

my way

A global perspective on the past, present
and future of direct marketing



written by
South Africa's Direct Marketer of the Year 2008

Keith Wiser

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That's the normal yafoo stuff at the front of a book that nobody reads and everyone ignores. I'll personally be delighted if you think any of the content of my book is worth repeating. Just have the courtesy to mention my name.

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Final thanks go to my Editor and Proof Reader, Chris Kyparissis. If you do find any typos blame him. But what can you expect, he's Greek.

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FOREWORD

I have no idea why they call this part of a book the foreword. When I first started on this book I did produce a foreword but after several rewrites and some serious editing what I have finished up with is somewhat, if not substantively, different from what I initially had in mind. I have discovered that writing a book is like having a child ... what you have in mind and how it turns out are not necessarily the same thing.

What you are seeing here is in fact the third version of this book. So what was wrong with the first two iterations? Perhaps I can best answer that question by saying that they were a little like the response from a candidate applying to join the Chinese Civil Service. Apparently in years gone by all candidates had to complete a written examination. Regardless of the topic, the question was always phrased as "Write everything you know about topic A or topic B." And that is what I was doing in the first two versions, attempting to get down on paper everything I know about direct marketing, which after nearly 30 years is a hell of a lot. And so it was a kind of text book.

Of course, at the same time I couldn't help myself from attempting to amuse my readers which resulted in a bunch of very confused publishers. Without in any way wishing to belittle a group of serious professionals most of them simply couldn't join the dots on this concept. Now the Navaho Indians have a given piece of wisdom that goes something like this. "When the horse is dead, get off it". So let's start by making something clear. This is not a text book on direct marketing. If you want one there are probably several hundred perfectly adequate ones out there already. And if you are still not satisfied then drop me a note and I'll happily send you a copy of iteration number two.

My next mistake was sitting on the fence which anyone who has spent any amount of time at all with a six foot stake up their anus will tell you is extremely painful. It also tends to limit motion in either direction. With the best intentions in the world I was trying to make the case for direct without overtly offending what I throughout the book refer to as my ATL Cousins. This was largely based on advice from a good friend and colleague of mine from Ireland who said something along the lines of "You don't want to be seen as one of the direct marketing wallers who is always banging on a about how much better direct marketing is than above the line media. You will simply set yourself up to get shot down." Sage advice at the time, but the more I have reflected on this I have come to the conclusion that he was wrong. In Chapter 1 I will explain in some detail why it is not about good, better or best but rather about why direct marketing is more in tune with the times that we are currently living in.

My final mistake also related to fence sitting so if you think that sitting on one pointy stick is painful I suggest you try sitting on two. Another colleague I met through the writing of this book more graphically described this as "breeding an albino crow". As long as I was attempting a text book I felt that I had to be seen as non partisan. The fact of the matter is that this book would not have happened at all had it not been for the emotional, financial and other support from IDN (The InterDirect Network) the largest network of independent direct marketing agencies in the world. There is a very high probability that you may be reading this

book because of your own direct or indirect relationship with one of the IDN agencies somewhere in the world. By no longer aiming to write a text book on direct marketing I believe this has given me more freedom to recognise the work of many of my colleagues around the world. It has also given me the independence to sell rather than merely describe direct marketing.

What has not changed throughout the writing process is my desire to see direct marketing gain greater recognition and an increased slice of the marketing pie. Part of this has always been predicated on the belief that generally speaking direct marketers are pretty smart puppies. But where I have been going wrong for quite some time has been in telling rather than selling. I was like one of the leaders in the French Revolution who reputedly ran behind the crowd, shouting "Follow me. I'm right behind you." The mass marketing bus has already built up a head of steam. Mass marketing, using mass media has been steaming along since the middle of the last century. Little wonder that all those people on the bus have zero interest in someone left behind in the dirt trying to convince them that they are on the wrong bus. But how about a new form of transport all together ... that's cleaner, quicker, cheaper, faster. Now you are talking.

As you progress through the book you will hopefully start to appreciate that the time for direct marketing had finally arrived. Don't worry about the fact that we have been doing it for hundreds of years. Direct marketers ...our time is now !

CHAPTER 1

"The Times They Are A Changin'"

Bob Dylan

Each chapter in this book is named after a well known song. In this case it's that great folk anthem of the sixties by Bob Dylan. That the first decade of the twentieth century is markedly different from the final decade of the last century is not news. In fact we have never seen anything comparable in terms of both the quantum and speed of change in the entire history of mankind. But it is my contention that while we have all been intently focussed on the trees we have to a large extent lost site of the forest.

At the end of the Foreword I concluded with the statement "Direct Marketers ... our time is now" with a promise to explain why in Chapter 1. To do that I am afraid we are going to need to start with a history lesson.

A POTTED HISTORY

The first great epoch in history lasted for hundreds of thousands of years. During this period the vast majority, if not all, the dwellers on the planet were hunters and gatherers. It was only during the second epoch that humans as we would recognise them today started to emerge. They can be categorised as either 'primitive' or 'civilised'. The primitive continued to hunt, gather and fish. The civilised, by contrast, worked the soil. And wherever agriculture arose civilisation took root. This second epoch lasted for around twenty thousand years and was only challenged by the third epoch which began somewhere between the middle of the seventeenth and eighteenth centuries. What caused much of the human race to move from the second epoch to the third epoch was what is generally referred to as the Industrial Revolution.

If the first epoch lasted for hundreds of thousands of years and the second epoch for several thousand it is a fact that the third epoch has lasted for only a few hundred, perhaps as few as three hundred years. Most of us assume that we are still living in the third epoch and that all the changes happening around us today are simply more of the same. This is a view that needs to be challenged but before we can do that need to spend a little more time understanding the nature of the third epoch.

From hereon out by the way, for simplicity, we shall use the alpha\numeric E1 to refer to the first epoch, E2 to the second and so on.

THE PRINCIPLES ON WHICH E3 WAS FOUNDED

When we think about the industrial revolution we tend to summon up images of Blake's

“Dark Satanic mills”. In fact it was far more. It was a transition that impacted on every fibre of our social structures. It called for far reaching changes in the way human beings behaved and the ways in which they interacted one with another. Life in E3 was a very different kettle of fish from life in E2.

We can consider these differences and the changes they required under the following principles for which I am indebted to Alvin Toffler from his book *The Third Wave* :

Standardisation

The most obvious form of standardisation was in terms of production output. In fact it was by the almost magical ability to create hundreds or thousands of items, using machines rather than hands, that we best understand the Industrial Revolution but for just a moment consider the human beings who had to make the transition from E2 to E3. Not that life in agrarian society was perfect, it was just very different.

Whilst many aspects of life during these times were seen as vile and ugly, other aspects are seen in a more positive light (e.g. education for the masses). And whilst this was so, we often lose sight of the fact that in addition to teaching the 3 R's another agenda was in play. What the schools were also teaching was the need for punctuality, the ability to behave in a co-ordinated disciplined manner as well as to mindlessly follow instructions.

The owners, and increasingly the managers, of the dark, Satanic mills also had to look at and shape many other forms of standardisation e.g.

