

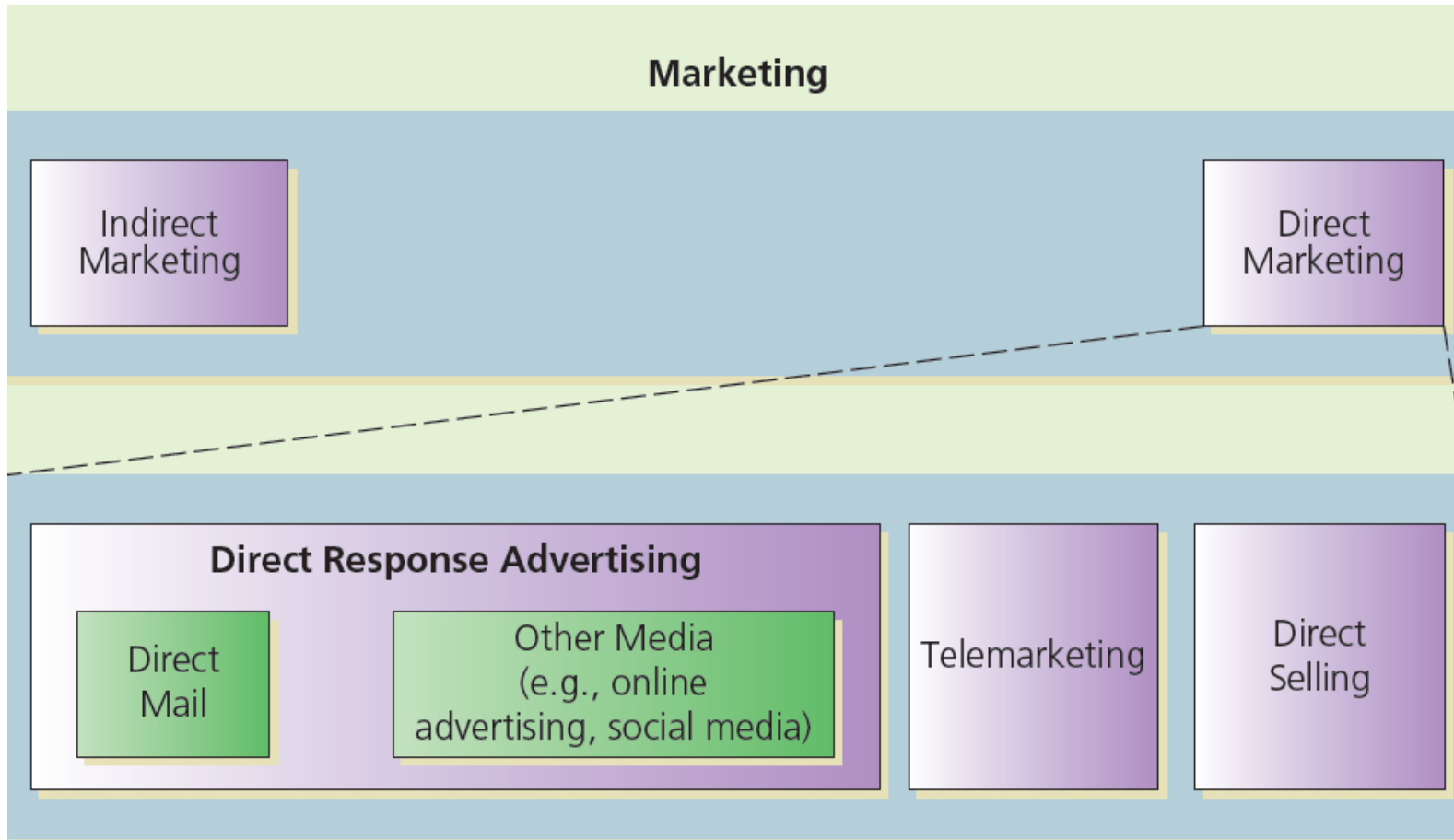
Direct marketing and internet

Dr. Eva Happ
Associate professor

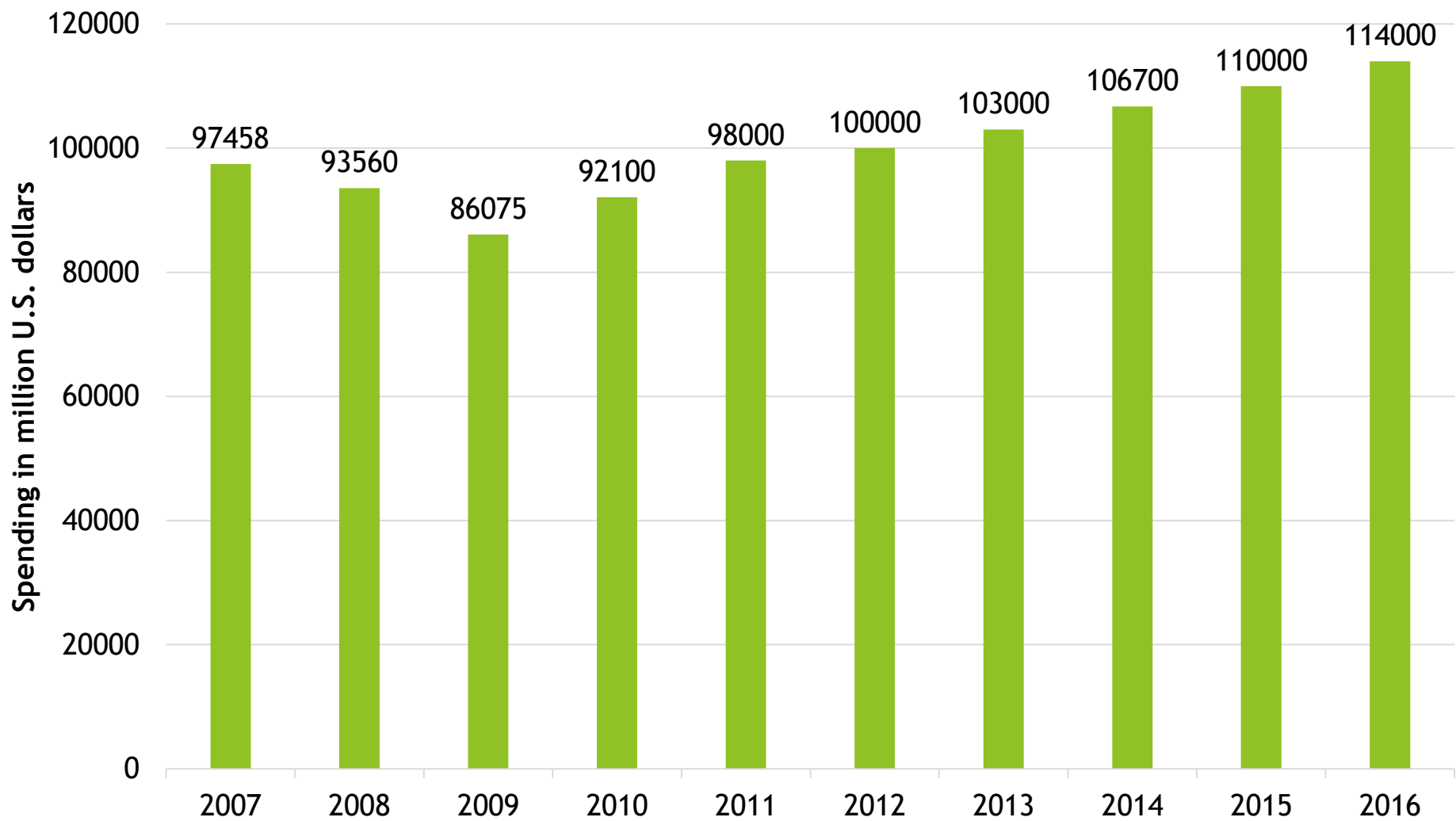
Direct Marketing Defined

An interactive system of marketing which uses one or more advertising media to effect a measurable response and/or transaction at any location.

Distinctions Among Various “Direct” Concepts



Spending on direct marketing in Europe 2007-2016 (in million U.S. dollars)



Ad Expenditure and Sales Estimates for Direct-Marketing Categories

**TABLE
15.1**

Ad Expenditure and Sales Estimates for Direct-Marketing Categories

	Ad Expenditures 2014 (est.) (billions)	Ad Expenditure Yearly Growth 2009-14	Sales 2014 (est.) (billions)	Sales Yearly Growth 2009-2014
Telephone Marketing	41.5	1.00%	343.5	0.50%
Direct Mail (Non-Catalog)	34.5	3.30%	534.5	3.70%
Direct Response TV	26.9	6.80%	174.4	6.30%
Direct Mail (Catalog)	18.6	4.30%	135.1	4.10%
Internet Search	18.5	10.60%	404.7	10.70%
Internet Display	10.9	8.70%	209	8.30%
Direct Response Magazine	7.7	3.00%	77.8	2.60%
Direct Response Newspaper	7.6	-3.00%	90.2	-3.90%
Internet Other	6.7	13.20%	114.2	13.90%
Direct Response Radio	4.1	4.40%	33.5	3.90%
Other	3.4	6.80%	23.1	6.70%
Social Networking	2.3	14.70%	29.8	15.90%
Commercial E-mail	1.1	13.10%	40.5	9.20%
Insert Media	1.1	5.30%	12.2	5.10%
Mobile	0.8	29.10%	10.4	37.50%
Total	185.7	4.50%	2232.9	5.10%

