

NEW MEDIA EMERGENCE IN DM & BRAND



Conducted by:



Online Survey Services Provided by:



ABOUT THE DIRECT MARKETING ASSOCIATION

The Direct Marketing Association (www.the-dma.org) is the leading global trade association of businesses and nonprofit organizations using and supporting multichannel direct marketing tools and techniques. DMA advocates industry standards for responsible marketing, promotes relevance as the key to reaching consumers with desirable offers, and provides cutting-edge research, education, and networking opportunities to improve results throughout the end-to-end direct marketing process. Founded in 1917, DMA today represents more than 3,600 companies from dozens of vertical industries in the US and 50 other nations, including a majority of the Fortune 100 companies, as well as nonprofit organizations.

In 2007, marketers—commercial and nonprofit—spent \$173.2 billion on direct marketing in the United States. Measured against total US sales, these advertising expenditures generated almost \$2.03 trillion in incremental sales. In 2007, direct marketing accounted for 10.2 percent of total US gross domestic product. Also, in 2007 there were 1.6 million direct marketing employees in the US alone. Their collective sales efforts directly supported nearly 9.0 million other jobs. That accounted for 10.6 million US jobs.

The Power of Direct: Relevance. Responsibility. Results.

Copyright © April 2008 by Direct Marketing Association, Inc.
ISBN: 1-931361-99-1

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise without the prior written permission of the copyright owner.

PRINTED IN THE UNITED STATES OF AMERICA

DISCLAIMER: DMA does not make any warranties, expressed or implied, as to results to be obtained from the use of this report data. In no event shall DMA, its affiliates, or any other entity involved in providing the data herein have any liability for lost profits or for indirect, special, punitive, or consequential damages, or any liability to any third party arising out of the use of this data, even if advised of the possibility of such damages or liability. All disclaimers herein shall not be applicable to liability that cannot be waived under State or Federal law.

FOREWORD

In 2007, we released the Integration of DM and Brand which investigated whether all marketing was converging. This report specifically investigates new media or Web 2.0 as a platform which enables such convergence.

Designed by Eugenia Steingold, Ph.D., this study addresses a wide range of issues surrounding direct marketing and branding and their integration using Web 2.0. In the following pages you will find data about which Web 2.0 tools are frequently used and which are highly effective for branding or direct marketing; in addition the report covers which techniques and methods enable the integration of the two approaches and which metrics can be tracked to evaluate the success of Web 2.0 strategies and practices.

This report presents the most up-to-date survey available of how far the marketers traveled along the path towards the integration of DM and Brand using Web 2.0. By understanding the new marketing opportunities which Web 2.0 provides for both DM, Brand and their integration, this study aims to help all marketers find practices that work for them.

Edward T. Manzitti, Ph.D.

Vice President
Research and Market Intelligence
Direct Marketing Association, Inc.

ACKNOWLEDGEMENTS

This report is the result of the collaborative efforts of many individuals. First of all, I would like to acknowledge the consultants from GraficaGroup, Inc. (most notably Quinnie Wong), who identified the key issues and challenges underlying the usage of Web 2.0 for integration of DM and Brand and provided significant assistance in survey design. John Flores from GraficaGroup shared his expertise about Web 2.0 and provided “Advice from an Expert” for each chapter of this report.

Ian Douglas helped with the production of this report.

This research was hosted in part by the Vision Critical platform. Vision Critical provides technology and experience to help companies recruit, engage and learn more from their own customary advisory panel. To create these panels, Vision Critical has developed two core web-based software systems: Panel+ and Fusion. Since 2000, the company has developed over 150 custom online panels and managed over a million panelists for major industry brands. For more information about Vision Critical and their online research services please visit their website: www.visioncritical.com.

Most importantly, I want to thank the marketers who responded to the survey, shared their data and contributed to the continued development and success of the marketing community.

