

# How Direct Marketers Can Weather The Economic Storm

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A photograph of a busy city street, likely Times Square in New York City, with tall buildings, pedestrians, and a taxi. The image is overlaid with a dark blue rounded rectangle containing white text.

**To survive in these  
economic times, you  
must prove the value of  
direct marketing.**

# Agenda

- An introduction to Forrester's online panels
- Where direct marketing dollars were spent in 2008
- Budget plans for 2009 and 2011
- How Forrester expects spending to shift
- How Direct Marketing professionals can use the recession to enhance their value

**Visibility is limited . . .  
but direct marketing  
seems relatively well  
positioned to weather  
the storm.**

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# Forrester's Research Panel

- Each quarter, Forrester surveys 1,500 marketing and strategy professionals about:
  - » Interactive marketing
  - » Direct marketing
  - » Customer experience
  - » eBusiness & channel strategy
  - » Marketing leadership
  - » Consumer product strategy
  - » Consumer market research
- Gain insight, get data, and learn best practices from marketing professionals. Join our panel today:  
(<http://www.forrester.com/Panel/>)

# Panel survey background

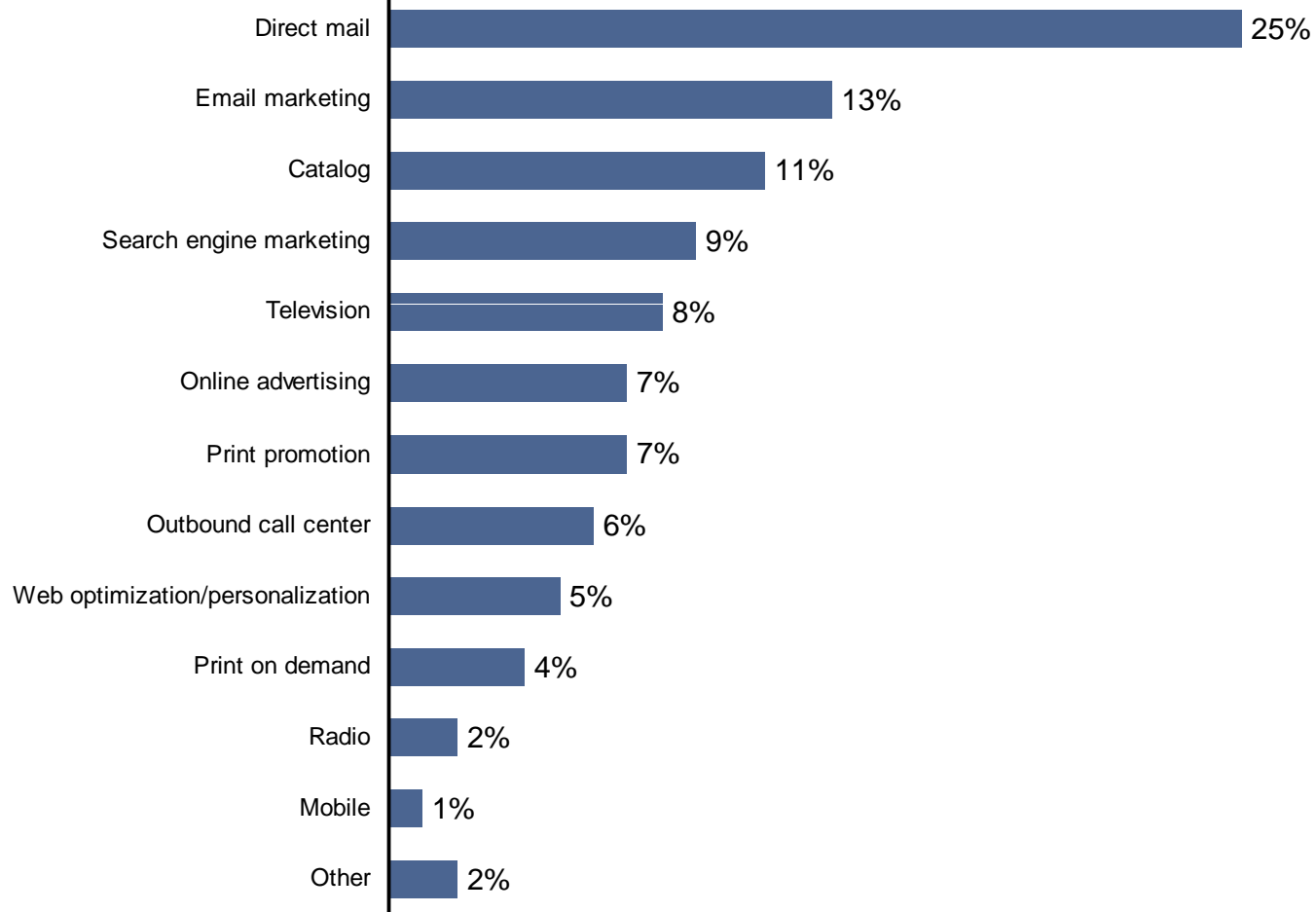
- Direct marketer survey conducted in Q2, 2008 (before the current economic downturn)
  - 84 database and direct marketing professional respondents
  - 60% of respondents were director-level and above
  - Represents a range of industries
  - 40% of respondents were from \$1B+ companies
  - 45% have a marketing budget above \$10m
  - 50% have direct marketing budgets above \$5m

