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Chapter Seventeen

Direct and Online Marketing: Building Direct Customer Relationships

Direct and Online Marketing: Building Direct Customer Relationships

Topic Outline

- The New Direct-Marketing Model
- Growth and Benefits of Direct Marketing
- Customer Databases and Direct Marketing
- Forms of Direct Marketing
- Online Marketing
- Setting up an Online Marketing Presence
- Public Policy Issues in Direct Marketing

The New Direct Marketing Model

Direct marketing

- A marketing channel without intermediaries

- An element of the promotion mix

- Fastest-growing form of marketing

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Growth and Benefits of Direct Marketing

Benefits to Buyers

- Convenience

- Ready access to many products

- Access to comparative information about companies, products, and competitors

- Interactive and immediate

Growth and Benefits of Direct Marketing

Benefits to Sellers

- Tool to build customer relationships
- Low-cost, efficient, fast alternative to reach markets
- Flexible
- Access to buyers not reachable through other channels

Customer Databases and Direct Marketing

Customer Database

Customer database is an organized collection of comprehensive data about individual customers or prospects, including geographic, demographic, psychographic, and behavioral data

Forms of Direct Marketing

Personal selling direct marketing

Direct-mail direct marketing

Catalog direct marketing

Telephone marketing

Direct-response television marketing

Kiosk marketing

Digital direct marketing

Online marketing

Forms of Direct Marketing

Direct-mail marketing involves an offer, announcement, reminder, or other item to a person at a particular address

- Personalized
- Easy-to-measure results
- Costs more than mass media
- Provides better results than mass media

Forms of Direct Marketing

Catalog direct marketing involves printed and Web-based catalogs

Benefits of Web-based catalogs	Challenges of Web-based catalogs
• Lower cost than printed catalogs • Unlimited amount of merchandise • Real-time merchandising • Interactive content • Promotional features	• Require marketing • Difficulties in attracting new customers

Forms of Direct Marketing

Telephone direct marketing involves using the telephone to sell directly to consumers and business customers

- Outbound telephone marketing sells directly to consumers and businesses

- Inbound telephone marketing uses toll-free numbers to receive orders from television and print ads, direct mail, and catalogs

Forms of Direct Marketing

Direct-response television

Direct-response television (DRTV) marketing involves 60- to 120-second advertisements that describe products or give customers a toll-free number or Web site to purchase and 30-minute infomercials such as home shopping channels

- Less expensive than other forms of promotion and easier to track results

Forms of Direct Marketing

- Kiosk marketing
- Digital direct marketing technologies
  - Mobile phone marketing
  - Podcasts
  - Vodcasts
  - Interactive TV

Forms of Direct Marketing

- Mobile phone marketing includes:
  - Ring-tone giveaways
  - Mobile games
  - Ad-supported content
  - Contests and sweepstakes

Forms of Direct Marketing

Podcasts and vodcast involve the downloading of audio and video files via the Internet to a handheld device such as a PDA or iPod and listening to them at the consumer's convenience

Interactive TV (ITV) lets viewers interact with television programming and advertising using their remote controls and provides marketers with an interactive and involving means to reach targeted audiences

Online Marketing

Marketing and the Internet

Internet is a vast public Web of computer networks that connects users of all types around the world to each other and to a large information repository

Online Marketing

Online Marketing Domains

Business to consumer (B2C)	Business to business (B2B)
Consumer to consumer (C2C)	Consumer to business (C2B)

Online Marketing

Online Marketing Domains

Business to consumer (B2C) involves selling goods and services online to final consumers

Business to business (B2B) involves selling goods and services, providing information online to businesses, and building customer relationships

Online Marketing

Online Marketing Domains

Consumer to consumer (C2C) occurs on the Web between interested parties over a wide range of products and subjects

Blogs

- Offer fresh, original, and inexpensive ways to reach fragmented audiences
- Difficult to control

