

# Chapter 17

Direct & Online Marketing



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# Objectives

- Define direct marketing and discuss its benefits to customers and companies.
- Identify and discuss the major forms of direct marketing.
- Explain how companies have responded to the Internet and other powerful new technologies with online marketing strategies.
- Discuss how companies go about conducting online marketing to profitably deliver more value to customers.
- Overview the public policy and ethical issues presented by direct marketing.

# Direct Marketing

- **Direct Marketing** consists of connecting directly with carefully targeted individual consumers to both obtain an immediate response and cultivate lasting customer relationships
- **Direct Marketers** communicate directly with customers, often on a one-to-one, interactive basis.
  - Extensive use of database

# Direct Marketing



- Both interact directly with customers.
- Create personalized recommendations
- Offer individual customization.



# Direct Marketing

- **Direct marketing is:**
  - A marketing channel without intermediaries
  - An element of the promotion mix
  - Fastest-growing form of marketing
    - 5.7% in between 2003 – 2007
    - The internet is third, behind TV & Radio in terms of weekly adult time spent with a media\*\*.
- Changing the way companies think about consumers

# Direct Marketing

For buyers

Interactive and immediate

Access to comparative information about companies, products, and competitors

Ready access to many products

Convenience

For sellers

Access to buyers not reachable through other channels

Flexible

Low-cost, efficient, fast alternative to reach markets

Tool to build customer relationships

When do you find direct mail to be beneficial for a consumer?

# Direct Marketing

- **Customer database** is an organized collection of comprehensive data about individual customers or prospects, including geographic, demographic, psychographic, and behavioural data
  - Gives companies a 360-degree view about its customers and how they behave.

Companies who use lists effectively



YES ROCHER  
PLASTIC C E

Sears

Companies who build lists



aeroplan

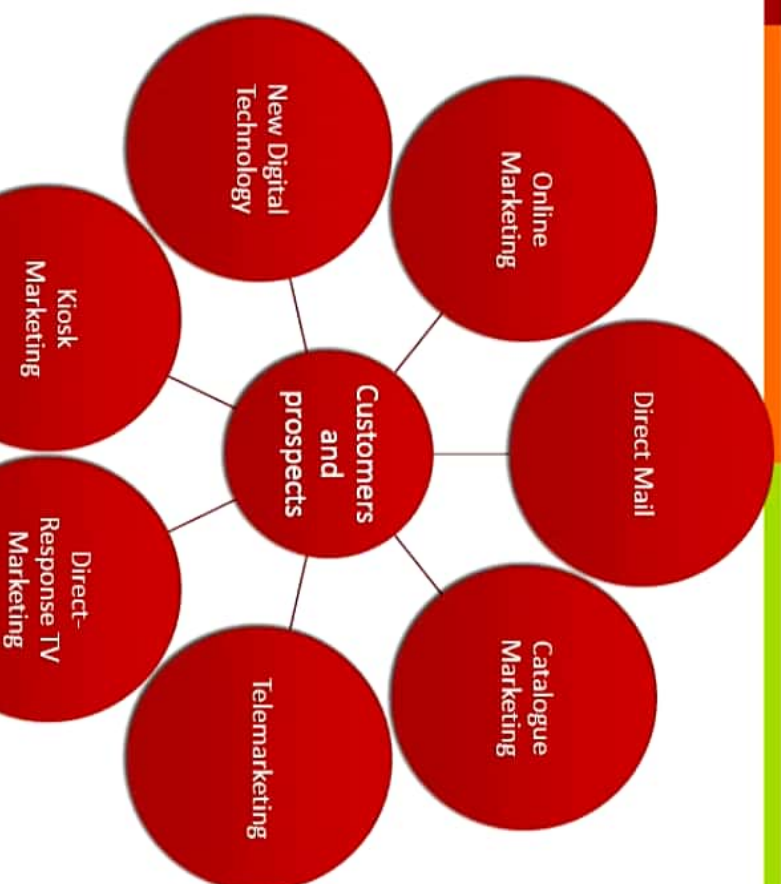
# Direct Marketing

## ➤ Question:

- How & why would marketers use a list ?
  - Locate good and potential customers
  - Generate sales leads
  - Learn about customers
  - Develop strong long-term relationships



# Forms of Direct 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
- Can take the form of **voice mail, text messaging, e-mail or snail mail.**
- Permission based-mail → avoid spam

Direct Mail

What age group do you think snail mail marketing works best?