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# More than half of DM budget was allocated offline

“What percent of your US direct marketing budget will be spent on each of the following media channels in 2008?”

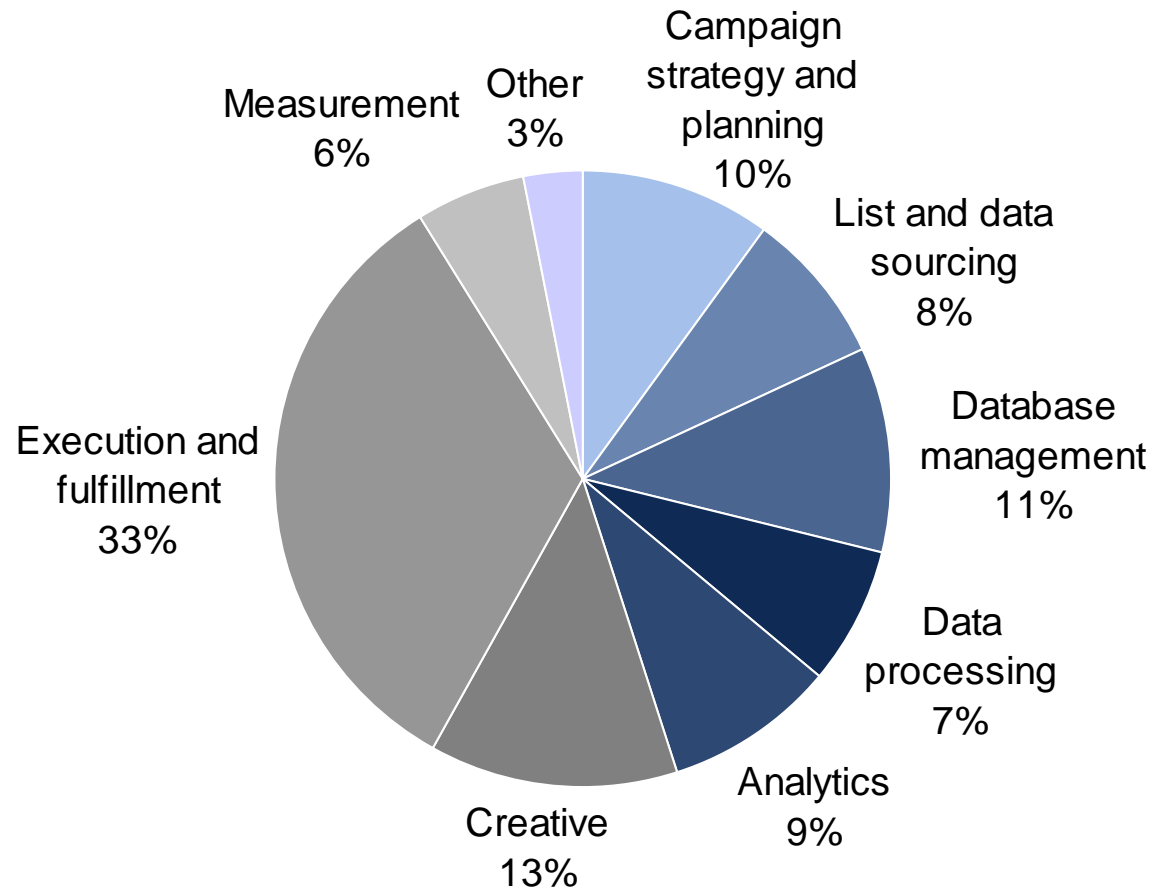


Base: 84 database and Direct Marketing professionals

Source: Q2 2008 US Direct Marketing Budget Online Survey

# Execution got the lion's share of budgets

“What percent of your company's US direct marketing budget will be spent on each of the following functions in 2008?”