Online Marketing

Online Marketing Domains

Consumer to business (C2B) involves consumers communicating with companies to send suggestions and questions via company Web sites

Online Marketing

Setting Up an Online Presence

- Creating a Web site requires designing an attractive site and developing ways to get consumers to visit the site, remain on the site, and return to the site

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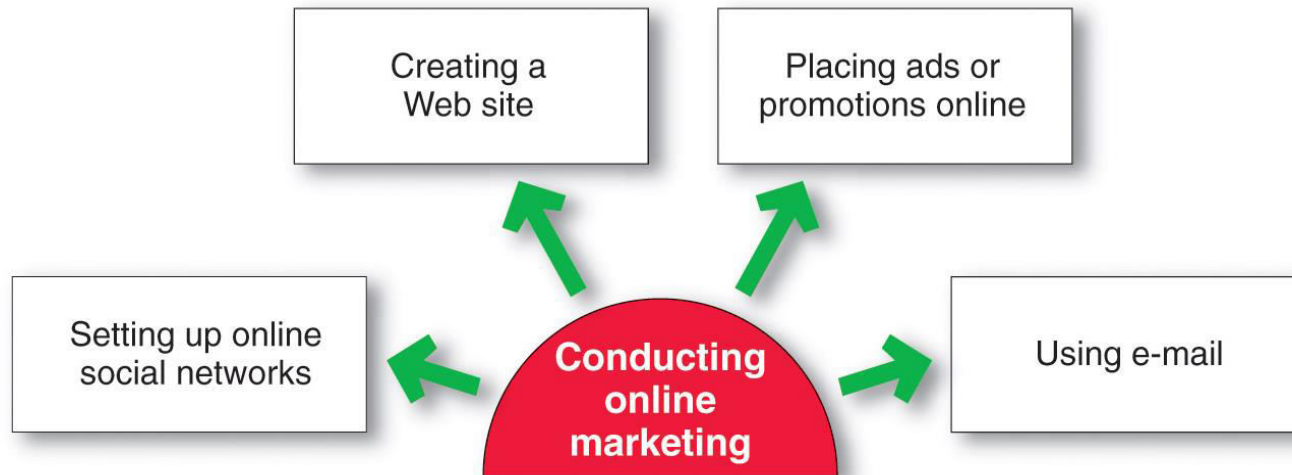
Online Marketing

Setting Up an Online Presence

Types of sites

- Corporate Web site

- Marketing Web site

Online Marketing

Setting Up an Online Presence

Corporate Web site is designed to build customer goodwill and to supplement other channels, rather than to sell the company's products directly to:

- Provide information

- Create excitement

- Build relationships

Online Marketing

Setting Up an Online Presence

Marketing Web site is designed to engage consumers in interaction that will move them closer to a direct purchase or other marketing outcome

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Online Marketing

Designing Effective Web Sites

To attract visitors, companies must:

- Promote an offline promotion and online links

- Create value and excitement

- Constantly update the site

- Make the site useful

Online Marketing

Designing Effective Web Sites
The Seven C's

Context	**Content**	**Community**
Customization	**Communication**	**Connection**
	Commerce	

Online Marketing

Placing Ads and Promotions Online

- Forms of online advertising
  - Display ads
  - Search-related ads
  - Online classifieds

Online Marketing

Placing Ads and Promotions Online

- Banners are banner-shaped ads found on a Web site

- Interstitials are ads that appear between screen changes

- Pop-ups are ads that suddenly appear in a new window in front of the window being viewed

- Rich media ads incorporate animation, video, sound, and interactivity

Online Marketing

Placing Ads and Promotions Online

Search-related ads are ads in which text-based ads and links appear alongside search engine results on sites such as Google and Yahoo! and are effective in linking consumers to other forms of online promotion

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Online Marketing

Placing Ads and Promotions Online

Content sponsorships provide companies with name exposure through the sponsorship of special content such as news or financial information