- Working hours
- Pay scales
- Lunch hours
- Holidays
- Recruitment procedures
- Products

With hind sight it is difficult for us to appreciate that all these things had to be considered and developed. And a society where standardisation became a core principle could hardly be expected to tolerate minority languages or dialects as these would ultimately impact on efficiency. Standard weights and measures, one of the first innovations of the French Revolution, and unified monetary systems are further examples of the pursuit of standardisation during E3.

Specialisation

Specialisation was almost at the opposite end of the spectrum from Standardisation. The division of labour contributed hugely to the success of the Industrial Revolution. It was Adam Smith, in *The Wealth of Nations*, who put forward the example of a Pin Maker who performing all the tasks required to make a pin could turn out no more than 20 pins a day. By contrast, split the 18 tasks required to make a pin across 10 specialists and output increased to 48,000 pins per day or an average of 4,800 pins per worker. How's that for an ROI ? Such was the belief in the division of labour that Prince Albert, at the Crystal Palace Exhibition,

said “Specialisation is the moving power of civilisation”.

Synchronisation

In E2, an agrarian society, there was some focus on time but it was mainly seasonal. Machines on the other hand have a time and a rhythm of their own. There is an old saying that time waits for no man. It’s probably more accurate to state that machines wait for no man. And in a production line environment, where each process in the production line is dependent on the former you cannot function if people do not all share the same sense of time and appreciation of the importance of time. If one team is late in completing a task the next team down the line suffers. Suddenly it became important to teach children to tell the time. Pupils were conditioned to get to school when the bell rang so that they would later arrive at the factory when the whistle blew.

Concentration

We can see the principle of concentration at work in many, many ways :

- People came from the countryside and concentrated in cities.
- Workers came together and concentrated in factories.
- The sick, the poor and the insane were no longer dispersed in the community.
- They now congregated in hospitals, poor houses and asylums.
- One might argue that for the first time, just as workers were concentrated in factories, children were concentrated in schools.
- As E3 evolved business became more concentrated. The motor car industry is a good example. By the mid 1960’s the big three car manufacturers in the USA accounted for 94% of all sales. In Germany the big four accounted for 91% of auto production. In France the big four accounted for virtually 100%. In Italy Fiat build about 90% of all vehicles.

Maximisation

Linked to the concept of concentration was the idea that big is best. This was a trend that began in the USA that most of the world was happy to follow. By 1960 General Motors employed almost 600,000 people. In France in 1963, 1400 firms employed 38% of the total work force. Certainly at the height of E3 it wasn’t a case of black is beautiful but big is beautiful.

Centralisation

The concept of centralisation conjures up pictures of the USSR with its never ending attempts at central control through a series of National 5 Year Plans. The reality was that all developed countries, as E3 evolved, sought to increase control at the centre.

The great political movement of the 19th century, nationalism, which saw the creation of states like Germany and Italy was another manifestation of centralisation.

Post World War II saw the desire for centralisation move to what we can call the supra national level with the creation of organisations like The United Nations, The International

Monetary Fund and The World Bank.

To summarise, what E3 created, or at least attempted to create, was a global population with the same view of the world, the same values, similar goals and behaviours.

THE END OF E3 OR THE BEGINNING OF E4 ?

By now you are probably starting to wonder what all of this has got to do with direct marketing. Well stick around for a few more minutes and hopefully all will become clear ! Earlier on the point was made that most people, if challenged, still believe that E3 is well, alive and kicking. If however the principles above, which we have used to describe E3, no longer apply then perhaps we are already at the cusp of E4. My feeling is that we are in fact beyond the cusp and into the early stages of E4.

No one would minimise for a moment the significance of each of the three epochs that I have so far described. If we are about to enter a new one then this is surely a considerable moment in history and one that should cause us to evaluate much of what has happened in the past for its relevance to the future. The E1 rules did not apply in E2. Likewise what worked in E2 was no longer valid in E3. If we are leaving E3 behind and moving into E4 then a new set of rules or principles will need to be defined.

E3, as commented above, was about conformity. From the communication perspective it peaked in what we understand today by the term 'mass communication' ... a single unified message delivered to thousands if not millions of people through concentrated channels at the same time. But to make my case we need to determine once and for all whether we are still in E3 or at the beginning of E4. So let's use the same framework to evaluate where we are right now.

Standardisation

E3 churned out perfectly formed widget didgets by the million, each carefully machined and lovingly QC'd. Peter Seeger sang a "*Little Boxes ...all made out of ticky tacky and they all look just the same*". Towards the end of the last century a new term entered the business lexicon, a seeming oxymoron, 'mass customisation'. Gone are the days of the Model T Ford in any colour you want as long as it is black. We no longer buy pre-packaged CD's. Today we format our own music using software on our PC's or iPods.

Standardised pricing which used to be a feature of E3 is starting to disappear. E Bay and similar sites on the web are only one manifestation of this. Disintermediation (i.e. the removal of the middle man) linked to real time supply and demand will start to impact even further on how we determine the prices of goods in the future.

Perhaps the best illustration we can present for the move away from standardisation in society is what we call Generation Y. This generation, following Generation X, was born from the early 1980s to the early 1990s. They are the children of the Baby Boomers. The following figures are from the United States but I must confess they look a lot like my own kids in South Africa.

- 97% own a computer

- 97% have downloaded music and other media using peer-to-peer file sharing
- 94% own a cell phone
- 76% use instant messaging and social networking sites
- 75% of college students have a Facebook account
- 60% own some type of portable music and/or video device such as an iPod
- 49% regularly download music and other media using peer-to-peer file sharing
- 34% use websites as their primary source of news
- 28% author a blog and 44% read blogs
- 15% of IM users are logged on 24 hours a day/7 days a week

Interview a Generation Y individual and he will probably start the interview by saying “So tell me, why should I work here?”. Because most of us in the marketing business were born in an earlier generation (i.e. The Baby Boomers) we have yet to fully appreciate how Generation Y will behave when it enters the mainstream but this is a generation to which standardisation is anathema.

Specialisation

The desire to produce more for less that was initially made possible through the division of labour is still a major driver today. But what we have discovered is that automation is far more effective than diversified human labour. Today we can make almost more of everything cheaper, better and faster using fewer hands (see below under Maximisation).

And whilst we weren't looking, all of us lucky enough to still be employed started multi tasking. Today I no longer have a secretary so I make my own coffee and flight bookings and do my own typing. In the business I fulfil the roles of Managing Director, Marketing Director and Creative Director. Specialisation still applies but today many of us are what we can call 'broad based specialists'.

Synchronisation

In a connected world I can do my work when I feel like it. For many tasks it's fine if I want to start at midnight and finish at 06h00 as long as I meet my deadlines.

Flexitime is yet another manifestation of how we have moved away from synchronisation where all work commences as the whistle blows. The death of E3 perhaps started much earlier than many of us realised at the time. The flexitime concept was developed by a German economist, Christel Kämmerer, in 1965. By 1977, 25% of the West German workforce was working on one form of flexitime or another.

Starting with the video player and moving on to the DVD or PVR we no longer watch media in

a synchronised manner. We now watch TV programs when we choose.

Concentration

The concentration of E3 manifested itself in people coming together. More and more workers are now operating from home. This is because we no longer have to be physically present to be connected. We have over the past decade or so witnessed the rise of SOHO's (i.e. Small Office Home Office). Even workers who are still traditionally employed like salesman or architects or designers or software developers find that they can make better use of their time than trawling through peak hour traffic. I don't know what the number is but I am pretty certain that as much as 50% of work today could be completed without the need for people to come into their traditional places of work.

