

UPDATE



New ADMA research indicates a positive future for direct marketing

A new study into consumer attitudes to direct marketing and privacy shows that consumers are happy to receive relevant direct contact from organisations, and that they are comfortable with providing a level of personal information that helps ensure this contact is relevant and beneficial to them.

The research, launched at the end of March, was commissioned by ADMA and conducted by Taylor Nelson Sofres (TNS) in conjunction with the University of NSW. Through the research, ADMA hoped to gain greater insight into consumer attitudes and behaviour towards direct communications, to help develop best practice strategies for the long term viability of the industry.

The key findings highlighted a sense of frustration amongst consumers at the amount of irrelevant and unwanted contact they received from companies. However, where it was seen as relevant or providing a clear benefit, consumers were happy to receive direct marketing offers. The most positive acceptance of

direct marketing was found in young, technologically savvy adults.

Despite its negative "junk mail" tag, direct mail is still the preferred method of communication for both new and existing customers. 89% of people said that they opened direct mail and 48% said they took action where they knew the organisation. More people took up the offer when contacted by telephone however, despite less people choosing to engage in telephone contact in the first place.

Having an existing relationship with a company was also a major influence, as did the sector a company operates in. Those that had a relationship with an

organisation, or trusted the brand, were more than twice as likely to respond positively to direct contact.

Having control over the flow of information from companies was another key factor.

The majority of people surveyed (70%) did not want to see Government intervention or restrictions placed on companies, instead preferring to have the option to control what level, type and method of marketing communications they receive.

Rob Edwards, CEO of ADMA says these findings must be taken on board by companies engaging in any direct dialogue with their customers or prospects:

"Going forward, it is clear that these findings demonstrate that all marketers must adopt best practice wholeheartedly. Control, relevance and trust are the key principals by which we should all be operating"

Whilst the research indicates there is still work to be done in terms of better targeting and building consumer trust, it would appear people are more positive about direct marketing than we are traditionally led to believe. Their general behaviour supports a far more positive view, suggesting that the term carries more negativity than the activity itself."

Continued on page 4

NEWS RELEASE

Wednesday 25th May 2005

Businesses urged to communicate in the right way to attract the 'Sophisticated New Consumer'

A recent study into consumer attitudes to direct marketing and privacy, undertaken by the Australian Direct Marketing Association (ADMA) in conjunction with the University of NSW, has shown that age and technological experience greatly impacts on a consumer's acceptance of direct marketing.

The ADMA Consumer Insights 2005 study shows that young adults (18-29 years) do not mind companies having, or using, their data in a targeted way and are happy to receive direct communications from companies, especially those that they already deal with. They are considerably more comfortable with SMS and email contact, and are **at least twice as likely** as the older generation* to consider a direct marketing approach to be an extension of customer service and three **times more likely** to consider a phone call about a special deal to be customer service.

Young adults are also more likely to respond to communication from companies overall, especially via phone/email and are **five times more likely** to purchase products and services online. This generation are **twice as likely** to provide personal information in return for a special offer or discount and are **two and half times more likely** to respond to emails from companies they don't know. They are the most receptive to receiving communications from a company that has a good reputation, or when the offer is tailored to them.

Aside from the clear age implications, the study also identified that the technologically savvy consumer - who had a highly sophisticated understanding and usage of new technology - had more control over how and when they interacted with companies. This group were twice as likely to screen out emails from companies they didn't know, and are significantly more comfortable providing personal information to companies. Known as the 'Sophisticated New Consumer' in the ADMA study, their key attributes are:

- **Marketing literacy** – ability to deconstruct advertising so are aware of direct marketing techniques;
- **Media literacy** – understand the range of channels available to marketers;
- **Technological sophistication** – have internet at home, a PDA or cable TV, and use their mobile phones regularly to talk and SMS;
- **Assertiveness or Activism** – they are more likely to complain or take action when unhappy about a product or service.

Commenting on what the results mean for businesses, Rob Edwards, CEO of ADMA, said:

"The ADMA consumer attitudes research clearly shows that young consumers are more comfortable in providing data to organisations, as they are more aware of the benefits this offers in terms of time management and better customer service. They have a better understanding of the new technology entering our market and have less reservation about interacting with business through these channels. This shift towards a more positive perception of direct marketing will be further assisted by people becoming more technology savvy in their daily lives.

