Repeat Buyers]
    
```

Pareto's Principal

Top 20% Market = 80% of Sales

The 4 Features of Direct Marketing

- Targeting
 - Enables precision targeting
- Interaction
 - Generates direct enquiries and orders from prospects and customers
- Control
 - Accountable since direct enquiries and orders are easily measurable
- Continuity
 - Develops the seller-buyer relationship and ultimately results in customer loyalty

The Importance of the Database

- Who?
- What?
- Where?
- How much?
- When?
- Why?

Customer value

- £150 average purchase

How to reach her?

- Travel & retail websites
- Golden oldies & soft rock music radio
- Direct mail/catalog

Buyer persona

- "Traditionalist"

What to say?

- Value matters to me
- Save me time
- Tailored to want I want

Who is she?

- Lives in MOSAIC cluster
- "Happy Families"
- Home is her castle
- Married
- Children
- Pet lover
- 4x4 owner
- Heavy online purchaser
- Sunday newspaper reader
- Watches 'Lost' and 'Bones'

The Use of Media

- Direct Mail
- Door-to-door Drops
- Newspapers
- Magazines
- The Broadcast Media
- The Telephone
- Posters

Examples of Direct Mail

- Direct Mailing
- Direct Marketing (No middle men)
- Direct Response Press Ads
- Websites
- Charity Appeals
- Catalogues
- Some Credit Cards
- Store Chargecards
- Loyalty Cards