

# D DAY FOR THE DMA

**Direct marketing comes of age.  
Simon Young investigates  
a marketing transformation.**





**O**n February 25<sup>th</sup> a new era began for the Direct Marketing Association as it became the New Zealand Marketing Association. Depending on who you talk to, this is either a long-overdue move reflecting marketing's new reality, or an injudicious decision, likely to alienate direct marketing purists.

It is likely that those who understand what's happened to marketing will welcome the move. Marketing has undergone a huge overhaul since the early '90s and direct marketing has been elevated from a niche discipline to a mainstream business practice.

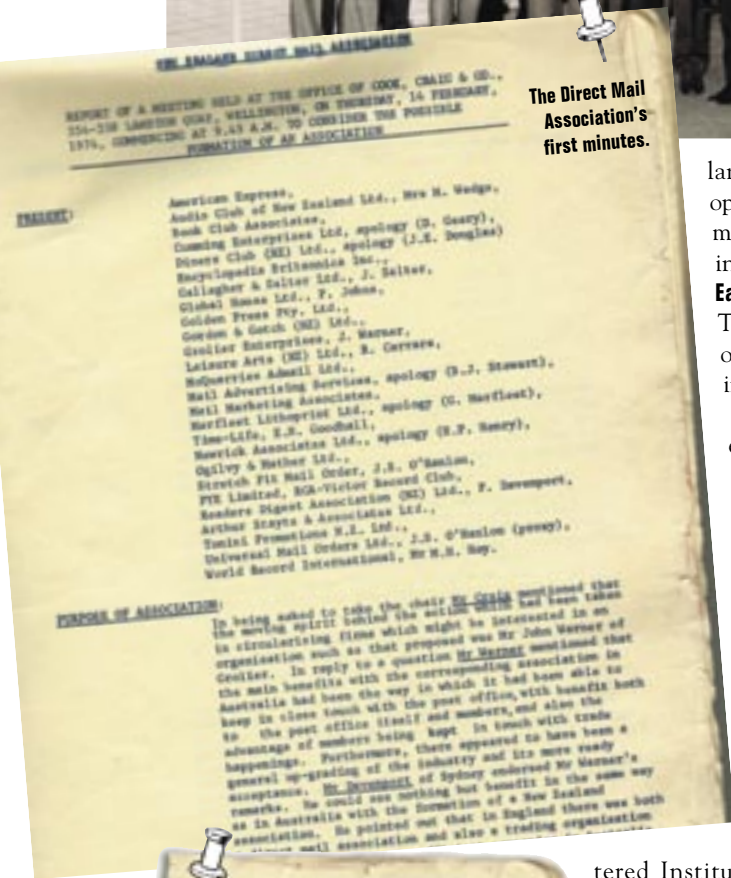
Not long ago marketing students were learning Philip Kotler's view of marketing, a transactional model which focused on "creating and exchanging products and value with others". University of Auckland senior marketing lecturer Tom Agee says that interpretation is quickly becoming outdated. In 2004 a new definition emerged around "delivering value to customers and managing customer relationships". Transactions are out; relationships are in. Spread the word.

But this isn't new. It's part of a slow, steady process of change that began over 30 years ago.

Where does the time go? The DMA executive circa 1993.



The Direct Mail Association's first minutes.



Looking back

1974

The Direct Mail Association is formed to make NZ Post aware of the potential and need for specialist treatment. Best practice guidelines for the nascent mail order industry are introduced.

Early 1980s

The Direct Mail Association becomes the Direct Marketing Association.

Mid '80s

Telemarketing and call centres are added to the mix.

Late '80s

But wait, there's more! DRTV (direct response television) comes to New Zealand.

land. Almost immediately, opinions divide over the new medium. Is it direct marketing? Or is it advertising?

Early '90s

The concepts of CRM and one-to-one marketing are introduced.

The DMA goes through explosive growth. In 1993 its *Directions* conference is renamed *Marketing Today*.