Direct Response Advertising Defined

- Involves the use of any of several media (e.g., direct mail, television, magazines, Web) to transmit messages to encourage buyers to purchase directly from the advertiser.
- Features of direct-response advertising
 - Makes a definite offer
 - Contains all information necessary to make a decision
 - Includes a response device (e.g., website, toll-free number, coupon) to facilitate action

Illustration of Direct Response Advertising

LOOK WHAT'S **ALL-NEW** AT NUTRISYSTEM!

Jumpstart™

JUMPSTART YOUR WEIGHT LOSS WITH NUTRISYSTEM

Specially designed to put you on the fast track
to weight loss success, featuring:

- FlavorFalls™ fiber drink mixes
- "Quick Tip" Success Cards—
plus Fridge Tracker!
- Premium Coach Connect™,
including Jumpstart Hotline!

*Losing weight has
never tasted so good
or been so easy.*

—MARIE OSMOND
LOST 50 POUNDS*

*Results not typical.

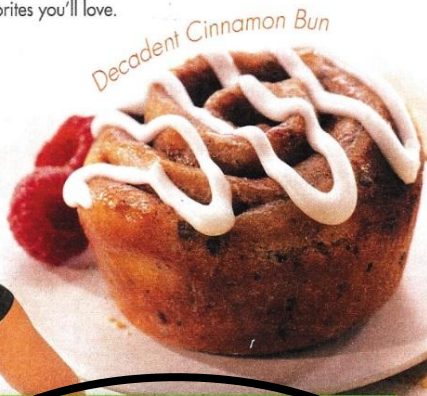
PLUS, all the essentials that make Nutrisystem exceptional:

- Over 160 delicious foods to choose from
- Created with "good carbs" and high fiber
- No counting calories, carbs or points
- **FREE** online membership and weight loss counseling
- **FREE** delivery straight to your door†

All for as low as \$3 a meal!†

Wow! Over 50 NEW Foods

Fresh from the Nutrisystem kitchens, enjoy ALL-NEW dishes
that are so delicious you won't believe they're good-for-you,
too! From **rich Double Chocolate Muffins** to **spicy
Buffalo Chicken Wraps** and **soft Walnut
Chocolate Chip Cookies**, you're sure to
find favorites you'll love.



GET A FREE Jumpstart™ KIT! *Plus!* EAT FREE FOR 2 WEEKS

That's an Extra 14 Breakfasts, 14 Lunches,
14 Dinners and 14 Desserts FREE!

CALL 1-888-381-THIN (8446)
OR CLICK
nutrisystem.com/LHJ110

†Offer good on new 28-Day program only. One additional free week of food will be included with each of your first two deliveries. Free shipping to Continental U.S. only. One additional free week of food will be included with each of your first two deliveries. With Auto-Delivery, you are automatically charged and shipped your 28-Day program once every 4 weeks unless you cancel. You can cancel at any time by calling 1-800-777-8846; however for this offer you must stay on Auto-Delivery for at least two consecutive 28-Day program deliveries to receive both free weeks. Other restrictions apply. Call or see website for details. Cannot be combined with any prior or current discount or offer. Limit one offer per customer. ©2010 Nutrisystem, Inc. All rights reserved.

Illustration of Direct Response Advertising

DOUBLE SAVINGS EVENT!

HURRY! OFFER ENDS MARCH 14

2 years
Lock in 1-year of savings on every package!

NOW GET OVER 140 CHANNELS FOR 12 MONTHS
In over 97% of the U.S.

\$29.99/mo.
LIMITED TIME ONLY

FOR 12 MONTHS Plus, SAVE \$70/mo. in 2nd year!

- **NO Equipment to Buy, NO Start-Up Costs!**
- **99% Worry-Free Signal Reliability.** Based on a nationwide survey of representative cities.
- **Local channels included in every package.** In over 97% of the U.S.
- **#1 in Customer Satisfaction** over cable & satellite TV providers.