# Forms of Direct Marketing

➤ **Catalogue direct marketing** involves printed and Web-based catalogues

Catalogue  
Marketing

## Benefits of Web-based catalogues

- Lower cost than printed catalogues
- Unlimited amount of merchandise
- Real-time merchandising
- Interactive content
- Promotional features

## Challenges of Web-based catalogues

- 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
  - Subject to the Do Not Call Registry
- Inbound telephone marketing uses toll-free numbers to receive orders from television and print ads, direct mail, and catalogues

Telephone  
Marketing

# Forms of Direct Marketing

➤ <http://www.youtube.com/watch?v=XXHUdvwHTkw>

- **Direct-response television (DRTV)** marketing involves 60- to 120-second advertisements that describe products and give customers a toll-free number or Web site to purchase as well as 30-minute infomercials such as home shopping channels
- Less expensive than other forms of promotion and easy to track results

Direct-  
Response  
Television

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Who has purchased from infomercials? Are you satisfied?

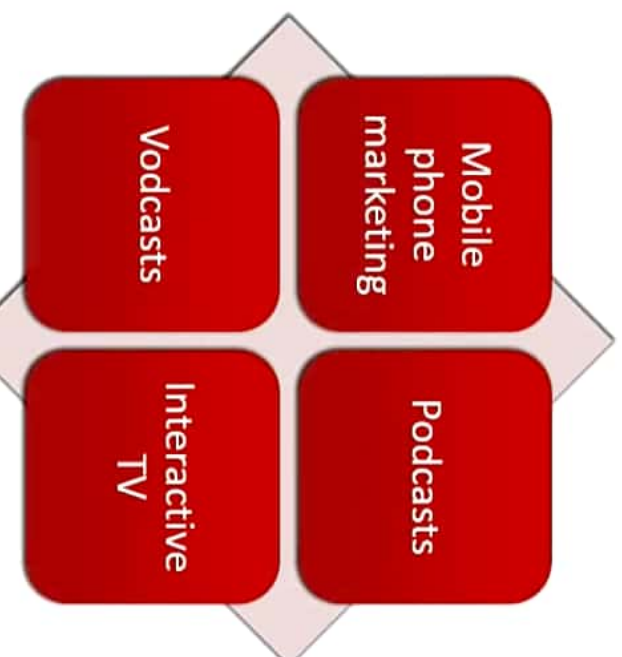
# Forms of Direct Marketing

- Kiosk marketing involves placing information on machines in public areas such as in stores, airports, and other locations
- Different than vending machines which dispense products only



# Forms of Direct Marketing

➤ Digital direct marketing technologies



Digital Direct Marketing Technologies





# Forms of Direct Marketing

## Podcasts

➤ **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

Digital Direct  
Marketing  
Technologies



**Business Coach Podcast**  
Profit Magazine Interview with...  
Peter Wright - About Business Planning  
In cooperation with:  
**PROFIT** BMO Bank of Montreal



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# Online Marketing

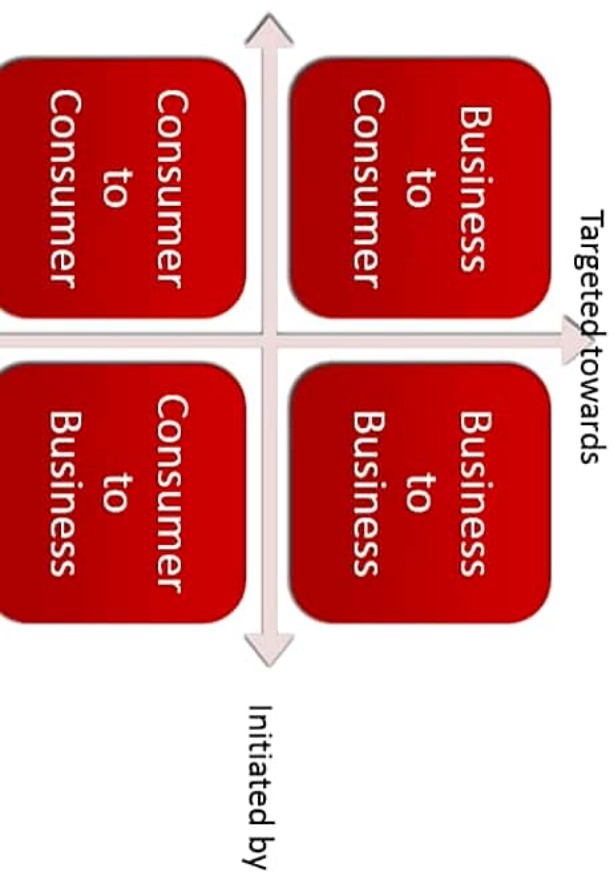
- The **Internet** is a vast public Web of computer networks that connects users of all types around the world to each other and to a large information repository
- It is the fastest growing form of direct marketing.