Base: 84 database and Direct Marketing professionals

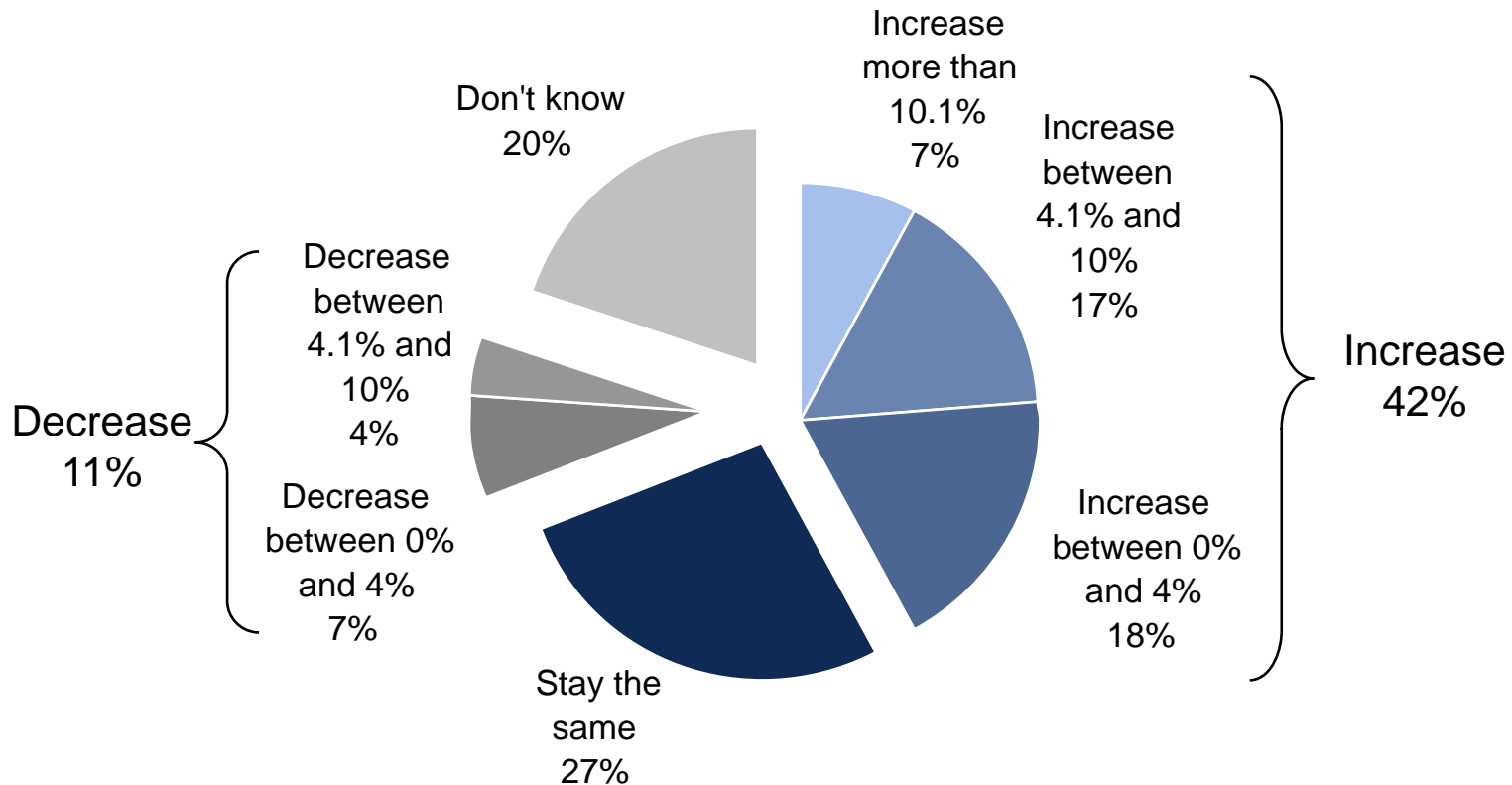
Source: Q2 2008 US Direct Marketing Budget Online Survey

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# Direct Marketing professionals had anticipated growing their budgets . . .

