

Integrated Marketing Communication
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Lecture No # 46
Direct Marketing – Part I

Welcome back to the next session of integrated marketing communication.

After personal selling we are moving towards direct marketing. Is Personal selling not so direct? It is very direct but then we have to categorize things. Personal selling is related to an understanding of how sales or pursuing sales becomes a very important mode of communication between the organization and the customer. Direct marketing is a very interesting mode of communication. But let us see what direct marketing does.

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All the activities by which the sellers' direct efforts to a target audience using one or more media for the purpose of soliciting a response by phone, mail, the internet personal visit from a prospective customer. Direct interaction, but most of the times it is through a communication mode, means through phones, mails and that is how it has been categorized in terms of directly from the organization to the customer.

That is what it implies. There is a thin line of difference between other modes and this one. So, it includes direct selling, direct mail, telemarketing, internet selling and catalog selling and some other modes as well. Although one wonders many a times that most popular of these kinds of modes is tele-marketing or has been tele-marketing traditionally which has become synonymous with direct marketing.

But, others are equally important. For example, Readers digest wrote history in terms of direct subscription-based sales to the customers while communicating on several kinds of schemes and sweepstakes and so on. And then they had a very large database of customers with them and they used to communicate with the customers too and several magazines have been doing the same thing.

So, subscription-based products have been very successfully doing this and other products they have joined the bandwagon. Now, today you have call centers supporting telemarketing efforts

for real estate business at a very larger level, airlines business aggregators and then insurance business and then what not. So, direct marketing is part of almost every marketing effort by almost all the kinds of organizations and after sales service or service related businesses. They have been getting a good response from this mode of communication.

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Remember that direct marketing communication is not restricted to direct mail. But as telemarketing has become more popular in due course of time, so, potentially all media can utilize a direct function, e.g., direct response, TV advertising, when you generate a direct response at that particular moment during that particular show and that can be during your infomercials which are long programs related to particular demonstrations of the products in case of gyms or health products or furniture or let us say tool kit based kind of products or let us say home usage products and so on.

In reality shows as well (like Kaun Banega Crorepathi), and other such kind of reality shows wherein telephone lines are open and customer gets in touch with the producers of the program because of some reason or some interaction which is required at that particular moment. And an infomercials they invoke your kind of interest. And then 'Naptol' has been one of the most important examples in this area and it would appear in somewhere in the next subsequent slides as well.

Direct response radio advertising has also been there. And in today's FM era, it is one of the most common modes: lines are open for now and you can interact with the radio person and then there are several other infomercials, radio infomercials are going on and so on. And since morning till evening you will find many such programs on radios internet communication, telephone communication as I said still is one of the most important and very powerful tool in terms of direct marketing.

It combines with advertising, public relations, personal selling, sales promotion and support media. And direct marketing has more or less played a very strong complementary role all through. You would find lesser examples of direct marketing becoming the central most reason of communication although you would have such examples. For example, in real estate you will find such kind of examples where direct marketing has played a very specific role and to the central of the levels but not very common.

So, complementary role perspective direct marketing has been a very major kind of a mode. You put up a display advertisement in newspaper and then start calling the prospective customers and that is how it comes into play. You go for a public relations exercise and then you follow it up with as far as the tele calling goes. Or let us say internet messaging goes or let us say

internet-based interaction goes, mailers go.

And personal selling definitely is complemented very strongly with the help of direct marketing because as soon as the sale is materialized or it is half materialized, at that particular moment you start getting calls from the organization in terms of how are you feeling about the product or when should someone visit you next? Because you have not yet materialized your purchase. Many a times have you realized that when you are surfing for something online, for example, airlines tickets or let us say some product on online portals and you end up not purchasing something or you have just visited the site just to see for some products and you start getting inputs from them about what you are looking for probably you could not find that. So, here are some complimentary products or associated products and can we help you further in terms of materializing your requirements and so on. And that is where direct marketing comes in and it has become a very important mode as I have been repeatedly saying.

So, and those messages are so polite, those are so complementary in nature because many a times you also feel that somehow you must materialize that purchase at the end of the day. Try purchasing some curtains today and then you would realize that. Then sales promotion is associated deeply with that and so on. Now let us look at the structure. And I will be talking about the separate elements of this structure in due course of time.

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So, direct marketing is quite closely connected to integrated marketing communication as a complimentary part as we have seen. Now, it comprises of interactive and converged direct media using direct response, direct response advertising, direct mail, telephony, catalogues internet that we have talked about. And it is also connected to logistics and channels which can use direct selling, party plan, e tailing and on the other side direct retailing catalogs and it is also connected to relationship marketing of which a part is utilizing a database for customer service and loyalty programs.

