



Integrated Marketing Communications

# Direct & database marketing

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- 1. The role of direct marketing**
- 2. Platform, technology & the role of the database**
- 3. Segments and target markets**
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## Direct marketing terminology

All media activities that aim to generate *communication* with existing or potential customers.

## Key points about direct marketing

- The difference between direct marketing (*response & behaviour*) and other promotional tools (*inform & brand value*)
- Direct marketing is not just direct mail, personal marketing and sales catalogues → *Branding tool (awareness & perception)*

### **Type 1: Complementary tool**

Direct marketing is used to complement the other promotional activities used to support a brand

### **Type 2: Primary differentiator**

Aims to provide the audience distinct points of differentiation from competitors

### **Type 3: Sales channel**

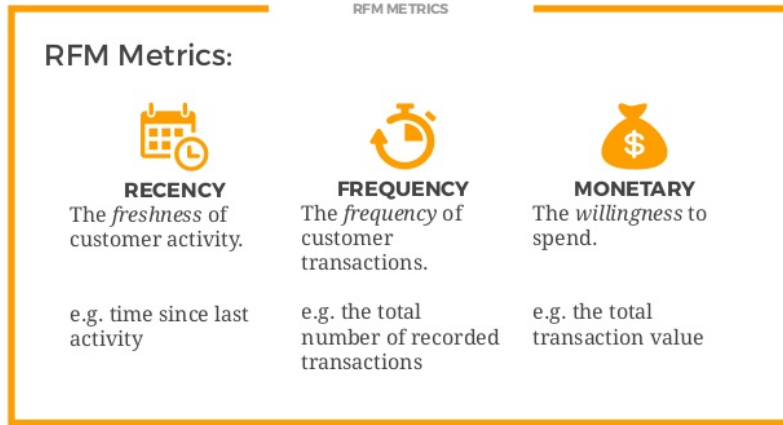
Direct marketing as a sales channel usually besides other promotional activities (multichannel)

### **Type 4: Brand vehicle**

The entire organization and its culture are oriented to the development of customer relationships through direct marketing activities.

## 2 Platform, technology & the role of the database

Platform: tools & resources

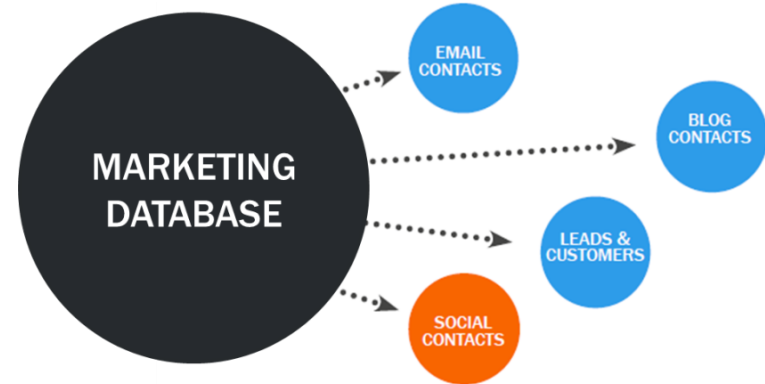


### The RFM Model:

It is useful to analyse the information stored in databases, which is gathered from transactions undertaken with customers

### The Database marketing:

Consists of several layers of information whereby traditional segmentation data, which set out customer profiles, could be fused with transactional data so that biographics



# Database engineering

Database engineers, who may work as either applications or systems software developers, are generally employed by **computer systems companies** to **design and monitor complex databases**. An in-depth understanding of computer **software**, database **technologies** and **programming** is required to work as a database engineer

### **CRM:**

Improved Customer Relationships: in selling and service situations, database marketing is used to enhance the quality of your relationships with key customers

### **Algorithms & technical side:**

An “algorithm” refers to a sequence of steps or rules designed to produce a specific outcome from a set of inputs

With the right data available, algorithms can automate these ongoing decisions at scale in order to reduce wasted spend and make the most returns from each marketing activation.



facebook.

# 2 Platform, technology & the role of the database

Communication channels

## Direct response media:



Direct mail



Telemarketing & carelines






Inserts



# 2 Platform, technology & the role of the database

## Communication channels

### Direct response media:

		
<p>Print</p>	<p>Radio and Television</p>	<p>Internet and new media</p>

## Data intelligence & behavior prediction opportunities

### Advantages

- Personalisation and creation of customer segments
- Enhances the quality of your relationships with key customers (monitoring, loyalty plans, strategy implementation, etc.)
- Better tracking and follow up of customers behaviour (open emails, bounces, number of clicks, session duration, A/B testing, etc.)

### Disadvantages

- Cost and expenses, as full CRM or database marketing often require major infrastructure build up
- Tech requirements: it requires tech profiles to manage the back-office and software side
- It does not do is explain why the behaviour occurred
- The data itself, what has been collected, does not provide insight into what underpins the behaviour

- Direct marketing aims to manage customer behavior
- Direct marketing
  - -> precision of target marketing -> minimized waste (no “wrong” audience), increased profits and opportunities to provide customers with other related products without the cost of finding new customers.
- Technology makes it possible to capture information.

Call-to-action ->  
but who are you calling?



- *Segment* is a wanted group of customers that have common features within the group:
  - For example Wolt's segment is young city adult.
- *Target market* is the market that company is aiming at:
  - For example Wolt is trying to be biggest food-delivery company in Finland.
- Company gets information about it's segments lifestyle data: Age, sex, spending, what products you buy.
- Data can also reveal opportunities to *cross-sell* products for certain segments.



- Data consists of information about prospects and customers that determine useful segments and target markets for THAT company
- Database records customers communication
- – to some extent

TESCO

Tesco *knows* what you are buying,  
so does S-ryhmä in Finland

- *NOW*: Companies can buy direct advertisement space for example from Facebook target it to be seen only to specific segmentation with proper age etc. -> measuring!



- Authorization to transmit promotional messages in certain interest categories
- **Aim:** initiate, sustain and develop a dialogue with customers (Kent&Brandal, 2003)
- Five distinct levels of PM (Godin, 2002):
  - Intravenous
  - Points
  - Personal relationships
  - Brand trust
  - Situation

### Customer benefits:

- A reduction in search costs and clutter (Lehman, 2004)
- Better organisation of the information search process (Dufrene et al., 2005)
- Improved message relevance (Soars, 2001)

### Organization benefits:

- Improved segmentation (Tezinde & al., 2002)
- The acquisition of new customers and the development of long term loyal customers (Kavassalis et al., 2003)
- Increased profitability (Dreeze, 2005)



- Tolerances of the customers vary according to (Goodwin, 1991):
  - The nature of the information
  - How it was collected
  - Who collected it
- For example GDPR was developed to solve privacy issues of modern permission marketing / database marketing
  - Companies don't own the data
  - Companies have only the right for the data they really need

- More data is collected about people's behavior online
- The messages can be targeted more efficiently
- Machine learning and AI makes it more automatized
- Privacy issues will be discussed more as companies try to find more effective ways to collect and use the data about customers →

<https://www.youtube.com/watch?v=zBnDWSvaQ1I>

# Summary

- Direct marketing is not just direct mail as a promotional tool, direct marketing is also a branding tool
- Database marketing offers data intelligence & behavior prediction opportunities through development of new technology, algorithms, strategy planning and internet media solutions
- Segmentation helps to target ads to RIGHT audience and sell more overall products
- Privacy issues will raise conversation also in the future