Meanwhile, the Sophisticated New Consumer absolutely knows that they can control how and when they engage directly with a company and have a good understanding of marketing and the media. This provides further good news for the industry as this group and the future generation of young adults will be aware and willing to use direct interaction with companies to their benefit."

- ends -

These and other key findings from the ADMA Consumer Insights Study 2005 will be presented at 11:45am – 12:15pm at ADMA Forum 2005, Sydney Convention & Exhibition Centre, Wednesday 25th May 2005. Speakers are Tony Davis, Director of Quantum and member of the ADMA Research Committee and Tristan Fahey from Long jump marketing.

For further information or to arrange an interview please contact:

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EDITOR'S NOTES

NB * Older generation statistical references in the press release are for the 60+ age group

About ADMA

ADMA is Australia's principal body for information based marketing. Formed in 1966, ADMA has evolved to become the nation's pre-eminent marketing association representing over 500 member organisations. A national non-profit organisation based in Sydney, ADMA has State Branches in New South Wales, Queensland, South Australia, Victoria and Western Australia.

Supporting statistics:

Highly sophisticated new consumers were significantly more likely (compared to those with low technological sophistication,* unless otherwise specified) to:

- simply delete without opening any emails received from companies/people they did not know (50% compared to 39%)
- screen-out emails from companies they did not know (42% compared to 21%)
- prefer email when being contacted by a company
- prefer personally addressed mail to their home when being contacted by government departments (71% compared to 63%)
- classify an email informing them of new products or services as customer service (26% compared to those without at 19%)
- feel comfortable with the collection of their personal information if:
 - given the option to opt-out in first marketing communication (71% compared to 62%)
 - they have the legal right, at any time, to ask the company to stop using their personal information, and the company is legally obliged to do so (81% compared to 65%).

Young adults 18-29 years are more likely and happy to provide personal info in return for:

- a special offer or discount on a product or service: 18-29 years (41%) compared to 60+ years (22%)
- In return for faster, more efficient service: 18-29 years (54%) compared to 60+ years (28%)
- In return for more personalised service: 18-29 years (51%) & 60+ years (27%)
- So they do not have to provide the details again and again: 18-29 years (48%) compared to 60+ years (24%).

The Age – 2nd April 2005

Progress for direct marketing

A NEW study on consumer attitudes towards direct marketing shows 74 per cent of Australians are happy to receive "relevant and beneficial" direct communications from organisations they know and trust, according to the Australian Direct Marketing Association. Another 90 per cent say they're comfortable providing basic personal information for marketing purposes to companies they know.

The research, conducted by Taylor Nelson Sofres and the University of NSW, will be used by the association to develop benchmarks for the industry.

"The positive response among young adults indicates they understand the power and choices they have when it comes to direct marketing, and careful consideration needs to be given to this when assessing the future legislative landscape," says association chief executive Rob Edwards.

"However, companies must respect the consumers' need for relevance, trust and control and tailor their approaches accordingly."

Sydney Morning Herald – 2nd April 2005

Direct approach can pay off

A new study on consumer attitudes towards direct marketing shows 74 per cent of Australians are happy to receive "relevant and beneficial" direct communications from organisations they know and trust, according to the Australian Direct Marketing Association. Ninety per cent say they're comfortable providing basic personal information for marketing purposes to companies they know.

The research, conducted by Taylor Nelson Sofres and the University of NSW, will be used by the association to help develop best-practice benchmarks for the industry.

"Whilst it is clear there is still work to be done to reduce the amount of irrelevant and unwanted direct contact from companies, there is a very high level of engagement with well-targeted, relevant and beneficial approaches that respect the consumers' need for control," the association's chief executive, Rob Edwards, said. "The positive response amongst young adults indicates they understand the power and choices they have when it comes to direct marketing and careful consideration needs to be given to this when assessing the future legislative landscape. However, companies must respect the consumers' need for relevance, trust and control - and tailor their approaches accordingly."

Sydney Morning Herald – 1st April 2005

Wake-up call for tele-pests

Kirsty Needham
Consumer Reporter

Households feel increasingly powerless about the amount of telemarketing and junk mail they are exposed to and equate direct marketing with "intrusion, invasion, bombardment, exhaustion".