Late '90s/early '00s

The internet arrives, but it takes many marketers a few years to realise its potential. The DMA establishes the eMarketing Council (now the eMarketing Network).

About 2002

Abortive attempts are made to establish Char-

tered Institute of Marketing (CIM) chapters in New Zealand. The idea fails because of a lack of critical mass and insufficient corporate support at senior level.

2005

The DMA loses the D and becomes the New Zealand Marketing Association.

The present

And here we are. The DMA's loss of its D brings up some interesting questions for marketers. What does 'direct marketing' now mean? Has it become so mainstream that it is no longer relevant as a stand-alone practice? Should DM lose its D?

Marketing Association chief execu-

tive Keith Norris explains the reason behind the name change. "People have always associated the D – Direct – with campaign-driven communications. That is not what direct marketing is about. Direct marketing is about business practice. It's about a commitment to ongoing, one-to-one communication with customers. It's not about 'doing a DM', sending out a mailing in isolation. That's a quick way to lose money."

It seems there is a growing crowd of marketing practitioners who know the difference and they're making lots of money.

ASA's advertising figures, recording addressed and unaddressed mail for the first time, estimate the two media combined earned \$91 million in 2003. NZ Post's MediaScene survey shows advertisers spent an average of \$364,000 on direct marketing (as variously defined by survey respondents) in 2004, or 8.2 percent of their total media spend.

Trevor Moodie, ceo of Robbins Brandt Richter, suspects the industry is far bigger than many commentators think, especially if the broader definition of DM is taken into account. "It could be a minimum of 30 percent of all ad revenue, plus millions on IT, consultancy and research."

Testing and measuring has always been the hallmark of DM, but these days the emphasis is on accountability.

"Even in our personal lives, we are looking for more measurable and accountable results," says Norris. "We have a much better idea of what we expect in the way of service. Over the coming years, boards and CEOs are going to want to see measurable results from the millions of dollars that they're putting into advertising."

Paul O'Connor, director of Datamine, says the old cliché of the marketing director not knowing which 50 percent of the ad budget is working, is almost obsolete.

Wunderman ceo Valerie Walshe, who has worked for both client and agency, acknowledges it is not always politically savvy to review a failed campaign. "But if you don't learn anything from it," she says, "you've really wasted your money."

It is not just results that should be measured. The potential for data crunching is largely untapped. David Allen, gm business and customer management for Datamail, believes some organisations, like BNZ, are more successful simply because their data is in excellent shape. They've made

a significant effort cleaning data, analysing customer spend and more importantly, finding out about customers and their needs – giving customers options.

“It’s all about truly wanting to understand customer needs and talking to customers as individuals,” says Allen.



**Looking forward**

“Direct marketing has entered the digital age and changed forever,” says Aim Proximity ceo Sharon Henderson. “As long as the practitioner – agency or client – embraces the digital age, they’ll have a really big future.”

Graeme Ransley, gm business development for email service provider MessageMedia, has noticed marketers placing a greater focus on email. “There’s an increase in acceptance, and a higher perception of value,” he says. “I see email growing in importance, but it needs to change. The proliferation of spam is forcing a change. Email marketing will

move towards customer communication management, going from campaign-based to relationship-based.”

Norris believes spam’s days are numbered. “We will solve it. We have to solve it. When I say we, I’m talking about legislators around the world who have to work together.”

With no immediate spam solution in sight, postal direct mail is still going strong, achieving cut-through that email can’t, particularly when prospecting.

“To be noticed, you don’t send an email,” says Ben Goodale, general manager of Tequila. “But you might use it to remind. That’s multichannel and you’ll be seeing a lot more of it.”

Postal doesn’t just mean paper. Media Technology ceo Allan Morton delivers CD-ROMs and DVDs, sent by postal mail, for the cost of a letter. His company’s new mailer is achieving exciting results in Australia. It achieves a cost per response of 25 to 30 percent less than printed brochures and gets a higher response rate.