Sincerely,
Eugenia Steingold

Senior Research Manager
Direct Marketing Association
esteingold@the-dma.org

SPONSOR INFORMATION

Merkle is a leading provider of information-based marketing solutions that maximize results and demonstrate return on marketing investment. Merkle is a privately held corporation with 900+ employees and projected 2008 sales of \$220 million. Merkle's services include strategic consulting, business intelligence and analytics, data strategy and sourcing, database development and management, interactive services, creative and production management services. Merkle provides the necessary framework for organizations to aggressively apply quantitative marketing strategies to their marketing programs. Merkle's highly disciplined and organized approach allows our clients to close the gap between database marketing strategy and implementation, leading to significant increases in speed to market, knowledge expansion, program, campaign, and customer profitability. Merkle works with a broad range of market-leading organizations, including AARP, Capital One, CARE, Dell, DIRECTV, GEICO, Blockbuster, NIKE, Procter & Gamble, and the Royal Bank of Scotland. Merkle is one of the most dynamic, innovative, and fastest-growing database marketing agencies in America.

Merkle was cited as a market leader in Forrester Research's latest evaluation of database marketing service providers. Merkle's leadership position as a member of Forrester's elite "top 10" reflects our ability to deliver a tightly integrated blend of strategy, analytics, and marketing capabilities. Merkle is the only company recognized as a market leader in the 2003, 2005, and 2007 Forrester Wave™: Database Marketing Service Providers reports.

Merkle Inc.

7001 Columbia Gateway Drive
Columbia, MD 21046

Phone: 1.877.9MERKLE

Website: www.merkleinc.com

Contact: Mike Savage

Email: msavage@merkleinc.com

MERKLE

A Database Marketing Agency

ABOUT JOHN FLORES

Vice President/Chief Strategy Officer, GráficaGroup

John Flores leads the strategic team at GráficaGroup in development of integrated marketing, communications, and technology strategies for all GráficaGroup clients. John's experience, creative, and technical skills provide the appropriate blend of art and science required for breakthrough strategies that enable clients to build and deepen relationships with their customers and prospects. In addition, John has overseen the development of numerous award-winning Websites, digital and direct campaigns as well as customer relationship management (CRM) initiatives for a range of B-to-B and B-to-C clients, including AT&T, Century 21, Horizon Blue Cross Blue Shield of New Jersey, Household Insurance Services, Jackson Hewitt Tax Service, Morgan Stanley, Nielsen & Bainbridge, Novartis, PSE&G, the New Jersey Lottery, and the University of Medicine and Dentistry of New Jersey.

John originally began working at GráficaGroup in 1990 as MIS Director. Subsequently, he has been the Director of Creative Technologies at CompuDoc and the president of his own agency, jf interactive, inc.

John Flores holds a Bachelor of Science degree in Structural Engineering from Cornell University. He is a member of the Panel of Experts on *The Unofficial Guide to Starting a Small Business*, the Technical Editor of *The Complete Idiot's Guide to Cycling*, and a contributing writer and photographer to *RoadRUNNER Magazine*.

About GraficaGroup

For over 22 years, some of the most respected brands in the New York/New Jersey metro region, including over 40 FORTUNE 500 organizations, have counted on GráficaGroup to engage customers through contact strategies that manage communications – all within a media-agnostic, closed-loop environment. Be it advertising, direct marketing, interactive, TV, print, radio, online marketing initiatives, integrated media planning, breakthrough creative, interactive marketing and blogs, social networking, or email campaigns, our solution is to initiate an ongoing dialogue with the customer (externally) and the sales force (internally) – to name but a couple of the constituencies.

As communications experts, GráficaGroup uniquely provides what clients need. Clients are looking for an agency that understands the importance of integration across all communications channels, how to measure disparate channels, and where to maximize their marketing dollars in real-time. To accomplish those objectives, we have put together a well-rounded team with a broad range of expertise in all disciplines and vast experience in virtually every industry in the marketplace. GráficaGroup's client base and market expertise have evolved over time but technology has always been at our core in research and development, operations, communicating, and creating solutions. It has allowed us to achieve the ultimate goal: one-to-one communications allowing for both relevancy and optimization in a two-way dialogue.

Current clients include AT&T, Century 21 Real Estate LLC, Horizon Blue Cross Blue Shield of New Jersey, Jackson Hewitt Tax Service, the New Jersey Board of Public Utilities' Office of Clean Energy, Ortho-Clinical Diagnostics, PSE&G, Purchase College, Silberline Manufacturing Co., Summit Medical Group, Synchronoss Technologies, and Trane, among many others.