Offer ends 3/14/12. Offer available through 3/14/12. Not available in all areas. Additional fees may apply. Serviceable areas only. Restrictions may apply. See website for details. © 2012 DIRECTV. All rights reserved.

Switch in minutes!

1-888-773-8162 or directv.com

Plus, act now to get:

4 FREE UPGRADES
 HD DVR + up to 3 HD Receivers

FREE FOR 3 MONTHS*
 Includes access to ON DEMAND

FREE PROFESSIONAL INSTALLATION
 In up to 4 rooms

DON'T SETTLE FOR CABLE. BUNDLE WITH DIRECTV.

DOUBLE SAVINGS EVENT!

Direct Mail's Distinctive Features

Direct mail offers five distinctive features as compared to mass forms of advertising:

- Targetability
- Measurability
- Accountability
- Flexibility
- Efficiency

Direct Mail Advertising: Saab 9-5 Campaign

- Telephone calls were made to everyone who responded to an initial mailing to set up test-drives.
- Results:
 - Of the 200,000 initial prospects, 16,000 indicated interest in test-driving the 9-5 (an **8%** response rate). More than 2,200 test drives were scheduled.

Database Marketing

- Up-to-date computer databases help with direct mail/direct marketing efforts.
- **Database marketing:** a process by which companies collect information on consumers, analyze it to predict who will buy, and then develop tailored marketing messages to those consumers.

Mailing Lists

1. House lists (internal; R-F-M: Recency – Frequency – Monetary Value)
 2. House lists of other companies (mail response list) (external)
 3. Compiled list (external)
- R-F-M useful in data mining. Companies can divide customers into quartiles or quintiles for each category and test direct marketing efforts.

Telemarketing

1.Outbound

2.Inbound

EXERCISE

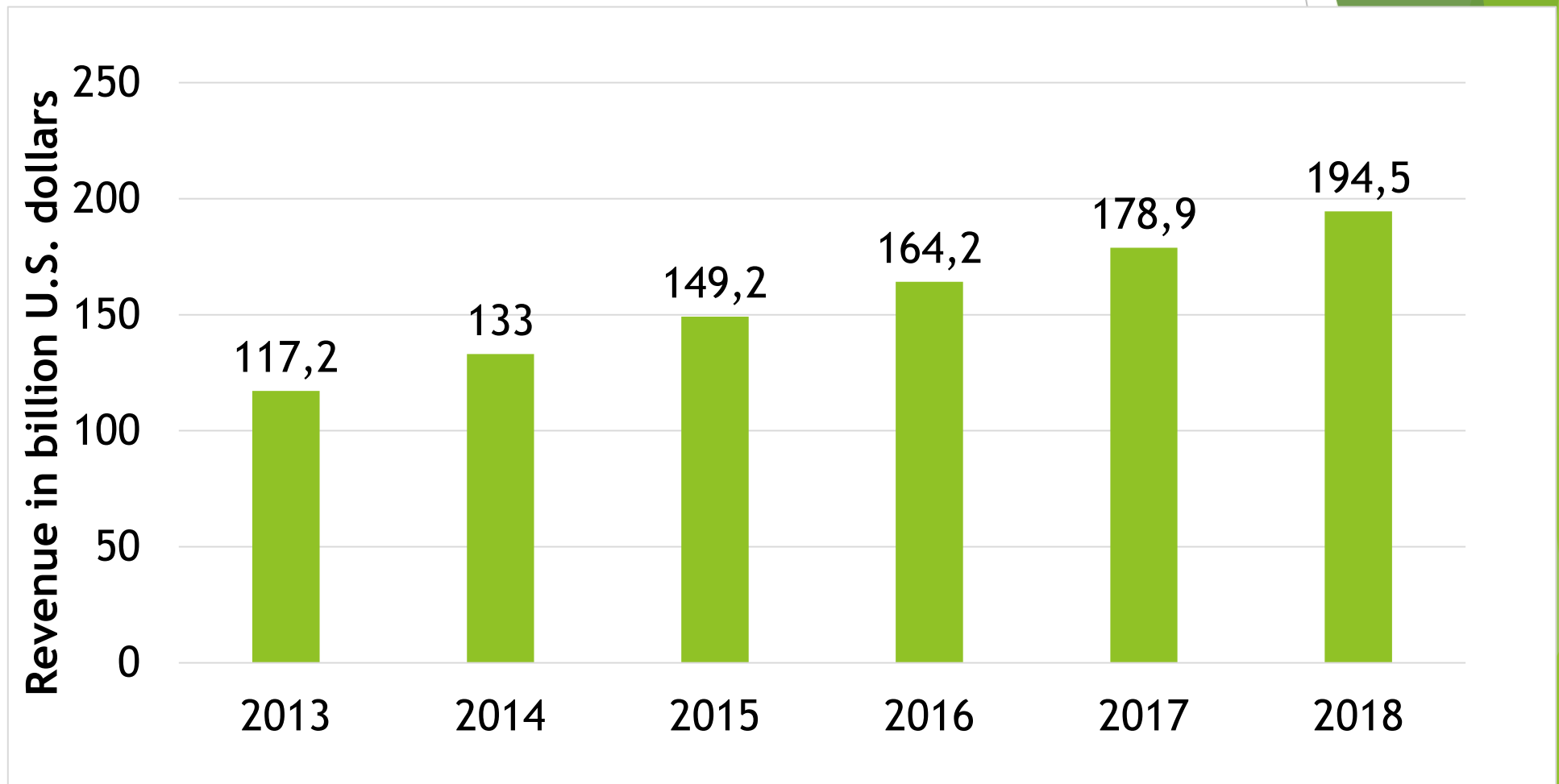
Let us suppose that you are the manager of a four star hotel in Bratislava targeting leisure tourists.