A study commissioned by the direct-marketing industry found that companies needed to reduce the amount of "irrelevant and unwanted" contact they made with the public.

"Anything is better than some idiot ringing me at 6 o'clock when I'm having my dinner," said one respondent. "I hate that."

Researchers from Taylor Nelson Sofres and the University of NSW interviewed 1000 households on

behalf of the Australian Direct Marketing Association.

"It is a wake-up call for the industry," said the association's chief executive, Rob Edwards. ADMA conducted the research because it fears the Government will tighten laws on direct marketing and privacy and it wants to develop guidelines for marketers.

The study found more than half of us don't like giving out such simple personal information as phone numbers and addresses, and a third of women do not want to divulge their names to companies.

One in five women is uncomfortable revealing her marital status, it found.

Government departments and banks are trusted by 52 per cent of

people to do the right thing with their personal data, but there is less confidence in charities (35 per cent), telephone companies (29 per cent), retailers (24 per cent) and entertainment companies (19 per cent).

Australian Consumers Association policy officer Charles Britton said an exemption for direct marketing in the federal Privacy Act was under review. He said the ACA was pushing for strict anti-spam rules that apply to email to be extended to telemarketing.

Mr Edwards said a national "Do Not Call" list that consumers could elect to sign-up for would have fewer economic consequences than banning unsolicited telemarketing. An ADMA-run "Do Not Call" list has 190,000 names.



Good news for brands you can trust

Smart operations make for bright prospects, writes **Rob Edwards**

THE direct marketing landscape has changed dramatically in recent years and this rapid evolution looks set to continue. The development of new marketing technologies means that now, more than ever, companies need to better understand how their customers or prospects feel about direct one-to-one communication and their preferences as to how and when they are contacted.

Recently, the Australian Direct Marketing Association undertook its first significant study of consumer attitudes to direct marketing and privacy. These findings have enabled ADMA not only to assess attitudes and behaviour towards direct communications but also to understand how businesses and consumers are embracing newer marketing channels such as email and mobile SMS.

While the findings show that there is still work to be done to reduce the amount of irrelevant and unwanted direct contact from companies, there is in fact a very high level of engagement with well-aimed, relevant and beneficial approaches that respect the consumers' need for control.

Crucial branding issues are high-

lighted as well. Those consumers who have an existing relationship with an organisation or trust the brand, are more than twice as likely to respond positively to direct contact, across all channels than where there is no existing relationship.

From this research, we have been able to identify three key best-practice principles that companies must adopt when initiating direct contact with their customers or prospects: relevance, trust and control. These principles must be applied to any direct communications activity that a company undertakes to help ensure that we all play our part to protect the long-term growth and viability of direct customer contact and individual marketing channels.

I should also point out that the most positive acceptance of direct marketing is found in young, technologically savvy adults. They clearly understand that they have the power to interact with, and to influence, brands and businesses. As a result, they are more likely to respond to direct contact. They are also far more comfortable with SMS and email contact, and are less likely to see direct contact as a

marketing approach, instead viewing it as an extension of customer service.

The ability of this younger generation to accept and engage with the traditional marketing channels, such as mail and telephone, together with the newer electronic and digital platforms indicates we have an exciting future ahead.

The ADMA research findings will be presented in more detail at the forthcoming ADMA Forum, along with a diverse range of speakers and topics that will show just how far our industry has developed. And, as consumers demand a more tailored and targeted approach by companies, there is no doubt the lessons learned will result in a better outcome for businesses and consumers alike.

Rob Edwards is chief executive of the Australian Direct Marketing Association.

Copies of the executive summary of the ADMA Direct Marketing and Privacy Study can be downloaded at:

TABLE-TOP PROMOTIONS

Creatable Media, a listed company specialising in outdoor advertising and in particular table-top advertising in shopping malls, says it will start its expansion into the United States in May this year. Through its US subsidiary Creatable Media, the company will begin installing table-top advertising in 49 shopping centres throughout the US, 47 of them owned by Westfield. As part of its push into the world's biggest advertising market, where \$5.1 billion was spent on "out-of-home" advertising in 2004, Creatable Media says it has already signed a \$200,000 contract with a "major" US movie studio, which it declined to name. Creatable Media was listed on the Australian Stock Exchange in September last year. For the six months to December 31, 2004, the company reported a 56% increase in sales compared with the previous corresponding period, to \$1.23 million. But for the same half-year it posted a \$1.94-million loss. The company's chief executive, Scott Walters, says the company will be profitable by 2006.