TABLE OF CONTENTS

FOREWORDi

SPECIAL APPRECIATIONii

HOW TO READ THIS REPORTvi

EXECUTIVE SUMMARYviii

1. Sample Overview.....1

2. DM, Brand, & Web 2.0..... 21

 Using Web 2.0 for Brand Building.....22

 Using Web 2.0 for Direct Marketing29

 Using Web 2.0 to Integrate DM & Brand39

3. Brand Building & Specific Web 2.0 Tools..... 51

 Using Specific Web 2.0 Tools for Brand Building52

 Results Tracking Practices87

4. Direct Marketing & Specific Web 2.0 Tools 91

 Using Specific Web 2.0 Tools for Direct Marketing.....92

 Results Tracking Practices 119

5. Budget Allocation.....123

6. Web 2.0 Metrics for DM & Brand Building.....129

7. The Purposes of Website & Search Engine Optimization157

HOW TO READ THIS REPORT

This section provides background on the survey methodology and collection of data, the terms and concepts used throughout the report, and the scales on which respondents rated effectiveness of web analytics and their own expertise.

The report came from an extensive survey covering many aspects of using Web 2.0 to integrate DM and Brand. The first chapter of this report provides an overview of the survey respondents. It provides data on their job level, the type of company they represent and their expertise in Web 2.0. The second chapter summarizes different opportunities provided by Web 2.0 for both direct marketing and brand building and discusses methods for their integration using the Web 2.0 platform. Chapters 3 and 4 investigate the specifics of using Web 2.0 for branding (Chapter 3) and direct marketing (Chapter 4). Chapter 5 provides data on budget allocations and Chapter 6 looks into the specific metrics that need to be monitored when evaluating the performance of Web 2.0 strategies. Finally, Chapter 7 looks into more traditional Internet tools—search engine placement and company website—in terms of their roles for branding and generating leads and sales.

METHODOLOGY

In January 2008, we deployed an online survey to our target audience, which included B-to-B and B-to-C direct marketers who use Web 2.0 as part of their marketing strategies, and specifically strive to integrate DM and Brand. As an incentive to participate, respondents who completed the survey received a PDF file with the executive summary of the Integration of DM and Brand report. When the survey was closed for tabulation in late February 2008, we had obtained data from 160 respondents who completed the survey.

POPULARITY (USAGE)

The term popularity refers to how widely a certain Web 2.0 practice is used among all respondents. It is expressed as an aggregate percentage that indicates the portion of respondents who currently use a particular Web 2.0 practice and can rate its effectiveness.

EFFECTIVENESS RATINGS

Effectiveness ratings represent the foundation of both the survey and the report. Based on a scale of 1 to 7, where 1 means “not effective at all,” 4 means “somewhat effective,” and 7 means “extremely effective,” these ratings reflect the perceived usefulness of each Web 2.0 strategy or metric in advancing a specified purpose or positively impacting overall ROI.

The effectiveness ratings were collected only from those participants who use the Web analytics practice or metric in question. We felt that marketers actually utilizing the specified Web analytics strategy were the best qualified to rate its effectiveness.

EXPERTISE

We asked survey participants to rate their level of expertise in branding, direct marketing and interactive marketing. They rated themselves based on how long they have worked on direct

marketing and branding, and the sophistication of their understanding and usage of Web 2.0 strategies and tools. Where experts significantly differ from the rest of the respondents, we break out the survey results based on respondents' levels of expertise. The variance in usage and perceived usefulness reported by experts, intermediates, and beginners provides actionable insight on promising practices in Web 2.0 and its role for the integration of DM and Brand.

ADVICE FROM AN EXPERT

In working on this report we have come to greatly respect the immense complexity of Web 2.0. There are many different tools that can be employed and an overwhelming amount of data that can be collected. Deciding which tool to use for which purpose and which data to monitor is a daunting task.

To help you make sense of it all, we are happy to be able to offer advice, commentary, and analysis from Web 2.0 authority John Flores, of GráficaGroup, which specializes in providing assistance to companies in using Web 2.0 for branding and relationship marketing.

Watch for our experts' comments throughout the report!