The continued population growth, escalating property rentals, the diminution of fossil fuels and a host of other factors will force us to confront the reality of this situation. It's little more than ego and a combination of history and habit that makes us insist on our workforces operating from our premises rather than their own. This will be one of the more significant changes as we charge headlong into E4.

Maximisation

Big is beautiful ? Not any more. Over the last 2 decades we have observed industrial giants like IBM and Daimler Chrysler shed literally thousands of jobs. It's called down-sizing.

Centralisation

The idea of central planning and control was at best optimistic and at worse ludicrous. At some point in the process the jugglers had just too many balls in the air. In South Africa we used to have a saying "Pretoria knows best". We now know that to be blatantly untrue. The truth is finally dawning that the only person who knows what's best for me is me.

To any observer of world events the backwash against globalisation should be obvious.

Although we have seen the break up of few nations this will I believe become an increasing trend. How long will it be before the Basques gain their independence from Spain or the Scots from the United Kingdom? Africa, where the majority of countries came into being through the forces of imperialism rather than nationalism, is even more ripe for decentralisation but one suspects that this might take a little longer.

I could go on and on, but hopefully the point has been made. The principles that shaped E3 no longer apply. Ipso facto we must be in E4. And that means that everything, including marketing and communication, is up for review. As we shall see, direct marketing simply makes better sense in a world shaped by the new principles of E4.

THE E4 PRINCIPLE

As I started to write this paragraph I asked myself a question. What are the defining principles of the new era ? I came to the conclusion that it is broadly only one ... individualism.

- People no longer want the same products as everyone else. They want what they want when they want tailored to their own personal needs and desires.
- They no longer wish to be told what to believe. They will formulate their own views based on a plethora of information via the net. "Doctor knows best" no longer cuts it. Today 33% of US citizens go onto the net before visiting their doctor. If that's not frightening enough 44% visit the net after they have been to the doctor. Today we firmly subscribe to the view that you don't need to be an expert to know what you want.
- People have less interest in mass media. Magazine and newspaper circulations continue to decline. Newsletters, ezines and the web are more likely to be the preferred conduits for information.
- Television viewers because of either personal predilection or the use of technology have learned to bypass (ZAP) all those nasty one size fits all adverts that marketers still insist on using.

If it isn't already apparent mass media was a product of E3. Mass media disseminated standard messages, standard images and standard stories to an audience that was largely willing to accept them. I am something of a fan of the TV show *Boston Legal*. The latest episode I watched was number 4 from series 4. My middle son recently told me that the night before he had watched the whole of series 5 – this in part was possible because his version, courtesy of a friend from overseas, came without ad breaks. But it's not just the fact that he is so far ahead of me in his viewing habits that is so interesting. It's rather that he is no longer willing to wait a week at a time for each episode to be trickle fed by the media owner. He wants it all and he wants it now.

Jethro Tull's seed drill made the (manual) dibber obsolete. The Spinning Jenny replaced the hand loom. The Internet made significant inroads into that great 19th Century breakthrough, the postal service. Can we take all of this as indications that mass media are dead? I rather think not, if only because for some time to come there will still be a significant number of people who cling to the old ways ... marketing Luddites if you will.

Because E3 mass media are so prolific and pervasive we still cling to the belief that they ought to be the main channels of communication, losing sight of the fact that mass media were simply an E3 response to a changing environment (i.e. in E2 one to one communication was the norm).

In the days when I used to do a lot of lecturing I used to make statements like mass media builds brands, direct marketing builds customers. What a load of crap. Why can't we build brands using only direct media? Why should a television commercial be more effective than a customised file that I downloaded at your request to either your PC or cell phone?

So let's hear it for direct marketing. Direct marketers ...our time is now!

CHAPTER 2

"Do You Know Where You're Going To ?"

Johnny Mathis

Two blondes walked into a building. Funny ... you would think at least one of them would have seen it. Or how about this message on an answering machine ? If you want to buy some marijuana, press the hash key. Much humour relies on taking a mental jump to the left, yet another musical reference that will have immediately been spotted by lovers of *The Rocky Horror Show*. All the great comedians, like Englishman Tommy Cooper or American Bob Hope, were masters at exploiting this kind of ambiguity. Bob Hope complained one Christmas that he wasn't happy with the present his wife had bought him. It was a new golf club but it didn't have a swimming pool. Yes sir, that's ambiguity.

Now there is little ambiguity around above the line advertising.

You would have to come from the very darkest part of Africa to not recognise a billboard or a radio commercial. These are in fact two of the most popular media in Africa. There is no confusion here. A radio spot is a radio spot. A billboard is a billboard. And ne'er shall the twain be confused. The same holds true for a television spot, a print ad or a cinema commercial. These types of adverts are in fact quite simply and clearly defined by the channel through which they are delivered.

We can define advertising as "paid for time or space - normally in a carrier medium." The carrier medium is generally print, radio or television. There are other media like billboards or the back of bog doors but these are normally viewed as the poor cousins. There is in fact an irony in advertising. Media owners go to great lengths to drum up listeners and viewers as this is the basis on which they are able to sell advertising space. But it's the advertising that creates the real, and sometimes only, revenue. The listeners, readers and viewers tune in for the media owner's content. The advertisers therefore have to find ways to interrupt the content that is driving the listener, reader or viewer to that particular medium in the first place. That's the irony. But there is no ambiguity around what advertising actually is.

The main focus of this chapter is to create some sense of what direct marketing is. What do you mean I hear you cry. Everyone knows what direct marketing is and intuitively you may be right. But it's one thing to know what something is. It's something else to be able to describe or define it. If you don't believe me picture yourself describing strawberry jam to a Martian.

Over the years I have come across many definitions of direct marketing but this one has to be the king !

"Direct marketing is a cybernetic relational marketing process which uses direct response advertising in prospecting, conversion and maintenance"

I cannot for the life of me recall who said that but I can't help feeling that he had been interacting with the telephone answering machine referred to earlier just before he wrote it. Go try explain that to our mythical Martian. Over the years I have made several attempts to understand what might be meant by a "cybernetic relational marketing process". Each time it's had me reaching for the phone to place an order. Here are a few more definitions of direct marketing that I have collected over the years.

"In a direct marketing organisation a business strives to improve customer satisfaction and foster ongoing business through developing close, personal relationships. This is achieved by constant contact at a personal level building a strong bond of credibility and trust."
Powers Balderstone & Gyles

"Find out what each of your individual customers want and deliver it to them profitably - one customer at a time."
Malcolm Auld

"The new direct marketing is an information-driven marketing process, managed by database technology, that enables marketers to develop, test, implement, measure, and appropriately modify customised marketing programs and strategies."
David Sheppard

"Any advertising activity which creates and exploits a direct relationship between you and your prospect or customer as an individual"
Drayton Bird

"Direct marketing is just another way of marketing, the purpose of which is to isolate prospects or customers as individuals, to build a continuing relationship with them, to their greater benefit and your greater profit."
Drayton Bird

"Direct marketing is the planned recording, analysing and tracking of consumer and business direct response behaviour to develop marketing strategies for current and future customers."
Holder

" Direct marketing is a way of acquiring and keeping customers by providing a framework for three activities : analysis of individual customer information, strategy formation and implementation such that customers respond directly."
Alan Tapp

That's the problem with getting people to write books on direct marketing. Every author figures that he has to come up with a new definition. I have of course read far more books on the subject of direct marketing than I have on the topic of advertising. But I can't for one moment imagine that any of the authors would feel compelled to come up with a new description and/or definition of a billboard or magazine advert. So what is it with us direct marketers? And little surprise that we have created so much confusion. And then we wonder why others (like our ATL Cousins and the Paymasters – aka the Clients) just don't seem to get it.