SIMON LLOYD

Surprise in the mail

Consumers hate the idea of direct marketing, but they are still curious about what is in the envelope. **By Simon Lloyd**

The relationship between Australian consumers and direct marketers has always been awkward. But a new study has produced surprising evidence that assumptions about consumers' hostility towards direct mail, telemarketing and other forms of direct communications are wrong. Most consumers say they hate direct marketing, but the new research shows the problem for marketers is largely to do with perceptions rather than reality. Ask any consumer if he or she likes direct marketing and the answer is overwhelmingly negative. Ask the same consumer about specific forms of direct communication they receive and the response is much more positive.

The Direct Marketing and Privacy Study, commissioned by the Australian Direct Marketing Association (ADMA) and carried out by the research company Taylor Nelson Sofres in conjunction with the School of Marketing at the University of New South Wales, was conducted earlier this year. The study, which is understood to have cost about \$200,000, surveyed 1000 Australian households and is the biggest research project into attitudes towards direct marketing yet done. BRW has been given exclusive access to the findings.

In broad terms, the outcomes of the study are reassuring for direct marketers in that the direct marketing discipline in this country is thriving and many opportunities exist for shrewd marketers to use direct techniques as an alternative to above-the-line advertising. Executives who helped design the study are at pains to point out that, despite it having been commissioned by ADMA, there was no skewing in the survey to try to ensure positive responses.

The chief executive of the Quantum Group, Tony Davis, a member of the research committee, says: "This was definitely not a piece of research done in order to get a good news story. There are definitely some very positive stories in this in terms of consumers and [direct marketing], but we were incredibly careful in policing this so we could do very solid, objective research ... even if there were bad news stories coming out, they would not be hidden."

The big winner from the study is direct mail, the most

widely used, and oldest, form of direct marketing; 89% of consumers say they always open and read personal addressed mail from companies.

But bad news emerges in consumer attitudes to the overall concept of direct marketing, although the study concludes that the term "direct marketing" is overloaded. Consumers are, perhaps not surprisingly, very negative about receiving unsolicited communication



especially over the phone and by e-mail. For example, 66% of consumers say they screen out or delete e-mail from companies they do not know.

"Consumers tend to put up instant barriers after bad experience with direct marketing," the report says. "This affects the way they view direct marketing as a whole. Top of mind they will recall their negative experience as a way to describe what [direct marketing]

The term 'direct marketing' carries more negativity than the activity itself.

ADMA REPORT

rather than provide an objective description. Despite this, consumers' general behaviour would support a far more positive view of direct marketing, suggesting the term carries more negativity than the activity itself."

The study found that 74% of consumers are happy to receive communications from companies they deal with, and 65% are positive or at least neutral about communications from companies they do not deal with.

There are distinct differences in attitudes between demographic groups. People aged 18–29 are far more favourably disposed towards direct communications than those aged 50–59. In the younger group, 82% say they like getting direct communications from companies they already deal with, and only 66% of 50–59-year-olds feel the same.

The study suggests that the apparently higher acceptance of direct marketing among younger people stems from the fact that they view

is "relevance", because the study showed consumers are only positively disposed towards direct communications that are relevant to their needs and expectations.

Control is also critical. Consumers want to be able to choose for themselves the types of direct marketing they receive. Direct marketers who merely foist various forms of communication on to customers do so at their peril.

Relevance and control are particularly important in circumstances where companies ask consumers for personal information to help them with database profiling. The study found consumers are not as wary of providing personal information when they know why companies are asking for it, and that the consumer can stay in control of the information provided.

Consumers feel comfortable providing certain types of personal information, such as gender, age and marital status, address and so on, once they feel in control and backed up.

When consumers know they have the legal right to stop companies using their information, 68% are happy to provide it, 64% when they have the ability to "opt out", and 53% when they know the right person to complain to. When all three factors are in place, 88% are comfortable giving information.

There is also an important trade-off between giving personal data and the relevance of direct-marketing content received in return. Consumers want to know that in handing over their personal information they will receive some benefit themselves — 52% expect a real benefit in return.