# Online Marketing

- **Online marketing** is a company's efforts to market products and services and build customer relationships over the internet
- **Online companies** are the so-called dot-coms, which operate only online without any brick-and-mortar market presence
- **Hybrid (Click-and-Mortar) Companies** are traditional companies that have added online marketing to their operations

# Online Marketing

## Online Marketing Domains



# Online Marketing

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

**Business to Consumer**

The screenshot shows the lavacar website interface. At the top, there is a navigation bar with links for Home, About, Car Wash Products, Car Wash Packages, and Car Wash Services. A phone number, 1866 473-8688, is prominently displayed. Below the navigation, there is a search bar and a list of car accessories. Each item includes a product image, a title, a description, and an 'Add to Cart' button with the price.

Product Name	Description	Price
Car Eye Lashes	One pair of Car Eyelashes per package. Eyelashes come with double adhesive for easy application. They don't hurt car paint.	\$24.99
Lavacar Pet Seat Cover (Cage Format)	Transport your pets in style with the Lavacar Pet Seat. This retractable seat is a perfect addition to your vehicle's interior.	\$89.99
Lavacar Window Sun Shield	The product fits for most vehicle windows, durable and can also make your car cool, easily installed and stored conveniently. Each pair in a top.	\$31.99

Additional elements in the screenshot include a 'Search' bar, a 'Car Wash Products' category link, and a 'Checkout' button.

# Online Marketing

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

Business  
to  
Business



# Online Marketing

Consumer  
to  
Consumer

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

kijiji

ebay





# Online Marketing

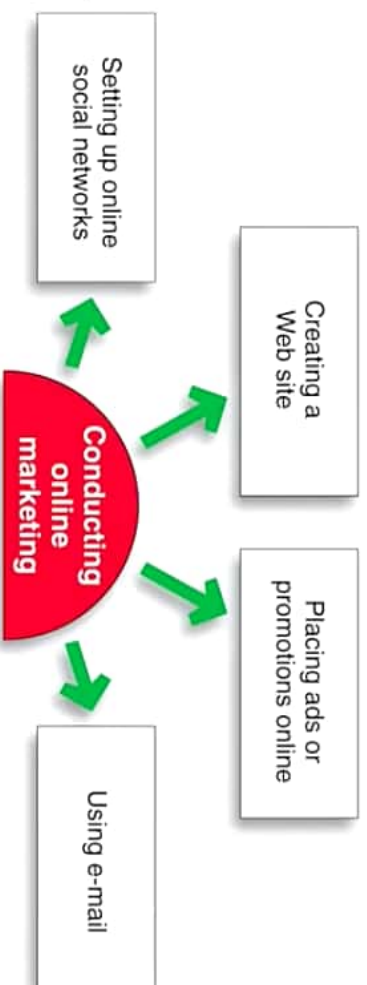
Consumer  
to  
Business

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



# Online Marketing

➔ 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



# Online Marketing

Types of websites



# Online Marketing


➤ **Corporate (Brand) website** 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

## Corporate Website

# Online Marketing

Corporate Website



The screenshot shows the top portion of the P&G corporate website. At the top left is the P&G logo. To its right is a horizontal navigation menu with four items: "Company", "Brands", "Sustainability", and "News and Views". Below the navigation menu is a large banner image of a woman smiling. Overlaid on the left side of the banner is the text: "P&G is confident in its focused growth and productivity plans."

# Online Marketing

➤ **Marketing websites** are designed to engage consumers in interaction that will move them closer to a direct purchase or other marketing outcome

Marketing Website



FREE SHIPPING ON OVER 300,000 ITEMS. NEED IT NOW? BUY ONLINE AND PICK UP IN STORE. 