All of the above of course contain something of the essence of direct marketing. But do they describe it in the same way that we are able to describe a billboard? And how about that visiting Martian? Would he be able to go home and explain to his fellow Martians what direct marketers actually do? Some of the greats didn't help either. How about this one from Stan Rapp ... and no-one could argue that Stan didn't know what he was doing when it came to direct.

"Direct marketing can simplistically be defined, all inclusively, as the identification of target customer wants and needs and the creation, development and distribution of goods, services, information and promotional benefits to targeted customers through interactive communication while tracking response, sales behaviour, interests and desires in a database."

Who knows, he may well have been on the right track but my god it's a mouthful and the bit that really cracks me up is "simplistically" and "all inclusively" in the same sentence.

So what about that Trojan direct marketer, Bob Stone. Surely after 6 editions of his master work on the subject he should have sorted it.

"Direct Marketing is an interactive system of marketing that uses one or more advertising media to affect a measurable response and/or transaction at any location, with this activity stored on a database."

Bob Stone

At least Bob had the good sense to comment that direct marketing is an interactive marketing system that aims to create a measurable response. That's not too hard to grasp. But I hate the bit in this, and all the other definitions, that make reference to the word 'advertising'. I strongly feel it's a word that we need to stay away from. Advertising by definition has to be an ATL activity and whilst we can use ATL media from time to time, primarily for acquisition, it really is not our space.

This was my own definition some time ago.

"Direct Marketing is a data based marketing method, using multiple channels, that focuses on acquiring and keeping customers with the objective of creating a measurable business relationship based on an understanding of their actual and potential needs as individuals and/or organisations."

As I mentioned in the Foreword this book has been written with input from members of IDN from around the globe. It seems that currently there is just as much lack of clarity across the

network as there is amongst the writers that we have reviewed so far – although hopefully this book may go some way towards addressing this issue. Michael Killeen from Ireland takes the fairly straightforward approach when he says “Direct marketing is communication to a tightly targeted audience that requests the audience to respond in some form. If it’s to a mass audience, it’s not DM.” Martin Krassnig from Austria takes a totally different view. He says “We do not talk about direct marketing, but about integrated marketing. Building up databases and sending out mailings are instruments, which can be used, or not, depending on the targets. We find ‘direct marketing’ outdated and prefer to talk about dialogue marketing.” Martin believes this so passionately that he recently lobbied to change the name of the organisation from the Inter Direct Network to the Inter Dialogue Network. George van Nevel from DVN in Belgium probably sits somewhere in the middle. He describes his agency as “an interactive agency that specialises in interactive communication.”

ARE WE CONFUSING THE ISSUE

We could possibly solve the problem of definitions in much the same way that we could solve the divorce problem (i.e. by no longer allowing people to get married). Simply stop the buggers writing the books and we should be OK for awhile. But unfortunately it’s not quite that simple. The first problem is that we keep changing the package ourselves.

THE EVOLUTION OF DIRECT MARKETING

Simple Direct Marketing

There certainly was a time when direct marketing was relatively simple and easy to understand with its purpose being to create a response in the form of a sale outside the normal retail distribution network. That was part of its joy. The anticipation and the pleasure of opening that parcel that normally arrived by mail.

Database Marketing (DM)

The water probably started to get murky with the arrival of what was termed database marketing. This was when all the non direct marketers suddenly awoke to the potential that was sitting in their own customer databases. Much of this was fuelled by the arrival on the scene of new database tools, dramatically reduced processing costs and desktop computers. Now direct marketers weren’t the only people doing direct marketing, although the non direct players probably didn’t realise at the time that they were starting to become direct marketers.

Relationship Marketing (RM)

From database marketing it was but a short hop and a skip over a couple of years towards the next new thing ... relationship marketing. That was inspired by a growing knowledge that customers no longer loved us. Well if the buggers didn’t love us we would make them love us. All we needed was a damn fine database and some segmented communication. That ought to fix the problem.

Customer Relationship Marketing (CRM)

Of course it didn’t take us too long to realise that the problem was not that simple. Customers experience multiple touch points with an organisation and now the chase was really on to build enterprise wide systems with a view to delivering integrated customer-centricity across the entire organisation. I’m actually getting a little breathless as I

write this but it was happening at a terrifying rate of knots and, as you all know, in spite of the billions of dollars that were spent on CRM programs and systems globally you can still probably count on one hand the number of organisations that are able to recognise a customer when he or she falls on their heads.

Customer Value Management (CVM)

CVM was the next new thing. (Sorry, I borrowed that phrase from Jim Clark who was of course a master at inventing the next new thing.) It was really a backlash to CRM with a tighter focus. It posed the question how do you increase customer value or, as I prefer to put it, how do you get more customers to spend more money more often? The goal is similar to CRM and uses many of the tools from the CRM toolkit but it feels a bit more doable.

Entity Relationship Marketing (ERM)

ERM was a parallel initiative to CRM. We can describe this as internal direct marketing in an attempt to align staff behaviour to customer expectations.

Other Good Stuff (OGS)

I threw in the TLA "OGS" just to be consistent. It isn't actually a recognised TLA as yet but if I push it hard enough I suppose it could be. All the OGS is being stoked by the digital revolution that now enables us to do the most amazing stuff. Under this heading we have tools like Search Engine Optimisation Engines and Dynamic Content Engines which have turned us into direct marketing wizards.

WHAT ABOUT CRM

Most of the journey that I have just described took just over a decade. It probably spanned the transition from E3 to E4 and as direct marketers we couldn't wait to get on this new bus. In fact we not only deserve to be on the bus, we really should be the bus drivers because we are the ones with the skills, experience and knowledge to make some sense of what has been happening in this new epoch. Indeed I cannot think of anyone more qualified to manage the dialogue that needs to take place between organisations and their customers in the context of CRM.

Of course not everyone agrees with me about the relationship that exists between direct marketing and CRM. Once again here's what Michael Killeen has to say. "Direct is focused on getting a response. CRM does not always seek a response. It could simply be passing on information that the customer would find useful."

If Michael were sitting next to me right now I might engage with him along the following lines. CRM programs do not always seek an immediate response but they certainly have a very clear end point in mind which can broadly be summed up under the heading of engineering behavioural change (i.e. wanting customers to stay longer, become more involved with the brand, spend more money etc.) If that is not a response I don't know what is. The debate here is really about the timeline and the scale. I am guessing that Michael doesn't see CRM as direct because we are not always seeking an immediate response in the classic direct sense. But to my way of looking at things DM and CRM have huge amounts in common in that they both talk to targeted groups with an ultimate response in mind.