The chief executive of ADMA, Rob Edwards, says the outcome of the survey is positive for direct marketers, provided they stick to some important guidelines. "The name 'direct marketing' suffers more as a term in itself rather than what it actually does," Edwards says. "We have to accept that as a fact of life, and it is no surprise, but the purpose of the [study] in the first place was more to understand what people do rather than what they think."

"If you cut to the chase, consumers want control, trust and relevance. That is the crux from the business point of view and applies equally where there is an existing customer relationship and where there isn't. Existing relationships in particular cannot be taken for granted and relevance is the Holy Grail.

"The data tools available to customers today mean there is no excuse for sending out irrelevant material and customers are sophisticated enough today to be able to see straight through 'one-size-fits-all' communications."

Davis agrees. He says the message to direct marketers from the study is that if they think they can get away with slapdash direct marketing, they are wrong.

"The key finding from the study is that good direct marketing works extremely well," he says. "But bad, irrelevant direct marketing is cost-inefficient, both in the short term as well as in the longer term when it comes to your brand or company's reputation with the customer.

"[The study] also shows that as people become more familiar and confident about using new technologies, they are becoming far less sensitive towards privacy issues and misuse because they feel more in control. They have the tools to ignore, switch off and reject poorly targeted communications, so they feel they are much more in the controlling seat than in the past." ●



TOO DIRECT

1 A new study shows that consumers do not like the term "direct marketing", but are surprisingly positive about getting direct communications from companies.

2 Consumers want direct marketing to be relevant and they want control over the way they are contacted.

3 Unsolicited direct marketing is the main bugbear of consumers.

4 Sixty-seven per cent reject phone calls from companies they do not deal with.

5 The use of SMS for marketing is still unpopular: 54% of consumers ignore SMS calls even from companies with which they already have a relationship.

6 Direct mail, provided it is personally addressed and is not junk mail, is the most acceptable form of direct marketing among consumers.

7 Consumers want control over their privacy, but only 42% are aware that there are privacy laws in place to protect them.

direct communications less as marketing than as an extension of customer service. According to the study, younger people are three times more likely than 50–59-year-olds to consider a phone call from a company about a special deal to be a form of customer service. Younger people are also much more comfortable using many of the new direct-marketing methods such as e-mail and SMS. "Communication is quick, cheap and two-way, and the out-and-about nature of their lives, which is facilitated by technology, has led to blurred boundaries between when, where and how companies can contact them. They are the always-connected generation."

Keeping it real

None the less, there are important factors that direct marketers have to bear in mind with their communications. One of the catchwords

CEO Online - 1 June 2005

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Sophisticated New Consumer

Australian businesses are urged to communicate in the right way to attract the 'Sophisticated New Consumer'. A recent study into consumer attitudes to direct marketing and privacy, undertaken by the Australian Direct Marketing Association (ADMA) in conjunction with the University of NSW, has shown that age and technological experience greatly impacts on a consumer's acceptance of direct marketing.

The ADMA Consumer Insights 2005 study shows that young adults (18-29 years) do not mind companies having, or using, their data in a targeted way and are happy to receive direct communications from companies, especially those that they already deal with. They are considerably more comfortable with SMS and email contact, and are at least twice as likely as the older generation to consider a direct marketing approach to be an extension of customer service and three times more likely to consider a phone call about a special deal to be customer service.

Young adults are also more likely to respond to communication from companies overall, especially via phone/email and are five times more likely to purchase products and services online. This generation are twice as likely to provide personal information in return for a special offer or discount and are two and half times more likely to respond to emails from companies they don't know. They are the most receptive to receiving communications from a company that has a good reputation, or when the offer is tailored to them.