- ▶ What type of direct marketing activity would you use to spend the long weekend in the city of Bratislava?
- ▶ Write an electronic direct mail to your target market.
 - ▶ Give a special offer to your target market.
 - ▶ What kind of sales promotion technique would you use to convince them? Why?
 - ▶ What kind of pictures would you include in the DM letter?
- ▶ How would you obtain the database (e-mail addresses of potential and previous customers)?

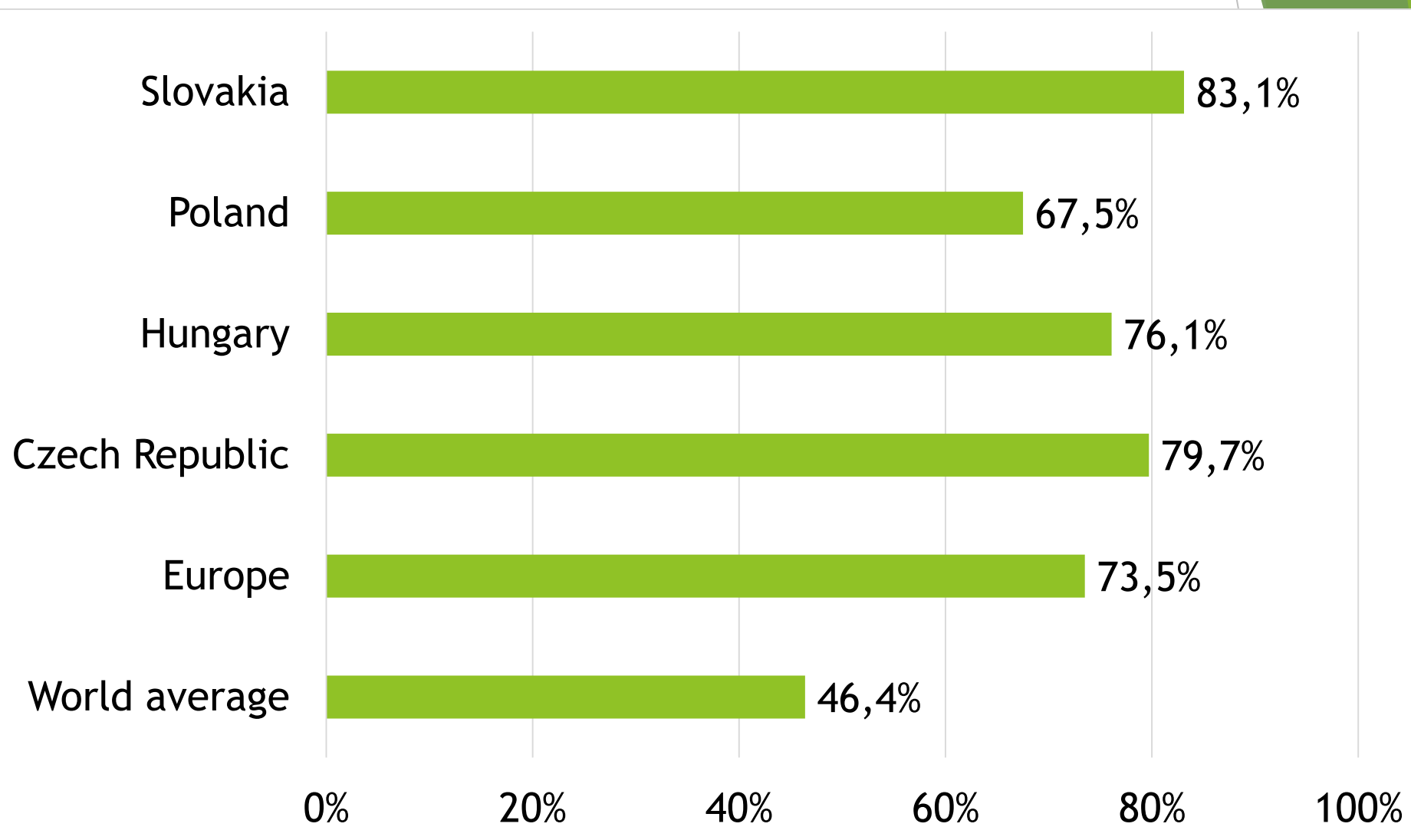
Mass Online Advertising

- Internet is not a replacement, but a key element of IMC programs
- Dating back only to 1994, the “Web” has become an important medium for Internet advertising.
- Online advertising spending amounted to over \$9.6 billion in 2004 (~4% of all advertising), \$29 billion in 2012 (~17% of all advertising), and is estimated to grow to \$40 billion by 2014.


Global internet advertising revenue 2013-2018 in billion U.S. dollars




Internet penetration in the V4 countries, 2015



Online Advertising: Benefits and Costs



Individualization
Interactivity
Immediate publishing
Cost efficiency



User distraction
Too many choices
International coordination
Rapid change
Short lead times

Online Advertising Formats

- Search Engine Advertising
 - Keyword-Matching Advertising - Content-Targeted Advertising
- Display or Banner Ads
- Rich Media
 - Pop-Ups – Interstitials – Superstitials - Video Ads
- Websites and Sponsored Sites
- Blogs and Podcasts
- E-mail Advertising
- Mobile Advertising

Search engine advertising (SEA)

SEA refers to a method of placing online ads on Web pages that show results from search engine queries

- ▶ Keywords