I am not suggesting, as direct marketers, that we should be competing with the major CRM

systems providers, although some of us (my own agency included) do develop and build such systems. But rather that we have a serious communication role to play within the overall CRM process. So yes, I do come down strongly on the side of the camp that sees CRM as being part of what direct marketers do today.

DIRECT MARKETING & SCIENCE

Let us not lose sight of a further incredibly important point about direct marketing.

In his excellent book (“Direct Marketing – Strategy, Planning, Execution”) published in 1982 Edward Nash opened with the following statement. “Direct marketing is a powerful and fast growing science.” Now that’s a different skew on the ball ... a powerful and fast growing science. More than 70 years ago Claude Hopkins in his books “Scientific Advertising “ wrote “Advertising, once a gamble, has become, under able direction, one of the safest business ventures. Certainly no other enterprise with comparable possibilities need involve so little risk.” Although he used the forbidden “A” word we know that most of Claude’s lessons came from the world of direct marketing. And David Ogilvy, who always described direct marketing as his secret weapon said “I prefer the discipline of knowledge to the chaos of ignorance.” That came from one of the greatest of all ad men who also appreciated the strengths of direct.

Nash wrote about direct marketing as a science. Hopkins called his book “Scientific Advertising”. One of the underlying themes of Claude Hopkins book is that there are, what he called, basic laws that have been learned by direct marketers over the years and it is by applying these laws that we are able to minimise risk and maximise return. That doyen of direct marketing, Bob Stone, many years ago published his “30 Timelines Principles of Direct Marketing”. And when he called them timeless he was absolutely correct. Just take a look at the following which are some of my favourites. I have slightly paraphrased them but the credit goes to Bob.

1. Once some-one has bought twice they are twice as likely to buy again
2. Names that appear on more than one list will out-pull names that appear only once
3. Response lists always out-pull compiled lists
4. Overlays (e.g. lifestyle) can increase response by up to 400%
5. A follow up to a list will pull a further 40% to 50% of the initial response
6. Yes\No' offers out-pull 'No Only' Responses
7. The 'No' responders will be more responsive at the next contact
8. A credit card offer will out-pull a cash offer by 2 : 1
9. Offers with time limits always out-pull offers without a time limit
10. 'Free Gift' offers out-pull 'Discount' offers
11. Sweepstakes offers can increase response by 35%

12. Fundraisers will collect money if they ask for specific amounts
13. It is easier to increase the size of the order than the % response
14. A print ad with a pop up card will out-pull the same ad without the card by 600%
15. A 120 second infomercial will out-pull a 60 second advert by 2 :1
16. TV support for a press advert will increase response by up to 50%

Ed Koch in his book "Power Laws" draws many excellent parallels between acknowledged laws of nature and business. It is a fundamental objective of science to discover such laws in an ongoing attempt to explain the world around us and how it works. Laws are therefore part of science. But are these laws or principles that Hopkins and Stone allude to sufficient for us to consider direct marketing a science? There is something else called the scientific method and this will form the next part of our exploration of the nature of direct marketing.

THE SCIENTIFIC METHOD

There are many parallels between science and direct marketing :

Analysis

As scientists attempt to explain the world around them so direct marketers try to explain their world through analysis. Analysis is used at many stages of a campaign (simplistically before, during and after) but it is perhaps most at the post campaign stage that we attempt, through analysis, to understand the behaviour that occurred.

Numbers

It is hard to think of the sciences (i.e. maths, physics and chemistry) operating without the use of numbers. Direct marketing is also totally reliant on numbers. We measure delivery; we measure returns; we measure response; we measure return on investment – none of which is possible without numbers.

Hypotheses

Scientists don't simply invent laws. The process normally starts with the development of a hypothesis. A hypothesis is a belief or assumption that might be true. The hypothesis only becomes law after it has been rigorously tested and proven. Direct marketers also develop hypotheses. Based on their experience they hypothesise that a target audience or sub segment within a target audience will respond in a certain way to a particular piece of communication. We of course don't normally use such fancy language as this, preferring to talk about a process of test and learn. But that is what we are doing when we test and learn.

Control Groups

When setting out to "prove" something scientists often use control groups. This is perhaps best understood in the context of developing and testing new drugs. Two patient groups are selected. The first group (i.e. the test group) is treated with the new drug. The second group (i.e. the control group) is given either no treatment or a placebo in which case it is called a double blind test. The thinking here is simple. If, all other things being equal, the test group outperforms the control group then it is assumed that the drug was the variable that

contributed to the different behaviour. Good direct marketers use the same technique to improve their learning with the control group providing the platform against which change is measured.

Let The Numbers Decide

An old friend of mine talks about the “art and the science of direct marketing”. That in part is what makes it so interesting and so challenging. It will never ever be about just one or the other. The two must work in tandem. But in both science and direct marketing the numbers will be the arbiter of choice.

The science of direct marketing is something that we shall return to later in the book. For now let’s just make the point that we cannot properly understand, define or describe direct marketing if we do not fully appreciate its scientific nature.

IT’S A WAY OF THINKING

If you could find a way to open and dig around inside the heads of dyed in the wool direct marketers I am convinced you would find some common molecule or gene. The same may hold true for Dominican Monks or Bee Gees fans.

I don’t in any way mean to disparage the other members in our marketing family but it is my view that direct marketers are somehow more thoughtful. They see the big picture but are also great on attention to detail. They need precision in their lives to help them to both plan and measure their successes. They are doggedly persistent, knowing that you don’t always get everything right the first time. Perhaps most importantly they are passionate about results. I am still, after all these years, one of the first at the front of the queue to see just how much mail came in or how many people visited a client’s website.

As much as anything else direct marketing is an attitude of mind that influences our way of thinking. I have no idea how that helps us in terms of defining direct marketing but I thought the point was worth making anyway.

IN CONCLUSION

This chapter started with the title of the Johnny Mathis song “Do you know where you’re going to?”. One of my favourite quotes comes from “Alice in Wonderland”. It says “If you don’t know where you are going, any road will take you there.” I’d like to turn that around. If you don’t know who you are it’s hard to know where you are going.

I am not suggesting for one moment that as direct marketers we don’t know what we are doing. Instinctively and with much planning and attention to detail, we do it every day of our lives to deliver value to our clients or as direct marketers in our own businesses. But for as long as this lack of clarity remains around who we are, what we do and what our clear remit is in terms of operational areas in marketing I would suggest that we will never take our rightful pace at the top table in spite of the transition that I described in Chapter 1 from E3 to E4.

More importantly we shall fail to grasp the opportunity that is staring us in the face at the

beginning of E4. Consumers have made it clear in so many ways that they are no longer interested in being bombarded with one size fits all mass communication. They want to be acknowledged and respected for the individuals that they are and treated and communicated with accordingly.

In the end we only have ourselves to blame in that we have not always done the best job of selling ourselves to business. And some of that has to do with the confusion which I have highlighted in this chapter. So let's take a stab at a new definition of direct marketing ...

Direct marketing ... is an epoch appropriate, scientific method of marketing that aims to create a predicted, measurable response

There are some key elements that we can unpack from this definition.