Store Finder | For Pros | Get It Installed | Tool Rental | Gift Cards | Credit Center | Savings Center | How-To

More saving. More doing. [SEARCH ALL](#) [Choose Your Local Store](#) (Why?) [Local Ad](#) [Help](#) [My Account](#) (Sign in or Register)

# Designing an effective website

To attract visitors, companies must:

- Promote an offline promotion and online links
- Create value and excitement
- Constantly update the site
- Make the site useful
- [http://www.webbywards.com/webbys/current.php?media\\_id=96&season=16](http://www.webbywards.com/webbys/current.php?media_id=96&season=16)

# Designing an effective website

**Context:** the site's layout and design

**Content:** the text, pictures, sound, and video that the website contains

**Community:** the ways in which the site enables user-to-user communication

**Customization:** the site's ability to tailor itself to different users or to allow users to personalize the site

**Communication:** the ways in which the site enables site-to-user, user-to-site, or two-way communication

**Connection:** the degree to which the site is linked to other sites

**Commerce:** the site's capability to enable commercial transactions



# Placing ads and promotions online

➔ **Online advertising** is advertising that appears while consumers are surfing the Web, including display ads, search-related ads, online classifieds, and other forms

[Craigslist](#) > [Jobs](#) > [General Labor Jobs](#)

**Avoid scams and fraud by dealing locally!** Beware any deal involving Western Union, Moneygram, wire transfer, cashier check, money order, etc.

**36-year-old below average shortstop in the market for ludicrous contract**

Date: 2010-12-01, 6:28PM EST


Reply to: [@craigslist.org](#)

Aging shortstop with below average range, average hitter coming off worst season of career.

Willing to play for \$25 million/year

- Hard worker, especially when grossly overpaid
- Great leader, with a willingness to eat up as much payroll as possible
- Highly motivated by winning, and even more so by \$25 million
- Experience receiving large sums of money for no apparent reason
- Willingness to jump while throwing the ball, no matter how unnecessary
- All-time Major League leader in Intangibles

Nov 4, 2011



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# Placing ads and promotions online

- **Banners** are banner-shaped ads found on a Web site
- **Interstitials** are ads that appear between screen changes



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do  
only,  
what  
can't  
you?

**MORE STUFF  
LIKE THIS:**



Level Up! Video  
Game Myths Out



Top 10 Star Trek  
Technologies that  
Actually Came  
True



Computer  
Hardware Pictures

Stu  
Show  
Ask

# Placing ads and promotions online

- **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

2008 #1 WINNER

THIS IS NOT A JOKE - YOU ARE THE 10,000TH VISITOR!

[Click here to claim](#)

# 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

The screenshot shows a Yahoo! search results page for the query "Car Wash Montreal". The search bar at the top contains the text "Car Wash Montreal" and a "Search" button. Below the search bar, there are navigation tabs for "WEB", "IMAGES", "VIDEO", "SHOPPING", "BLOGS", and "MORE". The search results are displayed in a list format. The first result is an advertisement for "Car Wash Montreal" with a link to "www.lavacar.com". Below this, there are several organic search results, including "Thirtly@ Montreal", "Details Hand Car Wash / Detail Centre", "Car Wash Montreal Lavacar | Mobile Car Wash Detailing", "Car Washes in Montreal QCL Yellow Pages.ca™", "Montreal Car Rentals", "Montreal Car Rentals", and "Cars From Only \$7 A Day". The page also features a "FILTER BY TIME" section with options for "Anytime", "Past day", "Past week", and "Past month".

# Placing ads and promotions online

## Other forms of promotion

Content sponsorships

Alliances

Affiliate programs

Viral 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

Content sponsorships

The screenshot shows the MSN Entertainment homepage. At the top, there is a navigation bar with links for HOME, MOVIES, TV, CELEBS, MUSIC, MUSIC STORE, EDITOR'S PICK, NEW EXCLUSIVES, and WRITER ENTERTAINMENT. A prominent blue banner for Skype reads "Update to Skype. Your Messenger contacts are there." Below this, there are several news articles with images and headlines, such as "The many victims of Lindsay Lohan" and "Madonna's mid-life crisis: The singer's legacy". A Bing search bar is visible in the center. At the bottom, there is a "SIMPLY STUNNING" section featuring a "bing" logo and a small image of a person's face.

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# Placing ads and promotions online

➤ **Alliances and affiliate programs** are relationships where online companies promote each other

**amazon associates**

Profit from our experience  
**Earn up to 10% advertising fees with a trusted e-commerce leader**

**Join Now / for Free**

[Learn More](#)



Alliances

Affiliate programs

# Placing ads and promotions online

## Viral marketing

- **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
  - <http://youtu.be/qg1ckCkm8YI>
  - <http://www.youtube.com/watch?v=0Cs95FmimP0&feature=relmfu>



# Placing ads and promotions online

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