Viral marketing is the Internet version of word-of-mouth marketing and involves the creation of a Web site, e-mail message, or other marketing event that customers pass along to friends

Online Marketing

Creating or Participating in Social Networks (Web Communities)

- Social Networks (Web communities) allow members to congregate online and exchange views on issues of common interest
  - Facebook

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Online Marketing

Using E-mail

Marketers are developing enriched messages that include animation, interactivity, and personal messages with streaming audio and video to compete with the cluttered e-mail environment

Online Marketing

Using E-mail

- Spam is unsolicited, unwanted commercial e-mail messages

- Permission-based marketing allows users to opt in or opt out of e-mail marketing

Public Policy Issues in Direct Marketing

Irritation, Unfairness, Deception, and Fraud

- **Irritation** includes annoying and offending customers
- **Unfairness** includes taking unfair advantage of impulsive or less-sophisticated buyers
- **Deception** includes "heat merchants" who design mailers and write copy designed to mislead consumers
- **Fraud** includes identity theft and financial scams

Public Policy Issues in Direct Marketing

Invasion of Privacy

- The concern is that marketers may know too much about consumers and use this information to take unfair advantage
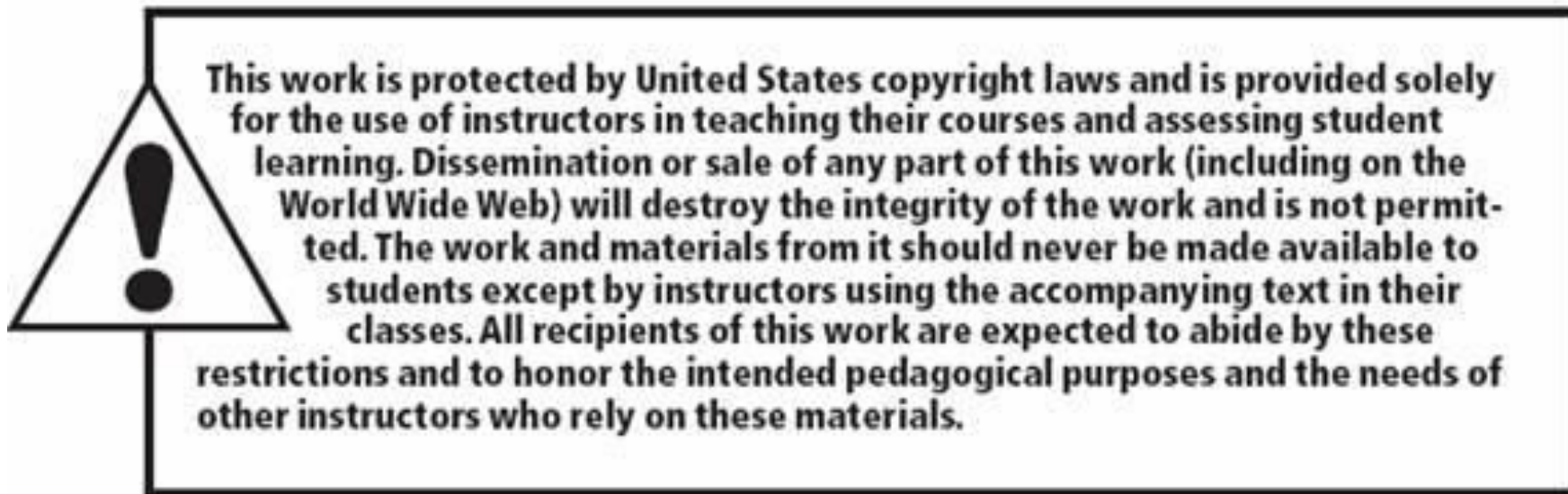
- Sale of databases

- Microsoft

Public Policy Issues in Direct Marketing

A Need for Action

- Can Spam

- California Online Privacy Protection Act (OPPA)

- Children's Online Privacy Protection Act (COPPA)

- TRUSTe