- Firstly it is epoch appropriate. We now have all the tools at our disposal to communicate with consumers in ways that are both relevant and engaging. Mass communication is not only guilty of using a sledge hammer to crack a nut, it's frequently wielded by a one armed man with a sack over his head which means that it frequently misses the target all completely.
- Secondly direct marketing is a scientific method of marketing with all the precision that this promises.
- Thirdly it is based on a methodology, a defined way of doing something. If you busk it or make it up as you go along you do not have a methodology.
- Fourthly DM has a clear purpose in mind ... to deliver results.
- Finally the goal is to deliver a predicted response. What I mean by that is most of our work has a clear picture of the likely outcome before we even go into campaign delivery mode. The outcomes of our work can be measured. This is even truer today than it was in the past.

We live in the world of E4 where science is worshiped. And it's the science of direct marketing more than anything else that separates us from our ATL Cousins, as well as the more distant relatives in the fields of PR, Events, Sponsorship and Sales Promotion. Messrs Nash, Hopkins, Ogilvy and Stone knew this all those years ago. For awhile we possibly allowed ourselves to forget. It's time to remember !

CHAPTER 3

What's Going On ?"

Marvin Gaye

In Chapter 1 it was suggested that the world had moved from E3 to E4. It was also posited that many marketers are still in E3 mode. The question has to be asked ... to what extent have direct marketers identified and embraced the transition

At this point I feel that a passing reference to Black Adder (the BBC TV show starring Rowan Atkinson) would be helpful. In the particular episode that I have in mind Black Adder was attempting to teach his faithful manservant, Baldrick, to count. Black Adder started by putting 2 beans on the table. "Baldrick, these are 2 beans." explained Black Adder "If I add 2 more beans, how many beans do I now have ?" Baldrick replied "Some beans my lord." For Baldrick numbers were clearly a fuzzy concept. For a profession that spends much of its time attempting to be as scientific and precise as possible, gathering data about our own industry seems to be an equally fuzzy concept.

Having looked at some definitions around what DM might be in the previous chapter, it seems that the next logical question we ought to address was just how BIG is it ? Instinctively everyone involved in the industry knows that direct marketing is growing – even if in some of the lesser developed markets it is growing off a low base.

When Pieter van den Beskum (IDN's Central Co-ordinator) and I started to research this chapter I was suffering from the delusion that all we had to do was whack off a few emails to personal contacts and Direct Marketing Associations around the world and wait for the results to come flooding back. Pieter, being the wily old horse that he is, knew it wouldn't be that simple. And how right he was. I am sorry to report that 85% of the Direct Marketing Associations that we contacted never even bothered to reply. (And I naively thought that direct marketing had something to do with response !)

Replies from other contacts around the world were equally interesting :

"Unfortunately, the Swiss DMA does not have any surveys about direct marketing."
Corinne Harder

"The Danish Direct Marketing Club is a member of FEDMA who regularly collect statistics from member associations. We provide them with postal and legal information according to their requests and I therefore suggest that you contact them to hear, how they can help you with Danish statistics. We don't have these at hand". Finn Thomsen

That looked promising so off we went, hot foot, to FEDMA. That ought to crack it we thought ... only to receive the following reply.

“Stats are high in demand and little in supply these days. There is an initiative by FEDMA and IPC at the moment and there is also another study by FEDMA and all DMAs soon to be launched. Both projects should be finalised during 2008”.

Of course it wasn't all doom and gloom. We did receive some positive responses. The DMIS (Direct Mail Information Service - UK), for example, publishes wonderfully rich data on direct mail but it is not easy to lay one's hands on data for the other DM channels in that country.

So to summarise, these are the challenges that we faced when writing this chapter about the scope of work and trends in direct marketing around the globe :

- Many countries simply have no data.
- Many of the countries that have data do not have fresh data.
- Often the methodologies for collecting the data are not disclosed. Comparisons across countries should therefore be treated with circumspection.
- There is a lack of consistency around how data is aggregated.
- Some countries report figures as a percentage of direct marketing spend whilst others report actuals or percentages of total ad spend.
- Not all countries include the same categories (e.g. direct response television and radio).
- It is possible to track spend on the internet for banners and the like but how much more is spent on the production of web sites, email campaigns and so on. We probably require a debate as to whether or not these figures should be included.

THE BIG QUESTION

The big question on everyone's lips of course is “What has been or what will be the impact of digital media on the traditional direct media like mail and the phone?”. The reason for asking that question is that the traditional direct media were firmly routed in E3 whilst the newer media have come to the fore with the transition into E4.

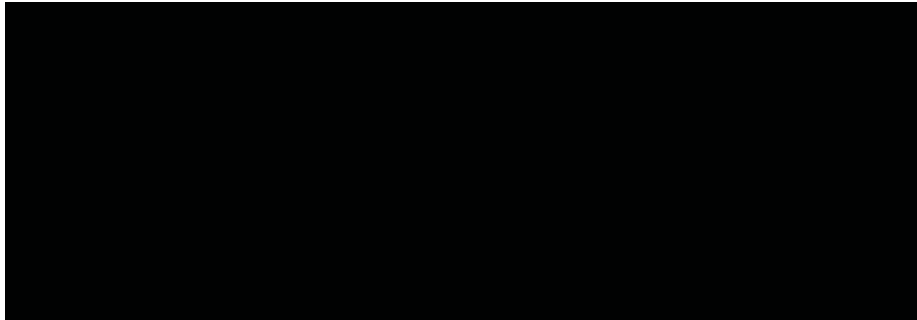
GLOBAL ADVERTISING BY MEDIUM

The figures below (See Fig 3.1) were published by ZenithOptimdia (December 2006) so they are already out of date but they do provide a good view of a number of trends.

The internet's share of ad spend grew by 28% in 2007 whilst ad spend in other media grew by only 3,9%. It is estimated that internet ad spend will shortly hit 10% of the total global ad spend.

As commented earlier these figures only show media spend (i.e. not production). It is also highly unlikely that they include the spend on email. It would not be unrealistic at this stage

to double the above figures to take these factors into account. Excluding SMS, \$80 to \$100 billion by the year 2009 does not seem to be out of the ball park which comfortably puts the two main digital channels at around the 10% figure.



THE INTERNET

The following chart provides a global overview of the internet distribution by country (*Source : Internet World Stats – March 2007*)

Country	Millions of Users	% Penetration	% of Total
United States	211,1	69,6	18,9
China	137,0	10,4	12,3
Japan	86,3	67,1	7,7
Germany	50,4	61,2	3,6
India	40,4	3,5	3,6
United Kingdom	37,6	62,3	3,4
South Korea	34,1	66,5	3,1
Brazil	32,1	17,2	2,9
France	30,8	50,3	2,8
Italy	30,7	51,7	2,8
Russia	23,7	16,5	2,1
Canada	22,0	67,8	2,1
Mexico	20,2	19,0	1,8
Spain	19,8	43,9	1,8
Indonesia	18,0	8,0	1,6
Turkey	16,0	21,1	1,4
Vietnam	14,9	17,5	1,3
Australia	14,7	70,2	1,3
Taiwan	14,5	63,0	1,3
Argentina	13,0	34,0	1,2
Top Twenty (Above)	867,1	20,8	77,8
Rest of World	247,1	10,3	22,2
Total Users	1,117,2	16,9	100,0

If any-one ever doubted the genius of Vilfredo Pareto, the discoverer of The Principle of Unequal Distribution in the mid nineteenth century, here once again we see a near perfect example of 80\20 distribution. The top twenty countries account for 77,8% of the distribution. (So call me a liar for 2,2% !)

