

Integrated Marketing Communication
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Lecture No 47
Direct Marketing – Part II

Hello friends!

Welcome back to the session of integrated marketing communication wherein we have been talking about direct marketing. How important it is for almost all the organizations to reach to their customers directly. We have continuously been learning about how different modes of integrated marketing communication are interrelated to each other with a particular centric value or central value of each mode in itself.

So, we have realized that if you initiate the communication process or you keep the communication process with centrality of one mode then all the other modes they tend to complement that mode. And within that particular mode we still have central aspects related to one of the media choices and then complementary role of other media choices as well. We may largely depend upon one of those for example in direct marketing we have been talking about direct mails.

And now I would be taking you towards catalogues, emails and some other modes but we may realize that a company may choose to focus upon direct mail and may rely upon it for a longer time. But an organization may think in terms of using direct mail and other media choices or direct marketing medias in support to or are supporting the other media choices. For example catalogues can be sent as a part of direct mail.

So, it is not just that direct mail would constitute a particular kind of a letter, it can be supported through catalogs. For example, a paint company may choose to address their customers through direct mails and send larger number of catalogs wherein people may find different colour combinations and colour choices and so on. And while thinking in terms of sending several colour choices through catalogs to the customers.

They may come up with an interactive advertising through different modes. They may go for print advertisement suggesting that these many colours are available and the customer already has those catalogs with him online and offline. It is not necessary that catalogs are to be sent

physically these days. So, this is how whole of the situation carries itself. We have already discussed upon how we have to develop a logic around it? How we have to budget around it? how we have to create a logical combination? and how we have to go for media planning related to that?

Let us try to look at different marketing medias, direct marketing media I should say. And let us think of catalogues and emails, this kind of a media is very essential for several products wherein you have to put up a larger information in front of the customer.

How would a customer imagine that how would a colour look like? How would a customer imagine that the area where he would study or how our student would realize that the place where he study would look like? Probably you can think of some other products and services as well wherein you want the person to look at the pictures and the photographs to imagine where they would go in terms of getting their education or how their walls would look and so on.

Automotive catalogues are very important. Jaguar hard fittings also put up catalogs wherein you would imagine that how several kinds of fittings would look in your houses. In case of automotive, you will flip off through pages. So, jaguar fittings or jaguar automotive whichever way you will want to look at it you can find catalogs very useful and helpful.

Then emails most of the times are very cost effective and you can change the format every time you want to address the customer and you can make the subject line attractive or you can be persuasive and decent as far as the email content goes. Customer would like to read it once in a while. I have found it very useful in terms of customers who do not want to get disturbed through different kinds of messages to different kinds of modes like mobile phones or some something. They feel happy when mails are sent to them and they read those as per their own convenience and choices. So, that makes a lot of sense. For example, you want to educate a customer about a new housing scheme which is coming in around the surrounding area or wherever the customer is looking forward to purchase a particular kind of a house. So, that is how catalogues and emails they work.

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In direct selling there can be a conceptual overlap between different modes in terms of integrated marketing communication. But when we talk of direct marketing or direct selling although is related to personal selling also which we have discussed earlier but direct selling becomes a part of direct marketing effort as such. And some of the elements which I am going to talk about here may have been referred to in earlier discussions as well.

The point here is that focus is learning about how customer can be directly approached and what

is the aspect of developing direct marketing communication around our products and services. So, and then you may say that when a company talks about personal selling, they are using a direct marketing approach and we know the conceptual difference which we have discussed earlier in terms of personal selling as well.

So, here one can go for repetitive sales efforts. Person to person selling wherein sales person visits the buyers at different locations of their convenience and so on. And there are several kinds of direct marketing organizations which have thrived on direct marketing efforts. You can name a few larger ones like Amway, Avon, Havell, Eureka Forbes and so on. And that is where the difference is - in personal selling there can be a locational aspect wherein one to one selling effort can be made through point of purchase as well.

But here direct marketing efforts are made at the point where customer is feeling convenient especially at their own locations and so on. And that is how things are largely dissociated and integrated as well. So, let us not mix them up and let us try to think in terms of how we can differentiate different modes and look at them in an integrated fashion as well. So, then there are non-repetitive person to person selling as well wherein the salesperson visits the buyers location to sell infrequently purchase products as well.

