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Direct marketing - introduction

Direct marketing is the specific targeting of a person or a company with the objective of selling a product, generating new business, or raising the profile of an organisation or product.

It is, as the name implies "direct", so it is specific or perhaps "sniper" based, rather than "shotgun" based activity such as mail box drops, magazine inserts etc. These tend to be non-personal, but usually much larger in number as they typically have a lower hit rate in percentage terms to the number of items sent out. Direct marketing relies on knowing the name or names of the people to whom the information is sent, rather than unaddressed or non-personalized material such as flyers, mail box drops etc.

Due to the low cost availability of computer technology, most direct marketing today is done with the aid of a database, and uses computer generated letters and labels for envelopes. It involves offering your product or services directly to the consumer by means of mail order, brochures, sales literature, Internet etc. There is no middleman involved - it is a direct link between the supplier of the product and the user of the product.

The other term that people use is "direct response marketing". This type of marketing really means getting your sales message out directly to your customers so that they respond directly to the order or the offer that you have put before them.

The direct offer is usually made by way of an advertisement of some sort. Many people use fliers, a sales presentation letter, postcards, brochures, classified advertisements in magazines, advertisements in newspapers, a television infomercial, and e-mail and Internet offers.

How does it work?

The whole objective of direct marketing is to get the customers to respond to you directly. They do not have to go through another firm "who take a portion of the profit" but, by responding directly, they are able to obtain a product or service at a good price and the supplier is able to make a good margin. The response can be to a telephone service or to a 1800 number, or it may be by way of an order being posted or faxed to you, or even a coupon sent from an advertisement in a magazine.

The whole purpose of direct marketing is to get the right message quickly to the right people so that they can respond with an order straight to you.

In today's world of increasing competition the public are consistently bombarded with thousands of different marketing offers, usually through the traditional means of television or face-to-face. The world has become accustomed to direct marketing, usually by way of direct mail, and this is increasingly becoming a way that business is done.

Because of people's lifestyle and the fact that many people work during the day, time is precious. Purchasing a product through direct marketing, at a reasonable price, is an option that many people now embrace simply because they do not have the time to call in to the traditional stores and shop around looking for what they want to buy.



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Why do it?

Direct marketing usually has the following main aims:

- To acquire new customers.
- To capture the attention of busy people - usually with an item attached/enclosed.
- To promote a new product.
- To invite customers to renew a subscription/service.
- To invite the recipient to a seminar/conference.

In any of the above, the objective is to use the mail piece as a catalyst - that is something that causes a reaction. In this case to make the phone ring, people to order a sample of the new product, renew a subscription etc. The offer is usually very specific - it generally revolves around one product or service, rather than sending a catalogue with which a reader may get swamped.

What advantages does it have over other activity?

Unlike magazine ads, mailbox drops or the like, with the power of a database, one can easily test the response to the letter/offer before going ahead with a full scale promotion and finding that this does not work, or is attracting the wrong sort of response. This way, adjustments and fine-tuning to the promotion can be achieved by measuring the results, unlike a scatter-gun approach, which tends to be all or nothing - e.g. magazine advert etc

Provided that the content is specific and easily readable, you can be assured that the recipient will receive and read the material, because it is personally addressed. With the capabilities of today's direct marketing programs it is possible to personalise the letter in all manner of ways such as to include details of previous purchases or other information specific to the recipient of the letter.

It is cost effective. If the right target is reached with the right offer, depending on the nature of the product/opportunity being presented one can often achieve the same or better results from a direct mail campaign than a generalised advertisement. This comes back to defining the objectives of the marketing exercise in the first place.

Unlike scatter-gun marketing activities, because the actual target is known, it is possible to follow up the mail piece with a telephone call to reinforce the branding/sales/promotional exercise. It is a well-known fact that the more ways in which a product/service is promoted the better the uptake, for example, bill boards coinciding with TV and newspapers ads etc.

In any direct marketing activity, the response from people receiving the material will be one of three types:

- Receive the material and respond to same - typically a small number.
- Receive the material and do nothing - the greater percentage.
- The sit on the fence people - those who read the material but are too busy or need a little nudge to act upon it.

The advantages of direct marketing allow for people to be moved from one group to another by the persuasive power of a follow up call.



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The changes in society

In the world we live in certain things have changed. Competition has increased tremendously so the fight for customer loyalty is fierce. There are an increased number of products and services available on the market. There is a huge mountain of marketing messages being presented all the time, which is causing confusion to the buying public. Today's buyer is a lot more knowledgeable and will only buy that which is a better price or produces a better advantage.

The traditional way of marketing, however, is still strong for many reasons. Many customers still want to be able to see to someone face to face and discuss a purchase before completing it. Many customers are loyal to their suppliers they have been dealing with for many years and do not feel comfortable with buying from a faceless supplier through direct mail etc.

Further information

The following fact sheets provide further information on these issues:

- Direct marketing – advanced
- Direct marketing campaign
- Email marketing and the *Privacy Act 1998 (Cwlth)*
- Marketing plan