- ▶ 2 forms:
 - ▶ keyword search
 - ▶ content orientation

Keyword Matching Advertising

Prospective advertisers bid for keywords by indicating how much they are willing to pay each time an Internet shopper clicks on their website as a result of a search (cost per click)

(Google Ad Words: www.adwords.google.com)



hotel sydney



Search

About 177,000,000 results (0.31 seconds)

ADWORDS EXAMPLE

Web

Images

Maps

Videos

News

Shopping

More

Sydney NSW

Change location

The web

Pages from Australia

More search tools

Ads related to hotel sydney

Why these ads?

300 Hotels in Sydney - Lowest price guarantee | booking.com  

www.booking.com/Sydney-Hotels

Book your **Hotel in Sydney** online

402,241 people +1'd or follow Booking.com

Most Popular Hotels

Best Reviewed Hotels

Budget Hotels


Luxury Hotels

Hotels in Sydney | Expedia.com.au 

www.expedia.com.au/Sydney-Hotels

Save up to 60% on **Sydney Hotels**. Instant Confirmation. Book Today!

→ Most Recommended - Budget Hotels - Best Verified Ratings - Luxury Hotels

Hotel Sydney - Plenty of choices in **Sydney** | Agoda.com.au 

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Hotels Near Sydney Town Hall - Wotif.com 

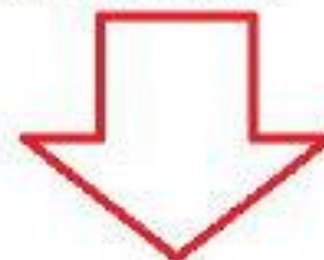
www.wotif.com > ... > [Sydney Landmarks](#) > [CBD Landmarks](#)

Want to visit **Sydney Town Hall**? Then Wotif.com's range of **hotels near Sydney Town Hall** is exactly what you've been looking for! See the sights! Why not, when ...

+ Show map of 483 George Street, Sydney NSW 2000

Wotif.com | Cheap **Sydney hotels** – compare prices for 468 hotels in ...

Map for **hotel sydney**



Ads - Why these ads?

