Relevant impact of the direct response marketing in the blue ocean marketing strategy governed atmosphere

Karan Chauhan
karan.chauhan19@gmail.com
Epsilon, Bengaluru, Karnataka

Aishwarya Sasikumar
aishwaryakv2@gmail.com
Epsilon, Bengaluru, Karnataka

ABSTRACT

Marketing is an important tool in today's competitive environment when multiple brands are coming out with the same products. The Direct Response marketing has held an important place in this aggressive market as it creates good relations among the producer and the consumer. It utilizes different communication techniques likes SMS, online-feedback, e-mails, telephone and other mediums. The option of getting an immediate response from the consumer makes it interactive and versatile. The method explores the point of view of the consumers placed in different target groups varying on the basis of economic criteria, geological locations, and requirements. It enables the marketer by providing the advantage of customizing the product or changing the marketing approach for product to the different target customer groups by the pattern of their responses provided on those products. The current market has changed from Brand dependent preferences to competitive offer preferences, in which Direct Response Marketing give an advantage to the Brands for their products. The evidence of the success of the Direct Response Marketing can be witnessed by the technology industry giants like Google, who has been using email and other medium as their medium of communication with customers for direct response marketing. In their marketing module Brand marketing wouldn't have been as successful as the Direct Response Marketing [1]. This paper has two parts to it, the first part being the proper understanding of the importance of Direct Response marketing in the current atmosphere. The other aspect of the paper is the proper use of the tool in the Blue Ocean Marketing Strategies being applied in the aggressive market environment.

Keywords— Direct Response Marketing, Blue Ocean, Email, Consumer, Campaign, Channels and Marketing

1. INTRODUCTION

The collaboration and the relationship between the consumer and the producer which develops, is termed as a Market. As defined by the economic times, "A market is defined as the sum total of all the buyers and sellers in the area or region under consideration." [2] The importance and the influence of the product in the market, either it being a commodity or a service is always defined by the user or the consumer. Hence it is not wrong to say that the consumers are the driving force in the Market. With many manufactures, producing the same product in the market has made the market competitive in nature. In the current times, the Market has developed to be very competitive and contemporary. In such scenarios where the opinion of the consumer can change the tides in the market; marketing and its tool have to be implemented properly to have a strong position in this aggressive scenario. Marketing is a tool in itself to influence the views of the consumers for a product or a service. Hence it is be defined properly as "the management process responsible for identifying, anticipating and satisfying customer requirements profitably." [3] or as "the process or technique of promoting, selling, and distributing a product or service." [4] By Merriam-Webster.

2. HISTORY OF MARKETING

Marketing as understood in current environment started during the time of the Industrial Revolution in Great Britain. This period, which spanned from the 1850s to the late 19th century affected the market greatly and was the reason for the dynamic changes, which can be seen in today's marketing environment due to the social change motivated by innovations in the scientific and technological industries in the early times. The Revolution brought about mass production of goods from different producers, hence providing the option for better and cheaper products for the consumers on a larger scale. [5].

In 1960s, the competition was saturating the market environment. This resulted in the need to retain the customers and also to increasing the customer base at the same time. These simultaneous demands to increase and retain customers on a single brand lead the specialists to the area of direct marketing. This is when direct marketing started developing more and the brands started to form their strategies using this tool.

Marketing practitioners since early times have engaged in innovative practices that captured the attention of the scholars in the marketing field who codify and disseminate such practices. The developments in marketing environments and theory due to the innovation formulated the platform of marketing science. [6].

3. DIRECT RESPONSE MARKETING

Direct response marketing is a type of marketing that elicits a specific and measured response, resulting from a consumer's direct response to a marketer. Direct response marketing facilitates the delivery of a call to action and outcome via direct or online interaction for immediate feedback and response. [7]

In its response rate report, the Direct Marketing Association (DMA) analyzed by Epsilon found that direct mail achieves a 4.4% response rate, compared to 0.12% for email. Overall, the DMA found that direct mail's response rates are actually anywhere from 10 to 30 times higher than that of digital. Global direct mail advertising services market had reached to $25 billion in the year 2015 in United State of America.[8] Hence it can be concluded that all the aspects of direct marketing that are physical like direct mail or digital like email have their importance according to the target audience.
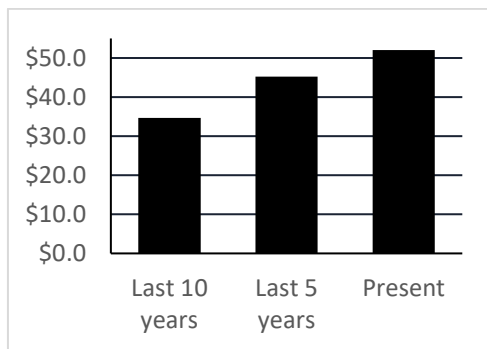

Fig. 1: Trend of Spent on Direct Marketing

Growth of Direct Response Marketing Strategies and Tools in the years [9]

Phase I: Initial Establishment of Marketing
Duration: 1450s to 1750s
Events: In this phase, marketing started to be used for making the products popular. However, the market was not so aggressive and the competition was low.
- Print Advertising, 1450s: It made it possible for retailers to pass out brochures and fliers to potential customers.
- Magazines, 1730s: The first magazines were developed and released.