So, that a person would purchase a food processor not so often and that requires a different kind of an effort and on the other side A1 and Amway kind of products, these are repetitive products because these are consumer products. So, customer definitely look at them with repeat purchase perspective. There are party plans, you organize small parties or events within a particular choice of location or a customer's home or let us say a professional premises or restaurant when people gather, they enjoy, they eat together and then so on.

I will be talking about this case study of Tupperware wherein they have been relying upon this quite some time, although Amway has also done this but not precisely in terms of party. They have organized gatherings wherein they invite people to talk to each other and they share their views and so on. Because here in direct marketing efforts, one of the major intent of the organization many a times is to create a chain of buyers who would become sellers for them in due course of time also.

So, that is also a very important marketing strategy and in terms of communication it creates a chain of communication of trustworthy customers themselves becoming the advocates and sellers for that organization. So, that is a specific focused communication strategy.

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Then there are broadcast media television. Radio, we have talked about it. You would wonder that once we have talked about them with reference to mass media and advertising. Why we are focusing upon them with reference to direct marketing but here there are several channels and I have mentioned it earlier as well which focus upon directly generating a response from the side of the customer at that particular time and radio also now they have started using that.

So, it also becomes a part of direct marketing effort. I know some you would be having queries in relation to - should we call this as some other mode. Remember that how strategically it is used with what kind of an intent takes it towards the particular kind of a categorization if it is being used with an intent of direct marketing and is focused upon as a direct marketing effort bringing in other efforts to complement that then definitely one particular mode can be called as a direct marketing effort and so on.

So, that makes the difference and then we will keep on talking about these kind of things and I will always be open to answer your queries and demonstrate that but this can very well be understood by yourself as well when you differentiate this with reference to several kinds of examples which you find all around you. Try to focus upon how companies are generating communication around one kind of a mode and then you yourself would be able to comfortably categorize that.

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Then there are infomercials and there is an element of print media. I have earlier also mentioned about print media with a separate kind of an orientation and here it makes print media a difficult choice as far as direct marketing aspect goes but then infomercials are helpful wherein 30 minutes or one hour time slots are designated for a particular program wherein that program surrounds a particular sales effort or sales page and that is how it goes.

Although you would realize that when we talk of direct response advertising, there is a thin line in terms of infomercials but here you are trying to generate a response. Here you are being informative about your product and then that information is directly being passed upon to these specific target customers who would be watching these infomercials or who require this detailed information about a particular product.

This is a very notable point that many a times organizations and we will see in database marketing or database-based communication wherein you would realize that by a particular kind of a stage of the customer, organizations are aware of specific target customers. And if they have this categorization they understand that these customers are available on a particular kind of a channel and they are watching particular kind of a show that enables them to design specific

programs infomercials for them.

It is mass advertising, mass media we always know that we are sending it at a time wherein we presume that our target is watching the program, then we get that feedback through different modes which we have talked about and then we analyze what kind of an impact we have generated through different researches or we have already talked about TRPs and those kind of things.

But here we are quite sure that this is reaching our targets and that is where direct response and direct response marketing and infomercials or direct response advertising and infomercials lie into this particular category.

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Then comes in an element of evaluating the effectiveness of direct marketing programs. Since the beginning we are trying to analyze that whatever efforts we do should be meaningful, should be cost effective and should enable us to reach to our customers wherein customers start looking forward to purchase. All of the effort is around that and here also when we talk of direct marketing programs we are concerned about evaluation of how effective the program is.

So, it has to be categorized into a particular unit and that unit is cost per order for example. Now here it enables us to evaluate the relative effectiveness of an ad based on the number of calls generated. Because we are thinking in terms of direct response generation. So, we have to monitor it that way only. Now here it is an important lesson for us whenever we talk about impact analysis, the unit of impact gets determined by the objective of our communication or the choice of mode of communication as well.

So, when we are talking of direct marketing then it has to be monitored it that way. When we talk of mass advertising, for example in case of newspaper I mentioned that how many readers would have gone through that kind of an advertisement. So, that reach has to be broken down into the cost as far as the total scenario goes.