Lavender\* gm Nick Handel sees both



Sharon Henderson, Aim Proximity.

email and postal mail winning at the expense of traditional brand media. He cites an international survey of InterDirect Network members (of which Lavender\* is a member) showing 76 percent of agencies from the industrialised world anticipated an increase in traditional DM.

Goodale points out that colour personalisation is just around the corner. “Costs are still high but not horrendously so for smaller volumes,” he says. “The creative possibilities are tremendous.” Personalised colour brochures, coming to a letterbox near you.

Back in the digital world, many overseas marketers are discovering Really Simple Syndication (RSS), the technology used

**Smooth Handover  
Great Finish**



Handover your digital files and we’ll give you a great finish, every time.

Full colour digital graphics for point-of-purchase, vehicle graphics, conferences and trade shows, business identification and site signage.

We do it all, and a lot more.

We understand deadline pressures, quality expectations and cost efficiency demands.

Consistent outcomes, superb service and experienced people in 15 locations around New Zealand and 700 worldwide.

**Expect More**



0800 SPEEDY (77 33 39)

[www.speedysigns.co.nz](http://www.speedysigns.co.nz)

AUCKLAND HAMILTON WELLINGTON CHRISTCHURCH DUNEDIN AND 30 COUNTRIES

Photo: AP/Wide World

to 'feed' news articles or blog posts to readers around the world. NetConcepts md Stephan Spencer explains that while it's early days for the new technology, it is a great opportunity for New Zealand marketers. "Any company that's getting into blogging for business is in the business of RSS and hopefully tracking the success of that for each and every thing."

Blogs are also exciting Chris Price of Permission. "Blogging will make DM morph," says Price. "Marketers are going to have to

think, 'how can we be cognisant of these people talking about our product?'"

In some ways it's an alarming trend for marketers who like to be in control of the process.

Conversely, smart marketers who can roll with the punches, are enjoying their new role as customer servants rather than masters. Peter Hunter, account director at marketing technology company Touchpoint, says a recent campaign for

Purina One "took on a mind of its own" when customers started discussing it on blogs and in newsgroups. It is a bold new use of technology. But Hunter reminds, "it comes back to a good 'big idea'. They knew who their customers were, how big

puter' bit. "We were supposed to end up with boxes where we're basically glued to our TV sets, sending emails through our TV and so on," she says. "But it's ended up in our hand – on our mobile."

Geoffrey Handley, md of The Hyperfactory, enthusiastically agrees. "There are a number of video initiatives we have in Hong Kong that are already under way," he says of a market research project using mobile video. "The consumer perceives it as an interactive experience with enjoyment, entertainment, and the right

buttons being pushed. The brand behind it gathers valuable information making sure they get the right message to the right people at the right time."

Will text messaging get left behind in the rush? Handley doesn't think so. "You wouldn't send in a competition entry by video, would you?"

Simon Young is an Auckland-based writer. Contact him direct at [simon@simonyoungwriters.com](mailto:simon@simonyoungwriters.com)

### Key DM trends at a glance

- Growth in postal direct mail – including CD and DVD marketing
- Growth in email – more focus on ongoing relationship
- Adoption of RSS to 'feed' web content to consumers
- Growth in customer power and influence
- Interactive TV – on computer, or on phone
- Continued use of text messaging

their market segment was and had clear goals about how much they wanted to gain. That helped dramatically."

Norris sees interactive television as revolutionising DM. "Our computer will become our television and that will be interactive," he says. "When that happens, that'll change people's attitudes towards one-to-one communications more dramatically than anything we've seen."

Henderson agrees, except for the 'com-

## targeting New Zealand's consumers... what's your plan?



advertising, readership, TV.

unravel it

Understand the media and consumption habits of New Zealanders for more effective media planning. Monitor creative campaigns across all media.



