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## MANAGING DIRECT AND ON-LINE MARKETING

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Today, the explosion of media is enabling many more companies to sell their products and services directly to customers without intermediaries, using traditional media (print and broadcast media, catalogs, direct mail, and telephone marketing) plus fax machines, e-mail, the Internet, and on-line services. Innovative marketers are creatively combining traditional and new media to make direct, individualized offers to existing customers, to identify their best prospects, to better target their offers, and to measure their results more accurately.

Despite the myriad marketing opportunities, this new-media world has also increased the level of competitive pressure, forcing small and large companies to battle for customers around the clock and around the world. Long-term customer relationship management is therefore driving the most successful direct and on-line marketing initiatives. Based on the information in their customer databases, companies can now customize their offers, messages, and media for more effective and efficient one-to-one marketing. The ultimate goal: stronger, more profitable bonds with targeted customers.

According to the Direct Marketing Association (DMA), direct marketing is defined as an interactive marketing system that uses one or more advertising media to effect a measurable response and/or transaction at any location. This definition emphasizes a measurable response, typically a customer order. Thus, direct marketing is sometimes called direct-order marketing.

Many direct marketers see direct marketing as playing a broader role these days, that of building a long-term relationship with the customer (direct relationship marketing). In building relationships, some direct marketers send out birthday cards, information materials, or small premiums to select customers in their customer base. On the service side, airlines, hotels, and other businesses are strengthening customer relationships through frequency award programs and club programs.

The extraordinary growth of direct marketing is the result of many factors. Market “demassification” has resulted in an ever-increasing number of market

niches with distinct preferences. Higher costs of driving, traffic and parking headaches, lack of time, a shortage of retail sales help, and queues at checkout counters all encourage at-home shopping, as do 24-hour toll-free telephone order hotlines and Websites. In addition, many chain stores have dropped slower-moving specialty items, creating an opportunity for direct marketers to promote these items directly to interested buyers. Also, direct marketers now have the computer power and the detailed data to cost-effectively single out the best prospects for their products. Increasingly, business marketers have turned to direct mail and telemarketing as an alternative to the rising costs of reaching business markets through the sales force.

Electronic communication is showing explosive growth, with Internet traffic doubling every 100 days. Millions of Web sites are already open for business, with more coming on-line every day. Electronic business is the general term for buyers and sellers using electronic means to research, communicate, and potentially transact with one another. Electronic markets are sponsored Websites that describe the products and services offered by sellers, and allow buyers to search for information, identify what they need or want, and place orders using a credit card. The product is then delivered physically (to the customer's residence or office) or electronically (software and music can be downloaded to a customer's computer).

On-line marketing is popular because it provides three major benefits to potential buyers:

- Convenience. Customers can order 24 hours a day with a few keystrokes.
- Information. Customers can quickly and easily find comparative information about companies, products, competitors, and prices.
- Fewer hassles. Customers don't have to deal with salespeople or wait in line.

At the same time, on-line marketing provides a number of benefits to marketers:

- 1) quick adjustments to market conditions (companies can quickly add products and change prices or descriptions),
- 2) lower costs (firms avoid the costs of maintaining a store and can create digital catalogs for much less than the cost of printing and mailing paper catalogs),
- 3) relationship building (firms can dialogue with consumers and invite them to download useful data or free demos), and audience sizing (marketers can learn how many people visited their on-line site and how many stopped at particular places on the site).

Furthermore, on-line marketing is affordable for both small and large firms. There is no real limit on advertising space, in contrast to print and broadcast media, and information access and retrieval are nearly instantaneous. On-line

marketers can reach anyone anyplace in the world, at any time, offering private yet speedy buying for consumers and business customers alike.

Direct marketing (on-line and off-) benefits customers in many ways. Shopping from home is fun, convenient, and hassle-free; it saves time and introduces consumers to a larger selection of merchandise. Shoppers can compare products and prices easily by browsing through mail catalogs and on-line shopping services, then order goods for themselves or others. Business customers also benefit by learning about available products and services without tying up time meeting with salespeople. Sellers gain valuable benefits, as well. Direct marketers can buy a mailing list containing the names of almost any group (left-handed people, overweight people, millionaires), then personalize and customize their messages to build a continuous relationship with each customer. Direct marketing can also be timed to reach prospects at the right moment. The material sent by direct marketers receives higher readership because it is sent to more interested prospects. Direct marketing permits the testing of alternative media and messages in search of the most cost-effective approach, and it makes the direct marketer's offer and strategy less visible to competitors. Finally, direct marketers can measure responses to determine which campaigns have been the most profitable.

One of the most valuable direct-marketing tools is the customer database, an organized collection of comprehensive data about individual prospects or customers.

Companies use their databases to identify prospects, decide which customers should receive an offer, deepen customer loyalty, and reactivate customer purchases.

Direct marketers and their customers usually enjoy mutually rewarding relationships. However, marketers must avoid campaigns that irritate consumers, are perceived as unfair, are deceptive or fraudulent, or invade customers' privacy. Today, direct marketers can use a wide variety of channels to reach prospects and customers: sales calls; direct-mail marketing; catalog marketing; telemarketing: offers made by radio, magazine, and newspaper; direct-response television advertising: home shopping channels; kiosks; and on-line channels. Electronic commerce describes a wide variety of electronic platforms.

Commercial on-line services offer on-line information and marketing services to paid subscribers; the Internet is an international web of computer networks that makes instantaneous and decentralized global communication possible. Companies can go on-line by buying space on an on-line service; by selling through another site; by opening their own Websites; by placing ads on-line; by participating in forums, newsgroups, bulletin boards, and Web communities; and by using e-mail to targeted audiences. Direct e-mailers that want to avoid being perceived as a spammer can use permission-based marketing, requesting the customer's permission before sending any email

offers. On- line marketing is leading to disintermediation of certain middlemen, even as infomediaries are starting to establish themselves as new on-line intermediaries.

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