And then it can be broken down in terms of the space the advertisement would occupy. You can go for the unit of the space complementing that kind of an analysis. Then there is an element of customer lifetime value. Now customer lifetime value can be seen with a multifaceted perspective because many a times you realize that customer has contributed much more as compared to what we have spent to retain or to acquire and then to retain the customer.

How if we get the customer loyalty, that customer would have contributed more if we are able to monitor the whole thing for a very long time in a longitudinal fashion wherein we acquire one customer and then we continuously monitor that what kind of a communication and marketing investment or cost we have spend on retaining that customer.

Then what that customer has contributed in terms of generating references or repeat purchases? That means what kind of contribution the customer has made in terms of the direct revenue generation, the references which again converts into direct revenue generation and then the support in terms of brand equity, what kind of contribution the customer would have made there. If we are able to monitor that then it solves a very large purpose.

Is it so simple? It is absolutely not that simple but in today's era of algorithms, software and artificial intelligence data science, we have enabled ourselves to reach to a certain level wherein we are able to look at these things with some conformity. Because we have some historical data, we sort of project on that basis as well. We look at the behavioral pattern of customers, we have talked about that for quite some time and then we extrapolate and then we analyze that what contribution the customer would make and so on.

Customer lifetime value determines the per rupee value associated with a long-term relationship with a customer. Though it sounds very simple but it is very difficult for us to accurately analyze that and presuming that we gain larger levels of loyalty then this analysis would be in our favour. Now it helps in determining if a customer should be acquired or larger number of customers should be focused upon with the perspective of retention or we should keep on focusing upon acquiring customers or newer and newer customers or how should we look into our marketing strategy? And this customer lifetime value is not just related to direct marketing programs it is one of the most important parts of direct marketing program evaluation because here it can be found out efficiently because here the team or the organization is directly in touch with the customer and that can be monitored longitudinally.

In mass advertising, acquiring the customer and then generating the sales becomes difficult but customer lifetime value perspective can be associated with almost all modes. Now CLV is also related to optimizing existing customer services and the levels of those services. So, there are several strategic usages of working upon these evaluative methods or let us say bringing out data and analysis on the basis of such kind of methodologies or units we may say.

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Then let us talk about database marketing: collecting and utilizing customer data for the purpose of enhancing interactions with customers and developing customer loyalty is largely related to

database marketing. In today's world probably, there is no customer largely who is not a part of some database. Database marketing today has come a far away. There was a time when people used to physically list the names and the addresses of the customers.

I am not talking of too long back, you can talk about such kind of things in 80s and late 80s and so on. Probably not true for whole of the world. In western world database marketing got initiated slightly earlier but in other parts of the world database marketing was not so common. Not many organizations were enabled with such software knowledge and so on.

But today we have almost all the capabilities of generating a huge database including all the customers in those databases and including one customer in different databases. Database marketing is also related to the importance for understanding the lifetime values of various customers and the development of customer retention efforts as well.

You can build a data warehouse. You can imagine it as a physical warehouse wherein lots of servers are there and those servers hold the data. Today you can just surf about it and you can find how data warehouses are developed. Then database is coded and analyzed, you have lots of names and lots of elements associated with those names for example address, age, qualification, purchasing habits, behavioural patterns and so on. So, definitely it has to be coded and then it has to be analyzed.

Data mining: When you try to bring out meaningful data from the warehouse. And next step is data driven marketing communication and data driven marketing programs. So, this is how the process can be looked upon.

Now where are the sources of information?

There are several sources of information. Few are highly conventional and few are based on lots of innovation in terms of developing the sources at large. So, for example there are several kinds of list services. Then organizations and independent agencies they are continuously searching the online behaviour of buyers or almost all of us are online now.

So, there is a specific behavioural pattern which can be derived out of our interactions with the world in which whichever way we wish to look at it. There are credit bureaux, there are postal services. It sounds little ancient nowadays - postal services but still exist in many parts of the world. In India we still have postal services, playing a very effective and efficient role.

Although their orientation has now got redirected towards several of services which were not so prominent earlier. Then there are direct marketing associations. There are bureaus of statistics

which have a specific role to play in terms of generating statistics, analyzing and so on. Retail transaction histories are there and then syndicated researches are there. So, there are different organizations which keep on doing syndicated researches. So, different kinds of modes are available.