Nielsen  
Media Research

Call Nielsen Media  
on 0800 457 226 or email us at  
[info@nielsenmedia.co.nz](mailto:info@nielsenmedia.co.nz)

## Other Organisations Speak Out

The Marketing Association shares the marketing-related association space with at least four other entities: PRINZ (Public Relations Institute of New Zealand), ANZA (Association of New Zealand Advertisers), CAANZ (Communications Agencies Association of New Zealand) and SMINZ (Sales and Marketing Institute of New Zealand).

Norris sees the Marketing Association having key interactions with these groups. "We will try to support organisations like ANZA and CAANZ, who do a very specific job well, and build stronger relationships with Market Research Society, Public Relations Institute," he says. "We'll be the catalyst, not the hub. We have no pretensions to be the umbrella organisation, but we'd like to think we've had some influence in getting better integration of the various communications disciplines."

PRINZ has worked with the DMA in the past, and anticipates working closely with the Marketing Association in the future.

"We've talked with [Keith] a lot about working together, more closely, in lots of ways," says president Tim Marshall. "It's just about understanding what the different areas are – advertising, marketing and PR obviously have a bit of overlap – and each defining what our function is."

Executive director Paul Dryden advises Keith Norris to "keep communicating, and be very clear on what it is they're trying to achieve".

ANZA executive director Jeremy Irwin isn't so happy. "The Direct Marketing Association dropping the Direct is a wrong move. It takes the focus away from what they've been doing well. It's all very well to say this is recognising the future, but why not fold it into what they're respected for, rather than try and invent another wheel? If it ain't broke – don't fix it!"

CAANZ chief executive Mark Champion points out that organisations like CAANZ and ANZA depend on a strong member mandate. "You've got to be really focused about what it is you're trying to achieve and what is going to create value for your membership.

"I'm getting mixed signals [from the Marketing Association]. One, they want to go into the broader marketing space, but on the other side of the coin they're saying their focus on DM won't change. I don't think you can have it both ways."

Part of the concern from ANZA and CAANZ comes from failed negotiations between the two organisations and the DMA in 2004. Irwin explains, "We spent a lot of time, effort and money last year with our three organisations, looking at where our interests lay, where the future direction was and if there was a need for redefining the landscape. Next thing we know, the DMA unilaterally went to the market with this new proposal."

While both Irwin and Champion say they bear no ill will towards the Marketing Association, as Champion says, "We'd rather have gone down the path together."

Undeterred, CAANZ and ANZA are unveiling plans for a possible co-location, and joint education programmes for their respective memberships, including a possible direct marketing component.

So will these two associations work with the former DMA in these educational outings?

Champion says, "We'll have to see what it is they're offering before we decide whether or not that's additional to what we provide. There's no point in duplicating."

SMINZ president Richard Gee sees it two ways; as president of SMINZ and as a Marketing Association member. "As a member I think it's wrong. This will delete the importance of the skills within the profession. And do the members want the planned name change? It hasn't been voted on."

Ultimately, says Gee, it comes down to the people involved. "People make organisations. As long as the members of the Marketing Association see this as a way to enhance its standing as professional business managers. Then it should be done to make the application of marketing and DM skills be seen as an important contribution to business success."



Mark Champion, CAANZ:  
Getting mixed signals.



In a world driven by communications, public relations is crucial to business success.

Businesses globally are having to become smarter and more agile. Aim to thrive not just survive. So having the right team on board is paramount.

With Australasian offices and a global network of international affiliates, our award winning PR programmes will assist in building your brand profile. We know the influencers you need to be communicating through, whether they be media, experts, business, trade, political, health or environmental groups. Contact us and we'll send you our latest Profile. It will give you an insight into the work we are so proud of.

Call 09-379 3154 or 04-382 6610

[www.networkpr.co.nz](http://www.networkpr.co.nz)

network<sub>PR</sub>

fresh thinking •  
influential communication