“How will your total US direct marketing budget in 2009 compare with the 2008 budget?”

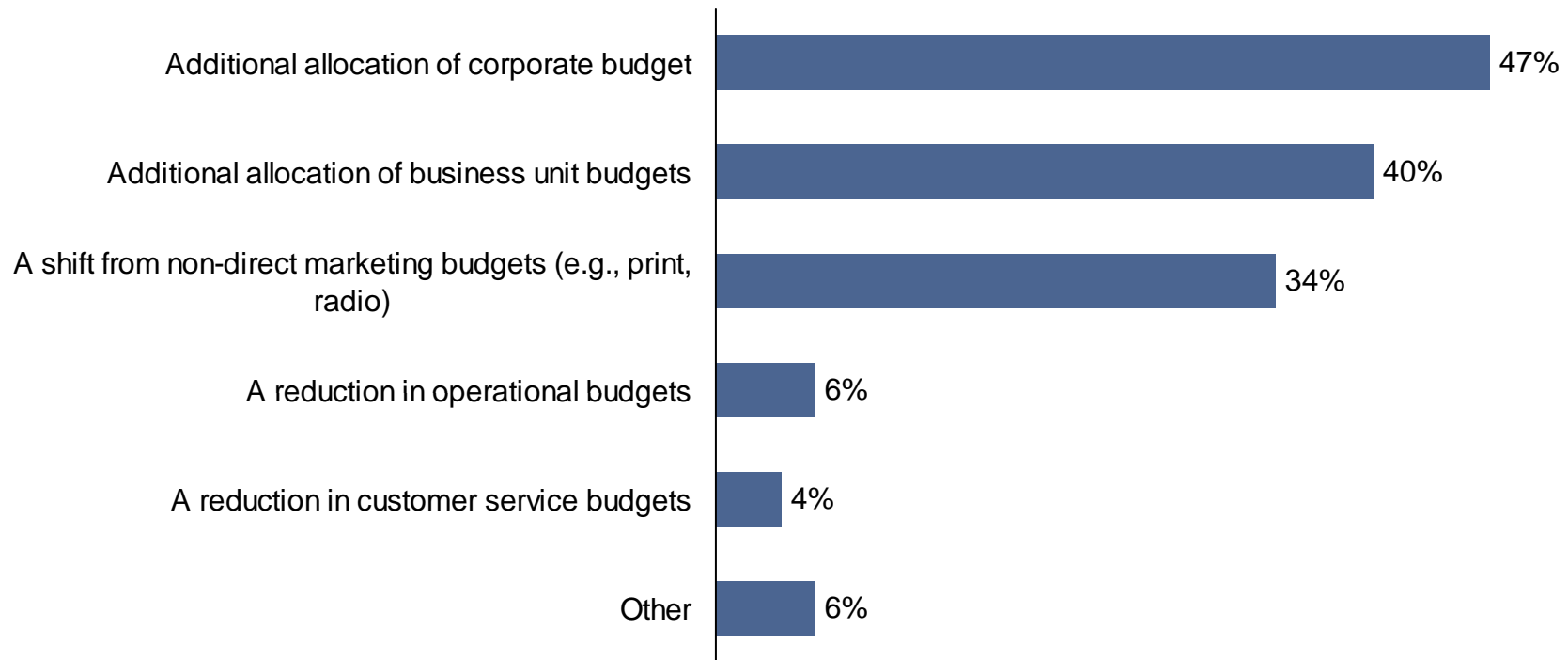


Base: 84 database and Direct Marketing professionals

Source: Q2 2008 US Direct Marketing Budget Online Survey

# ... luring budget from corporate, business line, and mass media

**“You indicated that your company's direct marketing budget will increase in the next one to three years. Where will this increase in budget come from?”**



