

## **The Evolving World of Direct Marketing *Observations and expectations for 2007 and beyond***

By Mary Gospe

Direct marketing has evolved over the last five years to integrate online and offline media, leverage robust, on-demand databases, and incorporate digital printing technologies. In this article, we'll examine three key trends that are impacting direct marketing today: 1) integration of media, 2) personalization and relevance and 3) interactivity and rich media.

### **Trend #1: Integration Is Strategic**

The concept of using multiple media in the marketing mix is not new. But frequently, marketers plan discrete events or "campaigns" that are not tied together (i.e. a banner ad this month, an email blast next month, a webinar after that). Leading companies today plan an integrated strategy over several quarters to engage prospects and customers in an ongoing dialog as they progress from new prospects to repeat customers.

#### **Lead Generation → Nurturing Prospects → Customer Up-sell/Cross-sell**

The integrated campaign should deliver a consistent message across all media and provide appropriate offers based on where the person is in their buying cycle. A well-defined strategy for how you will generate, qualify and nurture leads and market to existing customers will pay off. You will gain efficiencies and optimize results with an integrated approach, versus starting and stopping individual, unconnected programs.

#### ***Integration of online and print media***

Over the last few years, the pendulum swung heavily from direct mail toward email and other online marketing tactics, such as banner ads, pay-per-click (PPC) ads, and search engine optimization (SEO). Companies focused on email because it was fast to deploy and provided immediate results. However, this bombardment of email resulted in SPAM issues, opt-in lists, email deliverability issues and diminishing response rates.

Companies today are finding a balance across both online media and direct mail. According to research conducted by CSO Insights, over 70 percent of firms surveyed in 2006 plan to increase their investment in email marketing. And recent research conducted by the United States Postal Service found that 95% of Baby Boomers sort through their postal mail daily and more than 70% of X&Y generation postal mail recipients read credit card offers and use coupons. Marketers are increasing their use of direct mail for branding campaigns, especially in the financial services industry. Best practices in integrated direct marketing call for tightly synchronizing the delivery of direct mail, email and telephone follow-up to boost response rates and sales.

#### ***Other Trends to watch:***

- **Consumer Generated Advertising (CGA)** – letting customers come up with ad concepts and actually design ads
- **Targeted banner ads on social networking sites**, such as LinkedIn, that display based on the reader's profile (title, industry, geography)

### **Trend #2: The Advent of Micro-Marketing: Personalization and Relevance**

The days of mass marketing are over. Today, marketers must strive to deliver highly personalized and relevant messages to their prospects and customers. According to David Daniels of Jupiter

Research “increasingly, marketers are beginning to adopt the notion of targeted and relevant mailings over conventional spray-and-pray broadcast tactics.”

The advent of digital media allows for personalization of both online and print media. Using variable data print, direct mail pieces can be digitally printed with headlines, messages and images that are all tailored to a specific individual. These personalized direct mail pieces, combined with personalized emails, drive recipients to their own individual landing page which contains relevant messages and offers.

To achieve this level of personalization and relevancy, companies must have a robust and up-to-date database. Leading marketers like Ernan Roman suggest that companies ask prospects and customers what information they want to receive from the company, how often and via what channel. By sending only the information the customer requested by category of product or service, on their requested timeframe and preferred media, you respect the customer and save time and money sending out irrelevant messages. The key to making this work is a Web portal where prospects and customers can update their choices and a CRM system that captures these choices. With this trend, expect to see continued investments in marketing automation, CRM and analytics tools.

### **Trend #3: It's Not Just Marketing, It's Entertainment**

More than ever, prospects and customers want to be entertained and expect a rich media experience when interfacing with your company. Rich media (audio, graphics, images, video, animation, interactive features and games) can be used to tap into the emotions of your prospects and customers, engage them, and tell a compelling story. Marketers are finding that rich media ads and offers (think interactive flash demo) provide new ways to measure customer interactions and significantly impact brand metrics.

In 1996, HP and online agency Red Sky Interactive, introduced the first rich media banner ad by embedding an online game based on “Pong” within a banner ad. According to Jason Heller, Managing Director, Horizon Interactive, “in an era where consumers control their media experiences, rich media provides more valuable and engaging experiences than most standard online advertising. When executed well, rich media can exponentially out-perform standard ad units.”

In a 2005 white paper, DoubleClick stated “The key new advertising metric is “consumer engagement.” Rich media – in the form of video, interactive units, games and more – is a powerful tool in this new world of consumer permission and “invertising.”

### **Set Yourself Apart from the Competition**

The next five years will bring more changes to how companies market to businesses and consumers. New online search tools, personalized video channels like YouTube, and the next generation of blogs will provide new avenues to reach the target audience.

Although direct marketing is constantly evolving, the fundamentals still apply: test, measure, and optimize. Test offers, email subject lines, landing page layouts, direct mail components, banner ad copy. Measure results and continually try new approaches to optimize your programs. These basic best practices, along with integrated, personalized, relevant and entertaining campaigns, will set you on the path to success.

### **About the Author**

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