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Now how databases are developed. Very simple kind of aspects are there. Now looking at the objectives of developing a database, it can be broadly categorized into four kinds of objectives wherein we wish to improve the selection of market segment or let us say precisely looking at our targets this is how you can talk about it.

Simulate repeat purchases: that is a very important element when we talk of databases.

Cross selling other products: Because here we are talking of patterns, data is related to pattern perspective. We all know that cross selling other products is a strategy. Once you try and understand the behaviour of the customer and categorize the customer on those kind of patterns then you fit in different products for that particular customer and that is how precisely it is happening around us. Your choices are being monitored and then complementary products or many a times unrelated products but which fit into the profile. Your profile is being introduced to you.

Customer relationship management: All the organizations they want to be in direct and close touch with the customers and this data would enable how closely they would remain with those customers.

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We have touched upon this element of database coding and analysis. Once you have data with you, try to differentiate that data in terms of codes. And then you analyze on the basis of independent variables also or some correlation pattern. Or let us say some other kind of analysis which enable you to reach to a conclusion wherein you try to put up that individual as a who would do this and who would end up purchasing a product or who should be followed upon with this kind of a product. By the way on 'Diwali', customers came out all along, spent lots of money and this season went well. How marketers were reaching to those customers how they were aggressively seeking the attention of their targets. We have seen almost all the modes of communication working upon as far as this particular scenario goes. Just as I told you last time as well that just go and watch the advertising and communication efforts and direct marketing efforts of the marketers for past two months and you would realize that during those past two months we have lived this complete subject which we are pursuing: integrated marketing communication.

Lifetime value analysis it estimates the present value of future profits the individual segment will generate over a lifetime relationship with the brand or firm. It is not an easy task to do and it involves lots of projections and behavior analysis as we talked about may change in due course of time. So, can we consider the elements which would influence the change of behaviour of the customer.

Can we consider how competitive products would come in? How substitutes and alternatives would come in. If we can do that then definitely lifetime value analysis on the basis of data or database can be done in terms of one particular product. But as we can see it is a difficult task.
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Then there are customer clusters location data tracking in today's world. In today's world everyone is visible and that can make sense for people whose data comes to a cumulative stage wherein it is warehoused, it is processed, it is coded, it is analyzed. Clusters are generated it is categorized and then a meaning is derived out of that. Now derivation of meaning is the most important thing.
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Once you mine this data once you bring it out then you put up a frame around that, frame of understanding and that frame enables you to think in terms of what should be communicated to this customer and that is where it makes sense.
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And that is why we call it database driven marketing communication because we have reached to this conclusion of communicating with the customer on the basis of whole of the database management process. Thanks to my computer science and AI and data science friends or several other people who are related to this kind of a field. They have been working for long in this field to reach to the stage wherein we say that today we have lots of ability of this kind of an analysis.
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And as I said that I would be talking about Tupperware. This particular organization focused upon direct marketing efforts, direct marketing communication to become strong.
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Just to briefly mention in front of you that this kitchenware brand started its operations in 1996 and then they started selling their products through party plans wherein home demonstrations to

the groups of people were done and they adopted a three tier structure.

Wherein dealers at the lower level followed by managers at the middle level and distributors at the top level were there. And Tupperware had a concept of party plan as I said they generated demonstrations through parties wherein they collected their target customers and they organized foods and drinks and so on. And here they started demonstrating the products in consonance with the food served many a times.

They generated something around the products themselves. It is not just that they collect people and they serve food. They just put up their products in front of them and many a times the whole occasion was related to serving their customers through their products. That is how Tupperware kept on introducing products one after the other to their customers.

For a very established kind of a flow which generated a continued reference and made them what they are today. It is a whole lot of a story you can visit their website. And you can always talk to people who have been associated with this organization and similar or who have been the customers of these kind of efforts and that is where we would elaboratively understand what direct marketing and direct marketing communication is and how effective it is.

And how precisely it may stand alone as a very strong mode of communication or how it may integrate with other modes of communication making the brand stronger or any brand stronger for that matter.

With this I will stop this discussion here. I will come back to you with cause related marketing communication after this session in the subsequent session. And then we will talk about public relations which are a very important part of marketing communication.

Till then, Good bye.