Aside from the clear age implications, the study also identified that the technologically savvy consumer - who had a highly sophisticated understanding and usage of new technology - had more control over how and when they interacted with companies. This group were twice as likely to screen out emails from companies they didn't know, and are significantly more comfortable providing personal information to companies. Known as the 'Sophisticated New Consumer' in the ADMA study, their key attributes are:

- ▶ Marketing literacy - ability to deconstruct advertising so are aware of direct marketing techniques;
- ▶ Media literacy - understand the range of channels available to marketers;

- ▶ Technological sophistication - have internet at home, a PDA or cable TV, and use their mobile phones regularly to talk and SMS;
- ▶ Assertiveness or Activism - they are more likely to complain or take action when unhappy about a product or service

Commenting on what the results mean for businesses, Rob Edwards, CEO of ADMA, said:

"The ADMA consumer attitudes research clearly shows that young consumers are more comfortable in providing data to organisations, as they are more aware of the benefits this offers in terms of time management and better customer service. They have a better understanding of the new technology entering our market and have less reservation about interacting with business through these channels. This shift towards a more positive perception of direct marketing will be further assisted by people becoming more technology savvy in their daily lives

Meanwhile, the Sophisticated New Consumer absolutely knows that they can control how and when they engage directly with a company and have a good understanding of marketing and the media. This provides further good news for the industry as this group and the future generation of young adults will be aware and willing to use direct interaction with companies to their benefit."



Actions speak louder in DM

MARIA NGUYEN

New research by Nielsen Media Research and the Australian Direct Marketing Association (ADMA) shows that despite consumers' apparent negative perceptions about direct mail—or 'junk mail' as many label it—most Australians do open and respond to it.

Actions speak louder than words when it comes to direct mail—nearly nine out of 10 Australians open their direct mail—making it the most preferred method of direct marketing communication—and almost half responding if they know the organisation.

According to ADMA director of legal and regulatory affairs, Jodie Sangster, consumers' attitudes do not always reflect their actions.

"If you say 'direct marketing' to people, their attitude is that it is something negative, but if you look at what they do...they tell us 'I open mail and I take action on the mail I get'. So they may not like the idea of direct mail—there's a negative connotation to DM—but they do act on it," she explains.

ADMA's CEO, Rob Edwards, agrees, saying the research paints a bright picture for the industry.

"[Our] research suggests consumer behaviour supports a far more positive view of direct marketing than what we are traditionally led to believe, indicating that the term carries more negativity than the activity itself," he says.

Meanwhile, Nielsen Media Research says 39% of Australians—5.7 million people aged 18 and over—like direct mail offers, and more than half (53%) of those have bought a product through DM.

Convenience, availability of what's on offer, and family involvement are the key consumer benefits and drivers of direct mail, Nielsen's latest Panorama Survey revealed.

While 28% of those in the survey found direct mail provides useful information, nearly as many Australians (31%) believe direct mail is intrusive as they do informative (32%).

This sense of 'intrusiveness' is a sentiment shared by consumers in markets around the world, including the US and the UK, which have both responded to consumer concerns by implementing do-not-call registers.

In Australia, ADMA has spent the past 18 months lobbying the Federal Government to establish a framework for a similar do-not-call-register where consumers can opt-out of direct telephone marketing lists.

Privacy Commissioner, Karen Curtis, has just released a 400-page privacy report, taking in ADMA's recommendations for a national government-backed do-not-call register, which will make it illegal for any marketer to phone consumers who have registered to opt-out.

Only companies that are members of ADMA adhere to an industry do-not-

call scheme. Sangster believes the Federal Government will more than likely

implement the Commissioner's recommendations and establish legislation for a national opt-out telephone register that will apply to all marketers, bringing us in line with the UK and the US.

But with the lengthy consultative process, changes are unlikely to come into effect within the next six months.

"It will be no earlier than the end of the year," Sangster says.

And despite lobbying for a do-not-call telephone list, ADMA does not want or expect the register to extend to DM, which it says, is less intrusive than the phone and doesn't warrant regulation.

"The do-not-call register required for phone [marketing] is about regulating the level of intrusiveness, whereas with direct mail, there's not the same level of intrusiveness," Sangster explains.

"We have suggested to the Privacy Commissioner that everyone should always have the legal right to opt-out of any direct marketing from individual companies and this is something they have taken on board and recommended to the Government. But what we're saying is that consumers have the right to opt-out of a company—for example ANZ Bank—so they just opt-out of ANZ's direct mail activities rather than all direct mail activities."

AdNews online – 29th March 2005

AdNews

NEWS Australia's leading advertising, marketing and media magazine

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Consumers like relevant DM

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SYDNEY: Relevance, trust and control are the keys to successful direct customer contact, according to a study into consumer attitudes.

