



# The three things that will make an impact on Direct Marketing, on the road to 2010

2010 is, after all, 3 years away. However, if you look back 3 years ago, and evaluate the following statistics (number of internet connections, number of cell phone subscribers, the number of TV channels, number of newspapers), you will see that 3 years is a sufficient period to change the way marketers behave. The marketing environment is changing as you read this article, and the growth is likely to be even more rapid than what we have seen in the last 15 years.

The dwindling size of mass market vehicles will force marketers of all types, brand as well as others, to look at the practices of direct marketing to achieve varied objectives.

Today, direct marketing in India is being carried out more by evangelists and believers in the discipline for the long run. It is being carried out with infrastructure that is absent and non-existent in the country. Best practices are not a topic of discussion leave alone regulation and laws. All of this is set to change in the coming years, as we see the government getting more involved through its commissions and regulators in defining laws and setting in place regulation that needs to be complied with.

Some of the steps taken at the outset seem outrageous and impractical to implement. But these are some of the necessary steps in building an industry that follows sound practices and provides marketers with a discipline that measures returns and effectiveness. This leads me to my 3 most important factors that I believe will impact Direct Marketing in the coming years.

## Privacy laws will (attempt to and probably succeed) enforce "do not contact lists"

Do Not Mail; Do Not SMS; Do Not Share etc., will become a reality. Too many unsolicited SMS and telephone calls will force organizations to guard their customers' privacy by asking permission and force legislation to this effect. Today, acting on a High Court order, the TRAI has already initiated steps to regulate telephone calls. This will lead to a structuring of the telemarketing industry, and transform a highly disorganized sector into one that is more scientific and structured.

This step will cut across direct marketing channels such as direct mail, telephones, email and SMS. Very often, this regulation leads many people to worry that the direct marketing is headed for doom, but it is exactly the contrary. Direct Marketers who implement the Best Practices and disciplines of Direct Marketing such as permission-based market, list management, response management, campaign analyses and measurement, will be in short supply. No more will marketers risk the damage to their brands with a loose spray gun approach. Targeting and measurement will be key words in the coming MONTHS not YEARS.

## Government action will do more to increase the use of DM than marketers themselves

Governments in power will do more and more to ensure more and more individuals are covered by an identifier, be it a PAN number, or a voter id, or a social security number – this will be driven by the need for anti terrorism (9/11, 7/11), planning (infrastructural requirements, tax collections etc), health control (remember SARS, and bird flu).

This will be driven by regulation such as Know Your Customer for banks and telecom, and lead to a need for a national identity programme that will be followed by proliferation of lists followed by further regulation. Essentially, the government will emerge as the lead player in the development of DM infrastructure

With the development of PAN number lists, Voter ids list, census data lists, telecom subscriber lists... the list

business and software tools such as de-duplication, address standardization and analytics led by fraud detection are bound to grow by leaps and bounds. And the largest user will be the government. The size and growth of these projects are not small by any standard and will mean an overall growth in tools, skill sets and applications.

The availability of all this will drive marketers to become more efficient and improve the effectiveness of marketing campaigns by better targeting and measurement. Campaign analyses and ROI will be increasingly used by marketers to create a larger impact, with the ever reducing marketing budgets and the stretch for improved bottomlines.

## India Post will offer special products that will be extremely useful for direct marketers

India Post, for those of you who have missed the transition developments in the last few years, has changed from an organization with purely socialistic obligations to an organization with business objectives. India Post today offers banking, money transfers, and other services at its offices. India Post offers a postal drop product that very few marketers are aware of. And as I write this article, they have just launched Speed Post services with pick-up facilities and at a very competitive price.

These are just a few of the products taking shape. But going ahead, one can predict the Indian Postal services launching a National Address registry and offering services such as address validation, address change services, address cleanup etc, which will allow database owners to update as well as validate their own databases.

This will result in marketers having access to clean (cleaner than now) databases and improving deliverability of the communication.

All the above 3 points indicate the gap areas in the existing DM infrastructure in the country today. The way competition is hotting up in the DM-intensive industry segments such as financial services, insurance, retail, telecom, aviation, hotels and tourism, it is but a matter of time this infrastructure gets developed.

Banks will need individual credit ratings, and will need to comply with KYC norms laid down by the RBI, telecom companies will need to have address verification as decided by TRAI... these are issues which, while being statutory and compliant in nature, will arm marketers (those that are looking for it) with their most powerful tools of acquisition, retention and ROI measurement.

•Imagine any of the top five business houses in the country wanting to cross sell and increase the lifetime value of their customers and engage in a brand loyalty exercise with these customers – they are going to have to de-dupe their lists across product lines and spot opportunities for cross sell and up-sell offers. A cost of customer acquisition at a price that cannot be ignored.

•Imagine your platinum card member or private banking customer getting a solicitation call from a telemarketer that has not carried out a check against an existing Do Not Call list.

•Imagine your highest valued customer not receiving his or her communication because the address was not updated.

While the loss in direct loss of business is measurable, the loss in the brand value is not immediately measured. This will be the biggest change. Brand marketers and direct marketers will converge into a single marketer that understands the values of loss of business - as well as brand values.



BRIAN ALMEIDA

DIRECTOR

DIRECTIONS MARKETING SOLUTIONS PVT LTD.

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