Perhaps more staggering than that is the fact that nearly one fifth of the world's population is already connected to the internet.

Projected Internet Growth

If that seems scary then take a look at the following from the Jupiter Research report "World Online Population Forecast 2006 – 2011" .

- The report estimated that the 1,1 billion people currently connected will increase by 38% by the year 2011 (i.e. to 1,7 billion).
- Put more graphically the report predicts that by the year 2011, 22% of the world's population will regularly access the web.
- It is estimated that online penetration in North America will increase from 70% to 76% over the period.
- The fastest growing countries are likely to be India and China. By 2011 the Asian countries are likely to account for 42% of the global population with regular internet access.

CELL PHONES

It's worthwhile to note that the study defined "online users" as people who regularly access the Internet by "dedicated Internet access" devices. Those devices do not include cell phones. Which leads us to the next big question, what about cell phones. Internet connectivity by cell phone is undoubtedly the next big thing.

I recently came across an article which predicted that by 2015, 50% of the world's population will have a cell phone. They won't all be able to eat 3 square meals a day but by God they will have a cell phone. Ain't technology grand !

If they are to be believed these figures are simply staggering. In 3 years time one 1 in every 4 people in the world will have regular access to the internet. And with internet access comes access to email. In 8 years time 1 in every 2 people will have a cell phone and goodness only knows what we shall be able to do with a cell phone by that time.

YOU AIN'T SEEN NOTHING YET

We titled this chapter "What's going on ?" by Marvin Gaye. Perhaps we should have called it "You Ain't Seen Nothing Yet" by Bachman Turner Overdrive. What these numbers tell us is that whatever has happened over the past few years will pail into insignificance as the digital revolution really gathers momentum. They also tell us that digitally delivered direct marketing messages will grow exponentially. Will this be at the expense of the more traditional direct media like mail and the telephone ? The answer for many markets is almost certainly no for some time to come.

APPLYING THE BRAKES

It is not possible to provide a quantified answer but it is probable that the following factors will to some extent apply the brakes to the digital channels as an option.

Consumer Resistance

The writing is already on the wall, consumers are starting to get seriously pissed of with the volume and content of much direct communication. Unless the message is relevant to me as a consumer I am really not sure that I want to hear from you. This has to be one of the greatest challenges facing all direct marketers right now. We cannot continue to spray consumers with messages at will just because we can.

Data Privacy Laws

Direct marketers across the globe are all pushing hard for self regulation as an alternative to legislated solutions but one way or another, be it via legislation or codes of practice, the brakes will be applied.

Sometimes You Just Need Mail

Go to any post office web site around the world and you will find something along the lines of "10 Good Reasons Why Mail is Still Bloody Marvellous". And you know what ? It is. Not least of which is the fact that for some inexplicable reason consumers still accept unsolicited mail when they don't accept unsolicited email (i.e. SPAM)

The Phone Still Has a Role

I have a friend in South Africa who started a call centre business about 5 years ago, around the time that direct marketing via the internet and email really started to take off. From a zero base he has grown to 4000 seats in his various call centres around the country. That's not too shabby by anyone's standards. And he only does one thing. He makes outbound calls to sell financial products to the lower income groups ignored by many other companies. So yes, the phone for some products and markets will always have a role to play.

Newton's Third Law of Motion

Newton's Third Law states that "for every action there is an equal and opposite reaction". I cannot remember the last time I wrote a personal letter. Almost the only people who write to me these days are the electricity wallers every time they threaten to cut me off for non payment of my account. I am, however, convinced that a time will come – and it may not be too far in the future – when it will be really cool to once more receive a real, actual, hard copy letter.

So let's not be too hasty to write off the old stuff. In fact we shall see in a later chapter just how important it is to develop multi media solutions which can often require a melding of the traditional with the new.

WHO'S SPACE IS IT ?

For just a moment I would like to go back to the global advertising figures. Did anyone notice that in the last year or so, a new category has started to appear amongst the ATL figures like those shown above ... the INTERNET.

It's obvious why the Above The Line agencies want to lay claim to this territory. The internet

is the fastest growing advertising channel by far in the majority of developed markets. It is also likely, as we move into the future, that internet advertising and other digital activities will further cut into spend on the other traditional media. By including the internet with the other media referred to above the Above The Line agencies are in effect saying that they see the internet as being a legitimate space for them to play in. And it's here that I strongly have to disagree.

After telemarketing, the internet is almost certainly the next best channel through which to engage with both customers and prospects. And no-one, at least not yet, is suggesting that telemarketing should be considered an above the line medium.

Let me spell out my thought process on this :

- The internet offers huge potential for dialogue.
- It also offers huge potential for gathering and exploiting data.
- Understanding how to engage with customers, to create meaningful response has never been an ATL competence. The people who have always been good at this are direct marketers.
- It's not just about dialogue and response. Competences are also required in data, database management and analysis. Something that once again direct marketers possess in spades.
- It's also important to note that the internet is not a stand alone digital channel. Many campaigns these days call for multi media integration.

These comments should not be seen as another moan from one of those direct marketing blokes. It's simply that I believe that if the guys with the cheque books (aka the clients) allow the above the line agencies to play in this space they will be doing themselves a great disservice. Not only will many opportunities will be missed but many clients will be pissed off. Why ? Because the majority of ATL agencies are still firmly rooted in E3.

Perhaps one of the most important concepts in the digital marketing environment is RESPECT. We need to be respectful about what we ask. We need to show respect when people respond. Respect for people's desires for privacy goes without saying. I am not saying that above the line agencies employ bad people. But I do question whether they have the inbred experience, skills and knowledge to handle these issues. Direct marketers, on the other hand, have been doing it for years. We are also in many countries around the world intimately involved with the law makers on these issues.

The internet, along with the other digital channels like email, sms and mms, are seriously tempting. Not only do they provide the opportunity for customised communication and response, they also come at much lower cost than many other media. For some people this is all just too tempting. And if we piss off a few people along the way who cares ? Well in my book that is simply not good enough. God has been good enough to provide us with something that is about as close to the marketing Holy Grail as we shall ever get. To mix my metaphors, it's an extremely large goose with the potential to lay humungous golden eggs.

But for hundreds of years we have known that it is not smart to kill such a goose. If we put this channel into the wrong hands it is my contention that the goose is seriously under threat.

Any way diatribe over ... back to the plot.

DIGITAL DIRECT MARKETING

Not every one will, of course, agree with me that digital direct marketing is the purview of direct marketers. But for me it's a no brainer. Direct marketing has always been about finding groups of people to talk to and doing it in the most cost effective way possible. If digital is the way in which the E4 world is now communicating we simply cannot ignore it. We used to ship goods COD. (For those of you who are too young to remember that stood for Cash on Delivery, with the money being collected by the Post Office.) We now order on line and debit our credit cards through payment portals. That's why we need to measure E Commerce. And what about all those banners and other devices we now use online ? Few banners are posted without the objective of driving a prospect to a website, where we start to gather information and engage. So yes, we really do need to be aware of all these trends and expenditure figures where they are available.

A GLOBAL SNAP SHOT

There is in fact no consistent, overall picture that can be identified.

DIFFERENT MARKETS

Mature Markets

Mature DM markets would include countries like the UK, the USA and much of Western Europe.