SYDNEY: Relevance, trust and control are the keys to successful direct customer contact, according to a study into consumer attitudes.

The research, commissioned by the Australian Direct Marketing Association (ADMA), revealed that 74% of Australians are happy to receive direct contact from organisations they know and trust as long as it is relevant and beneficial.

It also revealed that 90% of people are comfortable with providing basic personal information for marketing purposes to companies they know. Respondents indicated they are more than twice as likely to respond positively if they have an existing relationship with a company and 51% of people said they are happy to hear from a company if they have a good reputation.

However, 92% of respondents believe it is very important to know why the company is requesting this information and how it will be used.

Direct mail remains the preferred method of communication with 89% of people opening direct mail and 48% of people taking action where they know the organisation. However, people aged 18 to 29 years were far more comfortable with SMS and email contact, which they see as an extension of customer service.

ADMA CEO Rob Edwards said while there was still work to be done to reduce irrelevant and unwanted contact from advertisers, the research proved "there is a very high level of engagement with well targeted, relevant and beneficial approaches that respect the consumers' need for control".

"This research also suggests that consumer behaviour supports a far more positive view of direct marketing than what we are traditionally led to believe, indicating that the term carries more negativity than the activity itself," Edwards said.

Irrelevant offerings risk railroading by supporters

Recent research by the Australian Direct Marketing Association (ADMA) shows that consumers are generally happy to receive direct mail. However, Rob Edwards warns that potential new legislation and organisations with irrelevant DM offerings may hurt the sector.

Much of today's direct marketing (DM) practice owes its foundations to the not-for-profit (NFP) sector – in many ways fundraisers were the original direct marketers. Not-for-profits don't have shop fronts to sell their products or services, and they have been using traditional DM channels such as mail and telemarketing for years.

The majority of NFP's still rely on direct marketing as a significant income source, and of course NFP direct marketers understood the lifetime value of the customer long before it became a catch phrase in the corporate lexicon.

Over the last decade there has been a lot of change in the DM sector. Call centre activity has exploded as a result of lower telecoms and operational costs, and now customer contact by telephone is becoming the norm – unfortunately not always an enriching experience for some. As more consumers receive more and more irrelevant direct marketing approaches, they are becoming jaded and more resistant.

I believe the majority of direct marketers strive to do the right thing and adhere to the guidelines set out in the ADMA Code of Practice. However there are still some in both the corporate and NFP sector who bring disrepute to the industry as a whole.

Many of the complaints we receive from people wanting to register with the ADMA "Do Not Contact" service are generated after an increase in contact from the not-for-profit sector. On a frequent basis the ADMA office is bombarded with callers wanting to have their names removed from contact lists after a large NFP has done a mailout.

ADMA is currently lobbying the Federal Government to extend its "Do Not Contact" Service to a nationally consistent one that is mandated through legislation. This will give consumers the right to elect not to receive unsolicited telemarketing calls.

I put it to you that we would prefer to be in the position where perhaps 20%-30% of the population opt-out, rather than say 2% opt in, in the very likely event the government chooses to follow the anti-spam route in regulating telemarketing.

Recent research undertaken by ADMA indicates that the future is bright for direct marketing (see accompanying table). Seventy-four per cent of people surveyed said they are happy to receive relevant and timely information from a company they know and trust.

These days the low cost of data manipulation provides businesses and charities with cost effective tools to segment data, so there is every opportunity to get it right and to ensure that each contact is relevant and welcomed by consumers. Make sure your organisation is one of those getting it right and the results will speak for themselves. **184**



Rob Edwards is the chief executive officer of the Australian Direct Marketing Association (ADMA).

Key findings – ADMA Consumer Insights Study 2005

- Australians happily receive communications from companies – only 8% of people surveyed said they preferred not to receive any communication.
- 9 out of 10 Australians are happy to provide basic personal information to companies for marketing purposes.
- 70% of Australians want control over receiving direct marketing communications rather than government intervention.
- 89% of Australians open addressed direct mail from companies and just under half (48%) respond when they know the company.
- 18-29 year olds are more likely to respond to communication from companies overall, especially via phone/email and are **five times more likely** to purchase products and services online.
- This generation is **twice as likely** to provide personal information in return for a special offer or discount and are **two and a half times more likely** to respond to emails from companies they don't know.