

Direct Outlook

Rich opportunities exist for direct and digital marketers to laser target the right customers at the right time, using the latest tactics. The proliferation of social media, which invites customer feedback; the emergence of mobile as a media must-have; and sophisticated targeting are just a few of the items in the marketer's tool belt. *DMNews* spoke with experts across direct response to pinpoint top trends in 2010.



Direct mail

Direct mail experts predict direct mail usage will increase in 2010, but that mail volumes are not likely to reach levels last seen just a few years ago.

With the economy still at the top of the priority list, green marketing concerns about paper use and energy for delivery will continue to play second fiddle, at least until the economy recovers.

Industry experts also predict marketers will more frequently combine the use of direct mail with other forms of media, such as Web-based customer-specific offers, with the original call to action promoted through the direct mail piece.

"There will be claims made by some in the industry that they are offering marketing services, and in some cases they will mean it, and in some cases it will be empty words," says David Henkel, president of Johnson & Quin.

Industry pros also expect to see consolidation of the direct mail supplier base continue, with firms making acquisitions in the space despite the weak economic picture.

— *Frank Washkuch*



Online advertising

Banner ads and ad networks have been around since the dawn of Internet advertising, but thanks to better targeting and the ability to incorporate rich media directly into a banner, the channel is poised for a rebirth in 2010.

"I expect to see banner ads become more integrated with rich media and more interactive within the banners themselves, whether through video or social," says Sean Cheyney, VP of marketing and business development at life insurance broker Accu-Quote. "The result is going to be more innovation and better experiences for the consumer."

Vertical ad networks will continue to grow as brands seek targeted audiences, because they possess rich data about customers. More display media buyers will focus on buying by audience.

"We're going to see a lot of growth in audience-based buying, be it psychographic, behavioral, purchase intent [or other segments] as audience profiles have gotten much deeper," says Raj Chauhan, VP of business development at The Rubicon Project.

One of the challenges ad networks face is the FTC investigation into behavioral targeting. The industry has been pursuing self regulation and introduced their first public education campaign in late 2009 aimed at educating consumers on behavioral targeting. — *Dianna Dilworth*



Database and CRM

As CRM and loyalty programs become increasingly digitized, experts expect big changes. Marketers will focus less on traditional coupons, loyalty cards and e-mail, and put greater emphasis on social and mobile initiatives.

"People are finding new ways to communicate," says Vivianna Padilla, senior manager of product marketing at Salesforce.com. "By using sites like Facebook and Twitter, consumers and companies can interact in real time."

Unlike e-mail, to which she believes consumers are "immune" because of its ubiquity, social media opens a dialogue with the consumer, she adds.

Dave Frankland, principal analyst at Forrester Research, predicts an uptick in mobile loyalty programs.

"2010 is really starting to feel like the year of mobile," he says, adding that best practices still need to be developed.

Frankland adds that it is important to retain a centralized customer view despite the proliferation of channels: "We started out with mailing addresses and e-mail addresses, but as we're able to get other types of information like Twitter handles and cell phone numbers, we need to be able to hold on to that singular view of the customer." — *Mary Hurn*



Printing and production

The printing and production channel has changed dramatically, most notably in the move to digital printing. Jan Riecher, VP and general manager of HP's Graphics Solutions Business in the Americas, says, "As the analog-to-digital print transformation gains momentum ... marketing agencies are adopting new digital printing applications such as variable-data collateral and signage to create more targeted, effective campaigns."

Riecher adds that another trend is the increased focus

on going green: "[We want to] reduce the environmental impact of printing and recognize the significant environmental benefits of digital printing, such as reduced waste and inventory — which also lower costs." He predicts that a year from now, the sector will have seen a major surge in creative marketing campaigns that incorporate more digital elements.

— *Mary Hurn*



E-mail

In 2009, the recession drove marketers to e-mail because of its cost efficiency and targeting capabilities. This year, expect growth to continue, along with additional investment and sophistication.

E-mail will emerge from the digital marketing department corner and capture the attention of marketing executives and CMOs.

"Since e-mail has good ROI, it is finally getting the respect it deserves at higher levels," says John Rizzi, president and CEO of e-Dialog.

E-mail will continue to integrate with other new media channels, including social media and mobile, experts say.

"The lines between traditional e-mail inboxes and social and mobile inboxes are beginning to blur as channels and devices converge," says Sean O'Neal, chief revenue officer at Datran Media.

While the channel is expected to grow, it will still be challenged. E-mail growth can lead to inbox overload. As volumes grow, deliverability is as crucial as ever. In addition, marketers that do well will focus on giving customers control.

"I think as volumes go up, savvy marketers will have to focus on customer preferences to compete," Rizzi adds.

— Dianna Dilworth



Mobile

The old joke in marketing circles is that mobile marketing is always three years away from taking off, but experts agree that 2010 may well be the year that the channel will see significant growth and investment.

In 2010, more brands will participate in mobile marketing, and mobile will earn its own seat at the table as agencies and marketers plan their media buys.

"I think that it is quickly going to become a line item in the mix of media," said Sue McManus, associate VP of interactive marketing for

Nationwide. "The ability to target ads on the phone will make it a part of the major media mix."

Campaigns will continue to grow. In six months in 2009, mobile marketing services firm HipCricket executed 25,000 mobile marketing campaigns.

"For the first time, brands are spending \$1 million on mobile," said Jeff Hasen, VP of marketing at HipCricket. "We see more marketers looking at building sustained programs versus one off campaigns."

The mobile Web will also continue to grow, especially after Google's acquisition of AdMob in November 2009. As a result, publishers will begin to offer more display inventory, both on WAP sites and in applications.

