

## 14.4: Direct Marketing in Retail

### Learning Objectives

- List some direct marketing tactics used by retailers

In the section on [Traditional and New Media](#), a distinction was made between types of media. New Media referred to channels that allow for nuance or hyper-targeting. It can be [interactive](#) and comparatively decentralized, allowing consumers to engage in two-way communication with firms and their brands. It can be optimized to have higher resonance with consumers, making messages, offers and promotions more targeted, relevant and engaging. New Media includes:

- Internet Search
- Social Media
- E-mail
- Direct Mail
- Telemarketing
- Direct-response, a message transmitted through traditional media communications that requires the reader, viewer, listener or customer to respond directly to the organization[43] E.g. The Home Shopping Network
- In-product Communication, i.e. delivery of marketing content directly to a user's [internet-connected device](#) or [software application](#)

With this in-mind, it becomes easy (easier) to see the potential advantages of including new media channels in the Integrated Marketing Communication (IMC) mix. That is, brands can communicate directly to consumers and potential customers. Over time, dependent upon activity, engagement and customer behavior, they can test, customize and optimize offers to ensure the highest levels of impact

Implicit with this is the understanding that firms are able to track customer activity on digital platforms, using cookies and pixels. This helps them re-target and engage them with customized offers. Further Customer Relationship Management and database tools help firms segment customers and potential customers by their behavior. This could be reflected in their engagement with the brand, e.g. webpages they view, e-mail solicitations they open or products they add to their on-line shopping cart but later abandon. Firms can then adjust messaging or offers to improve response rates, whether the intended outcome is engagement or transaction or other.

In practice, think about looking at shopper card data to describe a customer profile that has potentially lapsed in their purchase frequency or volume. This doesn't mean we're looking at the data of a single individual. Instead, think about this as reviewing similar data across a population of shoppers who fit a specific type. For example, perhaps they purchased \$25 in cereal monthly at the retailer for a period of at least 6 months, but are now purchasing <\$10 per month. The importance of this population is clear, i.e. \$15/ month in lost Cereal Category revenue. If this population is 100 or 1,000 or 10,000 the change is important.

While it would be ideal to understand what has led to the change in behavior, that will require different (and potentially more rigorous) work. For now, our goal should be to quickly try to recapture the lost sales. Thus, we want to reactivate this population. And, because we have their shopper card data, we might know a lot about them—name, address, e-mail address, phone, etc. This would allow us to customize an offer to them.

Perhaps we'd begin with an e-mail offering \$2.00 off on a purchase of 3 qualifying cereals. With technology, we could track the open rate on the e-mails, i.e. what percentage of the total distribution opened the e-mail. Further, we might track downloads of the coupon or in-store redemptions. This would reflect whether the offer had resonance. If unsuccessful, we might consider another offer or inducement. For example, we might text a unique coupon offer to them, offering a discount of purchases of 4 boxes of cereal or more and limiting redemption to only our retail store(s).

As this example illustrates, direct marketing, empowered by new media, gives retailers and manufacturers several tools for engaging consumers directly. As such, these offers can be optimized, making messages, offers and promotions more targeted, relevant and engaging. As such, direct marketing can be an important consideration for IMC.

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