

Rising to the challenge of Direct Marketing (Research Magazine Article – May 2004)

There has been an underlying paranoia evident at research industry gatherings in recent years. One, among many, contributory factors has been the growing level of 'research' activity being undertaken by Direct Marketing agencies.

The Direct Marketing sector has shown significant growth in recent years - the top 25 DM users increased their spend by 43.7% in 2003 according to Nielsen Media Research. Tough market conditions have lead clients to redirect their marketing budgets towards more accountable below the line strategies.

There is also now a growing awareness of the brand building (or even damaging) potential of Direct Marketing, which is prompting the inclusion of market research as an integral part of DM campaign development and evaluation.

Direct agencies have a long established tradition and culture of testing, but this has often focused on measuring response rates generated by alternative formats/variables (e.g. long copy versus short copy) rather than on evaluating the impact of activity on brand criteria.

This is an industry crying out for deeper understanding of audiences and the factors influencing campaign response, but one where conventional market research is yet to establish any strong foothold.

I became involved as a Research Consultant to one of the more enlightened marketing agencies ten years ago, and soon realized that our industry's commitment to respondent confidentiality is a frustrating barrier for marketing agencies that are focused on maintaining, growing and expanding customer bases.

In addition, marketing agencies tend to dismiss market research on the basis of comparing telephone research and face-to-face interviewing costs with benchmarks in their own industry (tele-marketing and field marketing costs), without taking into account the importance of research quality standards and training.

We cannot ignore the fact though that clients are choosing to commission research through their direct marketing agencies, and that we therefore need to be working in partnership with these agencies to maintain research standards and improve overall performance.

Tightening budgets and shrinking research departments mean that clients are less precious and concerned about where their insight comes from and more focused on how the information can help them grow their business. 'One-stop' shopping is becoming the norm and marketing agencies are more likely than research agencies to be the destination store of choice!

The good news though is that as clients demand more and more proof of campaign effectiveness, marketing agencies are being encouraged to embrace conventional research. I believe that independent researchers play a key role as ambassadors in this growing sector, filling the research expertise gap that currently exists.

Marketing agencies are able to pick the independent researcher that best suits their culture and client (knowing that this person will have close, hands-on involvement in all aspects of a project).

The independent becomes an integral part of the marketing agency's project team, providing tailored research solutions at an affordable price, while at the same time adding validity and value to the agency's proposition.

When these integrated research and marketing services teams work well, a virtuous circle of learning evolves between the agency and the researcher.

For example, my marketing agency partner convinced our client of the benefits to be gained from creating a distinct brand name and identity for an employee research project we were developing. The agency's marketing skills applied to the research survey, gained greater client involvement, raised the profile and understanding of the project internally and achieved stronger commitment to the project from a variety of stakeholders.

The outcome has been more successful than would have been possible if the project had been conducted with separate marketing and research agency partners, where gaps inevitably lead to under-performance and information degrades as it is transferred from hand to hand.

Another example of the power of integrated research and marketing services teams is a recent project that was undertaken for a retail client, where the client's customer database, the researcher's survey data and the marketing agency's lists data were fused to identify key target segments. This resulted in an additional £1.25 million of sales to the client, over a period of three months.

Independent researchers may be best placed to bridge the gap that currently exists between the parallel universes of Market Research and Direct Marketing, but at the end of the day, it is in all our interests to establish working relationships that ensure clients approach audiences with more clearly targeted and relevantly focused communications.