In countries like the UK we have recently seen the spend on digital DM overtake the spend on direct mail. This is remarkable when one considers that direct mail has historically accounted for around 12% of total ad spend. In 2008 direct mail and internet advertising accounted for more than 25% of total ad spend.

Last year (2008) saw direct mail for the first ever decline in the United States - down by around 9 billion pieces.

Most other mature DM countries in Western Europe are showing less dramatic shifts but the overall picture is the same (i.e. declining mail, increasing digital).

In third world mature DM markets like Singapore or South Africa we see growth across all sectors (i.e. traditional and new).

Developing Markets

These markets would mainly be located in areas like Eastern Europe (i.e. behind what was formerly called the Iron Curtain).

Pioneering countries have to go from A to B to C to D. Late arrivals on the scene can migrate from A to D if they choose. (It's for that reason that the telecoms and banking back bone in

South Africa is superior to that in the United States.)

These markets tend to be defined by significant spend on direct mail.

- Hungary

In Hungary direct mail, in 2006, accounted for 45,8% of total spend on direct marketing. Unaddressed mail accounted for a further 26,1%. In the 2006 figures the internet was not even mentioned.

- Poland

We only have figures for Poland for 2005 when at the time Direct Mail and Catalogues accounted for almost 40% of total spend on DM.

In both the above instances and in similar markets we would expect significant growth to have occurred across all DM channels (i.e. traditional and new).

Emerging Markets

These would include countries like India, China, Russia and Turkey. The first thing to note here is that, with the exception of Turkey we are talking about three of the most populous countries on the planet. As one would expect the figures in these countries are quite mind blowing as we can see from the following :

The number of internet users in China increased from 22,5 million in 2000 to 137 million by the end of 2006. It is projected that internet usage in China will exceed the USA by 2009.

In 2007 it was estimated that India had 32 million active internet users. For the purposes of this survey an active user was someone who had used the internet at least once in the last month. A different report estimated the Indian internet population to be even higher (i.e. more than 50 million by the year 2005). In India in 2007 there were 5,9 billion pieces of addressed mail and 3,6 billion pieces of unaddressed mail. To contextualise this, for addressed mail this translates to less than 6 pieces of mail for each member of the population per annum. (Compare this with the UK where the figure is closer to 300 pieces of direct mail for each member of the population.)

Door to Door is a channel that has all but disappeared in many countries but it is still strong in India. A stay-home mom in a metropolis in India can easily answer the doorbell about 8 to 10 times a day to be at the receiving end of a salespersons' pitch. The products can range from anything from fresh fish to clothes to vacuum cleaners or magazine subscriptions. Millions of such 'foot-vendors' tour door-to-door every day to offer products to persons in the convenience of their own homes.

The overall picture in these emerging markets is increasing volumes across all channels.

HOW IS POST REACTING

As we have seen post still has much room for growth in the developing and emerging markets – mainly because of the low bases from which they are operating. But no-one employed by the post office can afford to sit back on their laurels.

Many postal services around the world are actively promoting direct mail as the only way they can see to protect their volumes. Below is an example of a campaign put out by the South African Post Office. This campaign targeted large mail users, large advertisers and above the line agencies. The creative premise was that direct mail is the only medium that can appeal to all the senses.



Taiwan is a different story all together. Many years ago, when the threat to post became more than obvious, I predicted that it was only a matter of time before some postal services decided to get into the Pizza delivery business. Well the postal service in Taiwan hasn't quite done that but it has done a whole lot more :

- Perhaps the most surprising development has been the selling of cosmetics.
- But the post office is not only hedging its bets with just a few cosmetics. In addition to stamps and other merchandise associated with the post, a customer can now buy books, CDs, commemorative gold and silver coins, hotel accommodation vouchers, freeway toll coupons, ornaments, rice, prepaid telephone cards, T-shirts, train tickets and wine.
- Its life insurance business is not too shabby either, as insurance premiums have topped the NT\$700 billion (US\$21 billion) mark, which places the post office as one of the nation's top five insurers.
- To cope with these challenges and still operate within government regulations, the Chinese Postal Service, which had been in existence since 1896, was transformed into a corporation in January 2003 and renamed Chunghwa Post.

Maybe, although one suspects that the UPU (Universal Postal Union to which all postal services are affiliated across the globe) will resist it to the death, many postal service – just like Chunghwa Post – will ultimately have to face reality and accept that they are not just in the postal business but rather the logistics business.

IN CONCLUSION

The channels through which direct marketing is communicating are undoubtedly changing as we move further away from E3 into E4. It is predicted that by 2009 spend on digital marketing will exceed 10% of total ad spend in Norway, Sweden, Australia, Canada, Israel, Japan, South Korea, Taiwan and the USA. Since the vast majority of digital marketing seeks a response this has to be included under the overall DM umbrella. Many of the undeveloped DM countries are also already way down the track in terms of digital infrastructure and penetration.

Although we have historically tended to over correlate the methodology with the media (i.e. to consider direct marketing as simply direct mail or telemarketing) this never should have been so and will certainly not be the case going forward. The fact that many of the countries that we have termed developing or emerging, based on historical criteria, do not have great traditional infrastructures will be irrelevant going forward. The mature DM countries only developed infrastructure and skills with media like mail and the telephone because that was all they had at the time. The newer media simply did not exist. But you don't need to go backwards to go forwards. Put another way you don't need to invest in terrestrial telephone systems when everyone on the planet, given adequate resources, will willingly invest in their own cell phone.

This is not to suggest that the traditional media will disappear off the face of the earth. In countries where they exist they will continue to play a role but they will, I believe, diminish in importance over time – especially as consumers exercise greater control over the messages that they do or do not want to receive.

Herein, of course, lies a great challenge. If the channels to market are changing we shall need to develop the skills to exploit them. And this requires up-skilling an entire generation of new people, who mainly come from technical backgrounds, in the basics of DM. Every year in our agency we run a training program to teach new people the fundamentals of direct marketing. Every year we invite the techies and none of them accept the invitation. To pour petrol on the fire here's another personal example. It came as something of a shock when one of my senior developers, after several months with the business, revealed that he thought we were an IT company. In fact it came as an even bigger shock to him to discover that he was working for a direct marketing agency.

Old school direct marketers were much of a muchness. They were eclectic, curious creatures with a passion for results. I still have that same passion for results after 30 years in this industry. But I don't see any of that in most of the youngsters today. Their hair gets blown back by the latest new thing and the elegance of their code. Is this just the old man harping on about "fings ain't what they used to be" ? I don't think so. Direct marketing is about producing results and if many of those in the industry don't appreciate or care about that in the future then we may be sewing the seeds for our own destruction. It's alright at the moment because the old guard is still in charge but what will happen when the lunatics take charge of the asylum ? I personally don't have a clue about how to write HTML code but I can still tell shit from chocolate when I approve the layout of an email because many of the old rules still apply. And that is something that we shall need to fix.

By the way just because one can identify trends doesn't mean one can necessarily predict the future. People migrating from E2 to E3 had no idea how E3 would evolve and what it would lead to. We are in a very similar position at the very beginning of E4.

Also, as a result of this chapter we need to make a very small alteration to our definition of direct marketing.

Direct marketing ... is an epoch appropriate, scientific method of marketing,

using both traditional and new media,

that aims to create a predicted, measurable response