This portion of direct marketing getting duly connected to relationship marketing has taken a strong prominence in due course of time. And I should spend few moments, on this at this juncture, wherein one must realize that when competition is not strong, so, direct marketing may be thought of as a mode of materializing the sales or excelling the sales or furthering the sales or generating further references.

But when competition is stiff and which is there in most of the segments most of the industries, most of the products, there direct marketing plays a very strong role in generating relationship with the customer, because this is one of the modes through which you remain in touch.

Although it is many a times intrusive to many customers but then if the person sitting at that side is pleasant, if he sounds happy, sounds charming, then, you generate a chord.

Remember those days when the satellite television was making its inroads into the Indian homes: Airtel, Tata Sky all those they were putting up direct calls to you and they were giving you several kinds of benefits. Putting up a perspective in terms of generating relations and then up keeping those relations. How many times do you get calls from your usual mobile phone company whose services you are utilizing for quite some time. They keep on introducing different kinds of schemes to you.

Don't they know what kind of schemes habitually you are using, they do. Then why are they motivating you to change your scheme. It is not just that they are introducing newer product it is that they want to enhance your usage on one side, but on the other side they want to remain in touch with you to hold you because today switching over services is something which is very common.

They have been losing lots of revenue because of that. That is where relationship perspective comes in and one plus one means developing a relationship and then maintaining the relationship to hold the customer. That is the complete objective as far as direct marketing perspective goes. And today we have so many modes: telecommunication internet and so on and those modes have become complementary to each other, while enhancing the role of direct marketing with other modes in complementary terms.

Now there are some strategic elements to direct marketing. You have one step approach and two step approach.

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In one step approach a medium is used to obtain an order. Here, the goal is to generate and immediate sales. For example, television and then direct response ads by Naaptol and they are demonstrating bed sheets and curtains and so many things. Have you watched this program? You would realize that they are so well rehearsed and well prepared.

They have a wonderful script with them and these charming demonstrators, they have so much of knowledge and ability on demonstrating almost all sorts of products and their preparation is based on lots of information and lots of behavioral analysis of the customers about their needs about their daily lives and so on. And they touch the right chord at the right moment and as soon as they are ending their demonstration they are getting some calls and then they multiply the number of those calls by telling you that someone is calling and this product is going out of stock

and why do not you call as well we have these many left and so on.

And many a times you become anxious and you become kind of excited and you end up calling these people. And as soon as you reach there then there is a two step approach. So, here the medium is used for inquiry and to qualify prospects not just focusing on immediate sales and then it is followed up with the second medium to complete the sales.

So, here larger complementarities are surrounding direct marketing. And this many a times as known as permission marketing as such.

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There are several direct marketing medias or elements related to direct marketing. How do we execute direct marketing? One is direct mail which has been historically one of the most important modes of direct marketing communication. Catalogues, paint companies they have been using catalogues very effectively.

Today also in an internet era wherein you can go for surfing about the paints all around and choose the color combinations which you would be utilizing for your walls and the choices they present in front of you and then you have shops wherein you can customize the colors you would like to have through computer programs and then those colors coming out of the machine in front of you like magic and then practical physical demonstration in front of you that how this color would look on your walls so, that is still supported by catalogues.

And then, there are several other catalogues which enable so many things. Today also, when you visit trade shows, visit shops or showrooms people feel like collecting catalogues. They feel like bringing those back and organizations spend lots of money in developing beautiful catalogues with lots of wonderful images and pictures and demonstrations all around.

Broadcast media: We will be talking about these medias one by one. Print media of course, we have talked about this but still there is a lot of scope in terms of direct marketing which we should be touching upon. Direct selling: we have talked about direct selling in terms of personal selling, but then, how we can use it as direct marketing tool. So, the brief mention has to be there and then infomercials.

So, let us take up this journey with understanding these Medias one by one. Direct mails mailers as I said have a long large history.

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Direct Mail: These mails are related to all forms of advertising sent directly to the prospects through the postal service or through private services. In today's era, when emails are the most common form and you get direct mailers through emails but still you receive many envelopes and when the postal system was prominent those days if you leave your house for three four days, you would find large number of mailers on your doorsteps.

And every mailer is having some booklet or catalog or let us say newly introduced product or some scheme or sweepstakes coming your way or you would have pizza coupons or you would have new product coupons, or some newer thing introduced in your town or some circus coming to your kind of city in due course of time and so on.

And then subscription-based products have been using those very effectively wherein they have already sent you the first copy to be read by you and then subscribe for the next copy and so on.

Same thing has started taking place very effectively in terms of e-system or e-mode. Today you get so many messages on behalf of let us say different movie channels or let us say internet movie channels or internet television modes, for example, zee sends you different kinds of messages through your mobile communication and wherein you look into those messages and then you click on those and you find the clippings there and you end up subscribing for that or purchasing or renting that movie and so on.