— Dianna Dilworth



E-commerce

Successful marketers are adding improved targeting to their e-commerce Web sites, making them more than just transactional. An e-commerce site is now an integral part of brand identity and influences online and offline customer behavior. However, better targeting comes at a price.

"The biggest story [in 2010] is going to be privacy," says Patrick Byrne, CEO of Overstock.com. "There

have been technologies offered by third parties that take information we learn from your Overstock visit and then adjust the advertising on a different site. Some people don't like that. My guess is there'll be some sort of congressional action to tighten up how much of that you can do. It's a shame. Those marketing dollars [are] three to six times more potent."

— Kevin McKeefery



List marketing

The list industry was hit heavily in 2009 when marketers reduced direct mail campaigns and mail volumes. This meant fewer were renting mailing lists. However, executives expect a turnaround for direct mail and the troubled postal list sector this year.

"I think people are looking at their mail a little more positively now," says John Papalia, president and CEO of Statlistics. "Smart direct mailers won't totally abandon the channel."

"People are starting to spend more money on customer acquisition," adds Grant Epstein, senior data specialist at USAData. "Usually, December is a dead month for direct mail, and we actually did very well."

There is still some question whether the postal files

that have been list managers' bread and butter over the history of direct marketing will bounce back. Some believe marketers are ready to shift to e-mail as their primary prospecting and acquisition channel.

"E-mail and telemarketing are producing strong results, and the costs associated with a direct mail campaign are leading people to shy away from mass mailings," says Jay Schwedelson, corporate VP at Worldata. "Instead of mailing 100,000 names, they'll mail the top 5,000 or 2,000" highest-performing customers.

— Nathan Golia



DRTV

"As seen on TV" products have appeared at retail for years, but many products still use television as the main sales driver. DRTV experts expect this to change, as both retailers and manufacturers find success selling them in stores.

"I think the acceptance of retail by DRTV products was big last year, and I absolutely think it will continue [this] year," says Scott Boilen, president of Allstar Products Group, which markets the Snuggie blanket through TV and retail. "The Snuggie and the PedEgg from Telebrands achieved heights that were once

inconceivable because of the acceptance of retail."

The drive toward retail is partially due to the fractioning among consumers into different buyer groups, adds Jeff Meltzer, CEO of Meltzer Media.

Tim O'Leary, CEO of R2C Group, has noticed the shift in DRTV marketers' objectives when meeting with potential clients.

"We have clients coming from the traditional direct response product world, and we're doing sort of hybrid creative to drive retail [purchases]," he says. "You're seeing a transition [with] brands that have been informal- or spot-driven."

— Nathan Golia



Social media

In 2009, marketers experimented with social media marketing. This year, the channel will grown in sophistication and become more closely aligned with strategy.

Brands will move beyond fan pages to offer customer services through social channels. Social media will become part of CRM.

"Nobody really wants to be my Facebook fan, unless they can use it for feedback and customer service," said Mike Brzozowski, EVP of CRM at Drafftcb New York. "This year, brands will begin using this as a dedicated resource for strategic services, communicating directly with customers and rewarding customers who engage."

More real-time offers will appear on Twitter and searchable social feeds. Also, more mobile social interaction means local marketers can create deals that are geo-targeted.

— Dianna Dilworth



Search

Expect to see search marketers increase personalization efforts this year.

"Personalization of search results is the next thing," says Danny Sullivan, editor-in-chief of Searchengineland.com. Google and Microsoft both launched their own versions of personalized results in December.

Another expert predicts government regulation is inevitable in 2010.

"Search is simply becoming too critical a part of the global economy for the government to ignore needs for standardization and the insurance of a fair marketplace," says Mark Simon, VP of industry relations at search agency Ddidit.

— Carol Krol

EXPERTS WEIGH IN

2010: The year of customer intelligence



Dave Frankland
Principal analyst,
Forrester Research

2010 may finally be the year promises are kept. For years, we have been promised mainstream mobile marketing, addressable TV ads and social media ROI. This year just might be the year that the dreams become reality. I am most excited about the evolution of database marketing into customer intelligence. For too long, customer data have been buried in the direct marketing department and lever-

aged simply to generate lists. Yet, in a small number of firms, we find a customer intelligence function that operates as the strategic command center for the firm. Instead of simply being used to drive campaign response rates, customer intelligence is used by these firms to enhance the customer experience, grow long term revenue, and to boost customer retention, satisfaction, and even profitability. To establish a customer intelligence command center, firms must first establish a customer-focused culture, then think about the people and technology components required to support it. This puts the customer intelligence professional at the nexus of many initiatives — including online and offline; brand and direct; and marketing, sales and service.

Online data will explode due to robust targeting



Bruce Biegel
Managing director,
Winterberry Group

Among the trends we expect to accelerate in 2010 is the use of online data for targeting and optimization. Most of this data is site-originated, like registration data, e-mail data, clickstream data and conversion data. These data are collected and analyzed. They are then converted into retargeting and audience segmentation data for search, display and e-mail campaigns based on the intent demonstrated. While this is nothing new,

in 2009 targeting and optimization platforms that crossed digital channels were created, many of which contained the ability to target against the "inferred" intent data being harvested. This year, we expect to see a rapid expansion of display marketing using audience targeting (now approximately 5% of display) as opposed to media (content) targeting. When combined with traditional data elements the ability to target on site for known users and offsite or in the cloud (in a non-personally identifiable manner) will expand the use of data, the use of analytics and the need for integrated databases. Also watch for a significant jump in mobile data needs, social graph data for mapping relationships and attitudinal data.