Hotels in Sydney 

sydney.travelodge.com.au/

Stylish rooms in city locations.

Book online for great savings.

Central Sydney Hotel  

www.breakfree.com.au/Sydney

Close To CBD, Rocks, QVB, All Major Attractions. Great Value. Book Now.

Sydney Hotels 

www.hotels.com/Sydney

Over 150,000 **Hotels** Worldwide

Book Now & Save up to 50%!

Content-Targeted Advertising

- the ads are placed on websites with appropriate context.
- AdSense: sponsored by Google, this program enables advertisers to run ads on sites other than Google's own site.
- www.google.com/adsense

fire a missile from a U.S. Navy cruiser, and shoot down the satellite before it enters Earth's atmosphere.


The officials spoke on condition of anonymity because the options will not be publicly discussed until a later Pentagon briefing.

[Story continues below ↓](#)

advertisement

Be Mine

FIND THE PERFECT RING



blue Nile

The disabled satellite is expected to hit the Earth the first week of March. Officials said the Navy would likely shoot it down before then, using a special missile modified for the task.

Other details about the missile and the targeting were not immediately available. But the decision involves several U.S. agencies, including the National Security Agency, the Department of Homeland Defense and the State Department.

Shooting down a satellite is particularly sensitive because of the controversy surrounding China's anti-satellite test last year, when



[Learn More](#)

U.S. loses control of spy satellite
Jun. 28. A U.S. intelligence agency loses control of a spy satellite after it loses power. NBC's Tom Costello has the details.

Today show

Related stories

[What's this?](#)

Defunct spy satellite expected to hit Earth the first week of March

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Top rated

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Bernanke: Economic outlook has worsened

Clinton leading Obama in Ohio, Pennsylvania

UPDATED Pentagon to shoot down broken spy satellite

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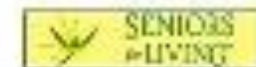
Resource guide



Dating - Get two months free!