Phase II: Utilization of Brand Marketing
Duration: 1750s to 1950s
Events: In this phase, industrial revolution resulted in the boom of products flowing into the market, and Brands started to identify themselves and tried to create their own identity with a larger consumer base. Thus the establishment of Brand Marketing.
- Billboards, 1867: People began renting billboards for advertising.
- Radio Advertising, 1922: Businesses began purchasing advertising time on the radio.
- Television Advertising, 1941: Records indicate that people began purchasing television advertising at this time.

Phase III: Boom of Direct Marketing
Durations: 1950s to 2005s
Events: The Brands increased and the consumers had options to jump from one Brand to another based on the offers and product quality. Hence, the companies started directly contacting the consumers and theirs responses became the data for them to market the product.

- Telemarketing During the 1950s: Telemarketing was born, with businesses utilizing the telephone to reach potential customers.
- Mobile Advertisements between the 1970s and 1994: Advances in technology enabled new marketing capabilities via the Internet such as e-commerce promotions, database marketing, guerrilla marketing, and computer-oriented spam.
- Search Marketing, 1995: Companies began the process of working to promote a business by getting search engines to send traffic to a website. Firms also began utilizing search engine optimization, or SEO, to drive traffic to websites via the use of keywords typed by consumers in search engines.
- Blogging, 1998: Businesses and individuals began creating blogs as vehicles to share professional or personal information.
- PPC, 2000: Pay-per-click surfaced in this year as an Internet marketing technique in which a company pays a small fee for every click on an advertisement.
- Social Media, 2003: Social media websites became popular at this time as a way for people to share information and ideas with others on the Internet, including commercial messages.
- Google Analytics, 2005: Google provides website owners with information about people who visit their websites that can help them see if they are reaching their audience.

4. UNDERSTANDING BLUE OCEAN STRATEGY

Blue Ocean Strategy is a method of creating business strategy of the enterprise, which was first expressed in the book by W. Chan Kim and Renee Mauborgne. The Basic ideals are based on that every enterprise can achieve higher profit by creating new demand atmosphere in non-competitive market (so called Blue Ocean).

Blue Ocean with it got the clarity and the innovation factor for the product. It opened new sub braches in the products market, which were not explored previously and hence, provided the product the power to stand alone in the market and exhibit innovation. It held the product in a unique place and provided it a specific cliental, which made it popular. This in turn created a higher demand, which in turn increased the market of the product. The product also held an important place as it started representing the clients themselves and started providing a sense of belonging to the product making them loyal to the brand in turn.

The Blue Ocean Strategy can be understood simply by the following elements of the strategy with the example of a local grocery store: [14]
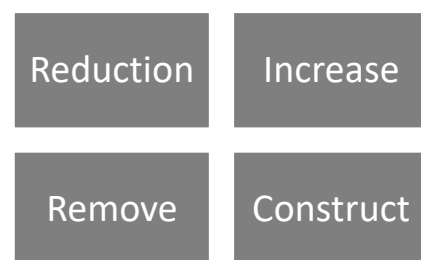

Fig. 2: Elements of Blue Ocean Strategy

Segment I:
- Reduction: The factors in business that are taken for granted but have low output in the process and endure higher cost

should be eliminated. Example, Higher number of employees with respect to the area and requirements.

- Remove: Factors of business, which should have been, reduced below the industry standards before a product is introduced in the market. Example, Costly branded merchandise without the requirements or cliental in a local area.

Segment II:
- Increase: Involves the elements and factors, which should be above the industry standards before a product is introduced. Example, Location of the store and accessibility to the store.
- Construct: Factors, which are not observed in the industry before should be created. Example – Atmosphere and interaction in the store in a local area.

Since the introduction of Blue Ocean Strategy in 2005, companies have had the opportunity to translate their product according to the demands and the above-mentioned elements of the strategy to come up with the new ideas to create a selective demand for the product and create a market with lesser competition. Along with that, it makes the consumer feel that it is not the product of the company but it is their own product, which in turn increases the loyalty of the consumer towards that particular product, it creates a sense of belonging towards the product.