What we are reaching to the postal mode may have changed itself to e-mode but then that is becoming a reason for capitalizing upon the behavioral element of the customer who is looking for variety and variation. And then, that is also becoming a mode for introducing a newer business model in terms of not only movie subscription by customers through the channel subscription, but renting a movie in terms of getting it downloaded and watching it for n number of days and then you have a duration available with you and so on.

So, different kinds of business models are also being enabled through this communication mode. I would not say that this is the sole reason but this is playing a very prominent part in enabling such business models. So, direct mail reaches both consumers and business (business consumers). And in today's era business to business customers are more prominent targets of direct mailing system.

And then, prospective new customers receive different direct mail pieces with messages designed to induce repeat purchases. Companies utilize the source when compiling a mail list, the firm's internal database or a commercial list. For example, Porsche targets prospects with direct mails.

There are many organizations which have very specialized products high priced products wherein they have target consumers who might not find very specific time for going through several demonstration videos or they might not even find time to visit showrooms. They have lots of money, they can purchase that product.

Tourism packages or high-priced cars or jewelry or many other things and their direct marketing works a lot especially in terms of direct mails wherein these people might not also see their mails but they are the key decision makers in terms of such kind of purchases. They are looking for purchasing some gift for their family members and that is a high price gift. So, this mailer reaching them in physical form also make a lot of difference if somehow, they happen to catch their eyes and so on. And then there is a process for everything to reach to such decision makers. But just an example, how this can be effective at that end of purchase as well.

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The commercial list is of two types: response list and compiled list.

So, response list is associated with customers who have made purchases or who have responded to direct mail offers in the past. Now the communication has been generated. You have got the response, now you have to pursue that. And it depends upon the next effort or adding upon the next kind of a mode of communication or let us say you can complement that with personal selling as such.

And that would close the deal because now your representative would go and materialize and we have seen all that in personal selling. So, response list, part of commercial list is more personalized. But it is difficult to reach new customers. Newer customers are always difficult to reach for that matter. But definitely that is what communication is all about, reaching to the customers.

Then, there is compiled list. It provides information about consumers who meet a specific demographic profile or who are associated with or who are the prospects or customer for your products. Or who are in repeat purchases but you want to map their purchase habits as such. Disadvantage is that although someone might fit a demographic category chance of response might be low.

I will choose one specific example to highlight commercial list. For example, a newspaper is willing to or are thinking to enhance the number and types of advertisers for their product. Newspaper itself is a product and they want to gain foothold in different kinds of advertising segments. For example, one are display advertisement: advertisements given by commercial large organizations products. Then there are general display, single column display advertisements on a specific need based kind of thing. And there are other kinds of advertisements. So, individual advertisers go for very specific purpose and display advertisers

have a particular kind of an element of imagining their clientele and then looking into all sorts of details.

But looking at this with the perspective of a newspaper and their personal team their direct marketing division can generate the list of their prospective clientele and that list can be materialized all through. Now, how this list can be materialized or how this list can be generated first of all? So, this list can be generated on the basis of initiating a direct mailer from the side of the newspapers to almost all their readers.

Looking at response level they may feed that response to the advertisers. Probably some of the readers might be the advertisers themselves. So, this is how the process would start in terms of generating a list and then materializing and capitalizing upon that list. On the same side, they might watch if they are not holding a larger market share, they they are in competition with the others neck to neck.

Or they are lagging behind. They can watch for the advertisers of their competitors and they can generate mailers for them while complementing their analysis of their readers, for those advertisers. It is not that complicated as it sounds. The point is that newspapers have two kinds of customers. One is readers and the other are the advertisers who are the major revenue generators for the newspapers. So, generating one sort of a list which is slightly easier that can be done through the distributors.

That list can support the data for their prospective advertiser which is very relevant for them to come forward to advertise in a particular newspaper. And on the other side generating a list from their competitor and reaching them with this understanding or this information that will help their personal selling team to enable the advertisers to generate confidence and trust in their decisions to release advertisements for this a particular newspaper.

That is what precisely effective marketers have been doing. This mode can be replicated in almost all the products, in all the industries. The message is very clear direct marketing and direct mailing in direct marketing is a very important mode enjoys lots of complementary power and can support other modes of communication ultimately to reach to the customer.

I will end this session here with a suggestion not just to think of you as a direct marketer but to advise you for practicing how effective direct mailing can be done. Just write a wonderful direct mail describing the abilities of one of your favorite products and send it to one of your friends for the comment. Let us see what kind of response do you get and let us hope that you realize the power of direct mails and direct marketing.

Good bye for now.

See you next time.