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Find Senior Housing Options



Find your next car



Find Home Listings



Find a business to start



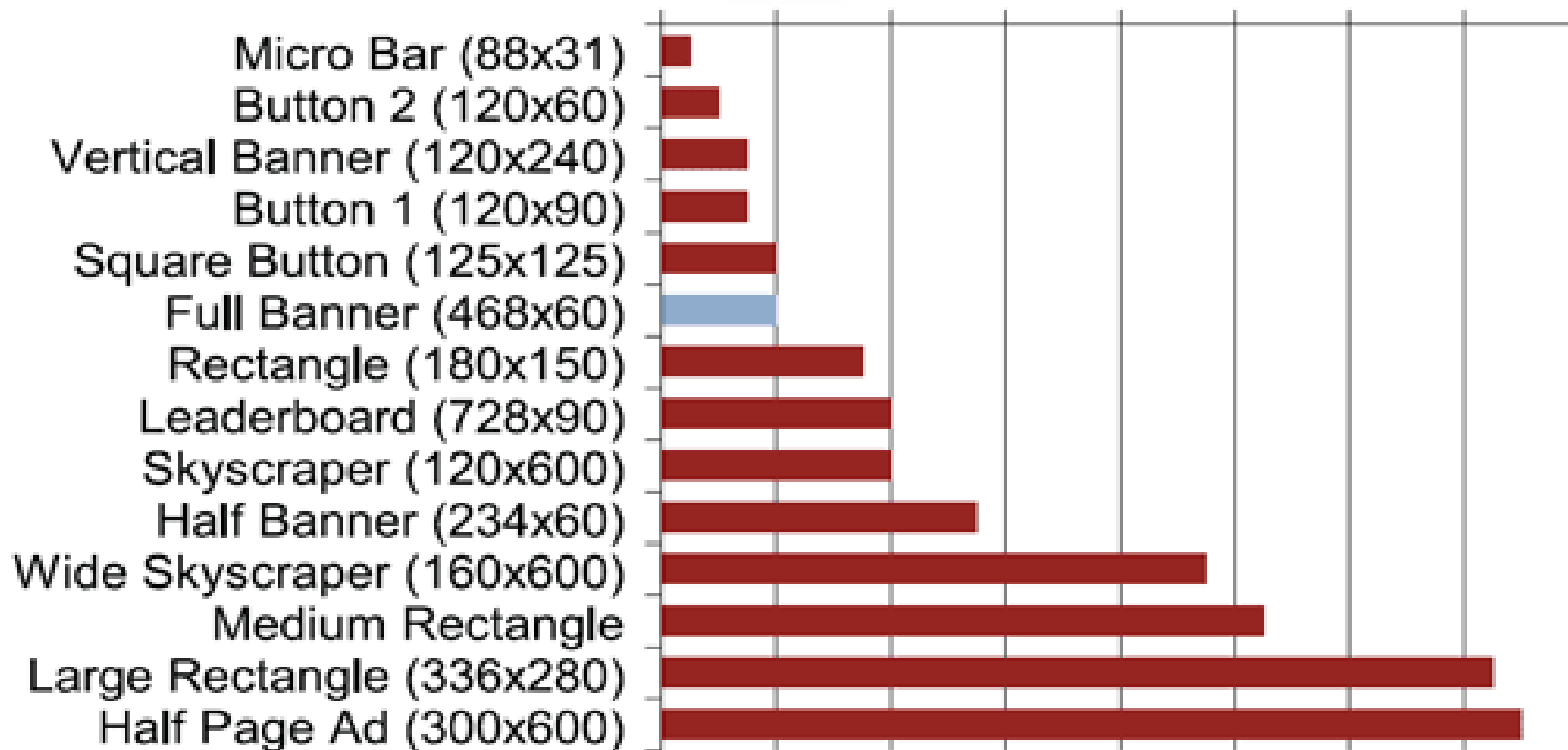
ST traded, no fee/Risk

Banner sizes and CTR

Larger Ad Units Generate Higher Click Rates

CTR Indexed (100) Relative to Full Banner

0 100 200 300 400 500 600 700 800



Rich Media: Pop-Ups, Interstitials, Superstitials, and Video Ads

- Pop-Ups: Ads that appear in a separate window.
- Interstitials: Ads that appear between two content Web pages.
- Superstitials: short, animated ads that play over or on top of a Web page.
- Online video ads: audio-video ads that are similar to 30-second TV commercials, but are shortened to 10-15 seconds and compressed.

n style. Freestanding tubs are available on plinths, with skirts, and as Japanese style soaking tubs.

SIGN UP & SAVE 10%

WHEN YOU JOIN OUR EMAIL LIST*

Be the first to hear about new products,
special offers and more.

Email*

SUBMIT >

*This one-time 10% offer valid for new email subscribers only.
The offer code will be sent to your email address.

[no thanks](#)

Freestanding Acrylic
5", 61", 65"

Collette Freestanding Acrylic
Tub - 63", 69"

71" Bali Double Ended Tub on
Plinth

Drague Freestanding Acrylic
Tub - 60" or 67"

Barkley Freestanding A
Tub on Plinth - 60" or

Websites

- Uses for Websites
- As an advertisement for the company
- As a venue for generating and transacting exchanges between organizations and their customers
- As a link to other integrated marketing communications

- Well-Designed Websites

- Are easy to navigate
- Provide useful information
- Are visually attractive
- Offer entertainment value
- Are perceived as trustworthy



Online Advertising Formats

- Search Engine Advertising
 - Keyword-Matching Advertising - Content-Targeted Advertising
- Display or Banner Ads
- Rich Media
 - Pop-Ups – Interstitials – Superstitials - Video Ads
- Websites and Sponsored Sites
- Blogs and Podcasts
- E-mail Advertising
- Mobile Advertising

Measuring Internet Ad Effectiveness

(1) How many visited a particular Web site?

(2) How many people clicked through a particular web ad?

(3) What are the demographic characteristics of these people?

(4) What actions were taken following click-throughs? (and cost per action, e.g., registration, purchase)

Measures of Effectiveness for Internet Advertising

- **Viewers** (stay on site/page): number of viewers to a site (and unique viewers)
- **Ad views/page views/impressions**: the number of times viewers see a Web page with an ad.
- **Clicks/click throughs**: the number of visitors to a site that click on an ad to retrieve information.
- **Click through rate**: represent the percentage of people exposed to an Internet-delivered ad that actually clicked their mouse on it
- **Cost per thousand (CPM)**: how much it costs on a per-thousand basis to place an ad on a particular website. $CPM = \text{Cost of ad} / \# \text{ of contacts (expressed in thousands)}$
- **Cost-per-action (CPA)**: determining the number of users who actually click on display or rich-media ads, visit a brand's website, register their names on the brand's site, or actually purchase the advertised brand

The background features abstract, overlapping green geometric shapes, primarily triangles and polygons, in various shades of green, creating a modern and dynamic visual effect.

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