The Best examples of this strategy are as follows:

(a) **Ford Motor, United States:** In the year of 1908, Ford Motor introduced a new model of their car by the name, Model T. The concept of the car was that it was to cater to the masses. It was supposed to be the car of common person. Hence, it was made to fulfill the qualities like reliable, durable, and affordable. To accomplish this task, Ford created a new manufacturing process for mass-production. The process of assembly line, which was used for mass production, was lesser in cost per piece as compared to their competitors. This resulted in the jump of the market share jumped from 9% in 1908 to 61% in 1921, in a very short time.

(b) **Apple Inc., United States:** Apple Inc. utilized the marketing strategy of Blue Ocean with their iTunes music download service. It created the first legal method for downloading music in 2003. As it was easy to use, and the prices were reasonable, music listeners who had been downloading music from non-legal sites started to navigate to iTunes. Hence, Apple by creating a new stream of revenue from a new market while providing more convenient access to music.

5. IMPLEMENTATION OF DIRECT MARKETING IN THE BLUE OCEAN MARKETING STRATEGY

Direct Marketing is a powerful tool which has influenced the marketing greatly. If this tool is properly utilized in the Blue Ocean Marketing Strategy environment then it makes the job of the companies easier.

The principles of Blue Ocean Strategy stress on the facts that the product should be able to create new demand for itself in the market and a distinct segment of consumer-ship. In doing so, the product has a lesser competition as it is has a separate standing in the global market bubble. In such environment if the direct marketing is used, it creates a direct link with the consumer and this in turn creates the channels for the company to interact with the users direct. The channels in today's digital age can be any from emails, sms, facebook, or a simple minute

ad with their favorite celebrity on the small and big screen. These channels might be one sided like that of a television ad or two sided, like that of an email where a survey or comment portion provided by the companies which enable them to directly understand the requirements of the user to modify their products for the better or can understand the how their product is doing in the market. These channels also provide the companies to directly communicate with their segmented consumers, as mentioned before. This saves time; as the campaigns are directly focus on the segment of the consumer who have high possibility of purchasing or holding their position with the product. And in turn saves the firms money and has higher success rate. Apart from this, the campaigns of retention and loyalty also have a bigger impact when send directly to the consumer with the customization for those consumers. This in turn results in securing the consumer.

To understand the proper utilization of the direct marketing in Blue Ocean environment we will be breaking downing the above-mentioned points in more tangible and quantifiable points as below:

- **Increasing Consumer ship under direct marketing:** A direct campaign, targeting a segment of new consumers in the market with the promise of a better service or a better product than a generalized marketing has a higher success rate of success. This direct targeting opens a channel with the consumer for the company to communicate. This can also be justified by the psychological aspect, it has higher success rate of 70%, if a person is addressed as an individual identity rather than in a group generalizing them.[12]. Hence, we can see the benefit of direct marketing in an atmosphere where product is standing as an individual identity.

- According to the data of the global market, we can clearly see that 98% of consumers go through their email and messages on daily basis, and 77% sort through immediately from the time they receive them. Utilizing these channels of communication through direct marketing provide a higher impact on the consumer and is in turn easy to quantify. If a consumer is not interested, this method leads to not include those users and exclude them directly, which in turn reduces the cost of marketing. Also provides the database for the individuals, which are interested in similar products, and hence if a similar product has to be launched by the same brand, the brand already has their target audience. In an atmosphere where the product is constantly changing and creating, its own demand on daily basis, direct marketing provides higher success of getting new consumers.

- **Higher Retention Rate of Consumers:** According to a Research by UCLA psychology professor Emeritus Albert Mehrabian, it was found that the messages with the highest impact on the user are comprised of 7 percent from the words, 38 percent from the intonation, and 55 percent from the facial expression or body language. In other words, the vast majority of communication is not only carried out by our words alone but also with the tone and the salutations used in the conversation. [12] If an individual were properly communicated through these channels, they would tend to start relating to the Brand and in turn create a bond or identification of the same with him-self or her-self. This plays important role in retaining the consumers for the same product in turn retaining them for the same brand.

Providing special services or bonus packages can influence an individual but other company with similar products have similar plans. But if a person is influence by the direct communication from the company, they are more likely to

continue with the same brand or product as now the retention plan schemes and the love for the product which was built through direct channels influencing the individual on daily basis, give the brand an edge over the others in the competitive market atmosphere. Hence, in retention plans direct marketing becomes very useful as the companies do not drop the consumers directly, but rather influence them with the channels created over time like calls, sms, emails, etc. to remain back with the brand. The importance dynamics created in the favor of the consumer by the companies is 67% reason why individuals are retained back. Taking example of Mobile Apps, post Publications apps on Android if it reaches slightly above 41% of retention, the app is considered a success. So if proper communication through direct messages is securing a high percentage of retention, it can easily be observed the benefit of using direct marketing in retention campaigns.[13]

- **Easier Loyalty campaigns and higher rate of satisfied customers:** Loyalty campaigns are marketing campaign for customers where they are rewarded for their duration of using the product or service by providing them based on their usage discounts or special packages. This concept of rewarding the consumer inherently increases their loyalty for the product or service, which in turn retains the consumers. These campaigns are the backbone for satisfied consumers and for higher individuals in the segment for the product or service in the market bubble. These campaigns if used successfully in a Blue Ocean Strategy environment leads to becoming one of the main points which the Blue Ocean Strategy stands for.

These special schemes and packages can become one of the most important aspects in providing the product an edge in the market and defining loyal cliental for it. For example, IKEA marketing ideology is to exploit the existing demand of the product by providing special deals to their loyal customers with membership. This makes consumers to return and feel loyalty towards the brand.

These Loyalty campaigns are best served with the direct marketing where the company or the brand has a direct channel with the consumer and can contact them directly through the digital channels, helping them reduce their cost and personalizing the loyalty offer, making the consumer feel special in the process. Direct marketing most strong utilization is in the loyalty campaigns, which encourages the company to use this method. The Proper ratio of using all the three parts of direct marketing in blue ocean strategy environment can be understood in the following pie chart easily taking the sample of local stores:
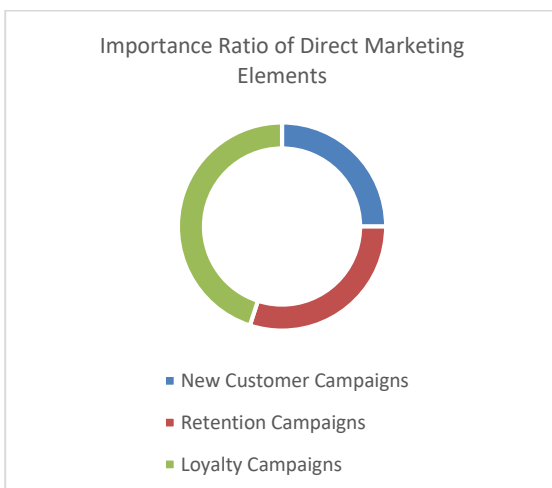

Fig. 3: Ratio of Direct Marketing Elements

5.1 Advantages of using Direct Marketing in the Blue Ocean Marketing Strategy Environment:

There are several significant advantages to using direct response advertising, which are summarized in following points:

Creating direct channels of communication with prospects:

(a) **Creating direct channels of communication with prospects:** The direct response campaigns are highly personalized and specify directly to the consumer how the product or service can help them. This establishes more comfort for the consumer and the consumer feels more connected to the vendor. Using this in Blue Ocean strategy provides the developers or vendors the mindset of the consumer, which helps widen their own horizon and recognize new opportunities in the market.

(b) **Providing higher returns on the investments:** Unlike brand campaigning, Direct campaigning is cost efficient as it pays only for the clicks and less time consuming and has higher success rate as it segments its target audience before the development of a campaign. The campaign data can be quantified, which helps the company to use it for generating more value for the product or the service. In an environment where innovation is the backbone, the use of direct marketing provides more finance and focus for the development and innovation of the product or service. Which eventually creates value for the consumers and thereby, expands the chances of growth potential.

(c) **Easily Quantifiable and measurable results:** The data generated from each direct marketing campaign through the channels like email, SMS, social media, etc. can be used to reduce the unnecessary data and produce focused data for marketing and for exploring ideas of future innovation in the products and services. This also helps in searching uncontested markets and time over again gives a practical approach to marketing the product during live market execution.

(d) **Securing a strong relationship with the customer:** The direct channels created in the market improve the experience of the customer with the product and service and provides a sense of loyalty. This method also gives the company the opportunity to break away from the traditional approach of contacting the consumer and has a free range to express themselves freely on individual bases.

(e) **Low cost incurred:** Direct marketing has been proven as a model of low cost and high output, which used in Blue ocean strategy environment, provided the company to construct marketing campaigns and create data in the process with non-zero sum and high profit and bigger possibilities.

(f) **Higher Analytical Power:** Direct Marketing in Blue Ocean Strategy opens clear channels of communication between the consumer and the company; hence, the feedback which is send from the user is directly to the company. Due to this there is lower possibility of data manipulation and company is can save time and process the data faster. Providing the Blue Ocean companies high power in analysis of the data.

6. CONCLUSION

Direct marketing has greatly influenced the market in today's scenario. From the above, we can easily conclude that the objectives of both direct response marketing and Blue Ocean strategy overlap with each other. It would not be wrong to state that the benefit of using the concepts of direct marketing in the Blue Ocean would only provide higher profitability for the brand or company, along with the constant development of the product or the service by being innovative. The possibilities of

with a merge of both are endless.

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BIOGRAPHIES

Karan Chauhan
Business System Analyst

Sasikumar Aishwarya
Business System Analyst