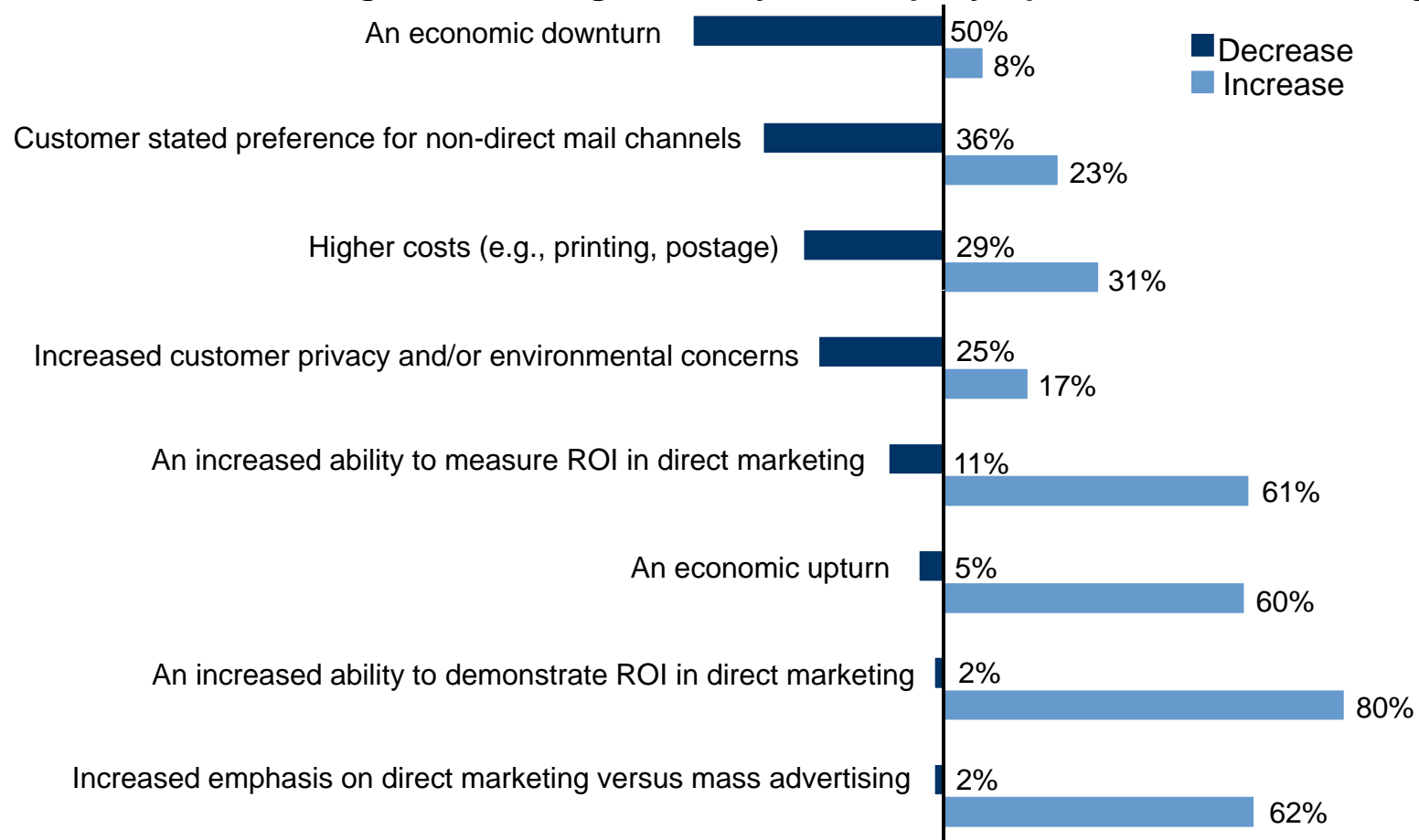
(multiple responses accepted)

Base: 47 database and Direct Marketing professionals who plan to increase their budgets in the next one to three years

Source: Q2 2008 US Direct Marketing Budget Online Survey

# The economic downturn dampens expectations

“How would the following market changes affect your company's planned direct marketing budget?”



(“No change” responses are not shown)

Base: 84 database and Direct Marketing professionals

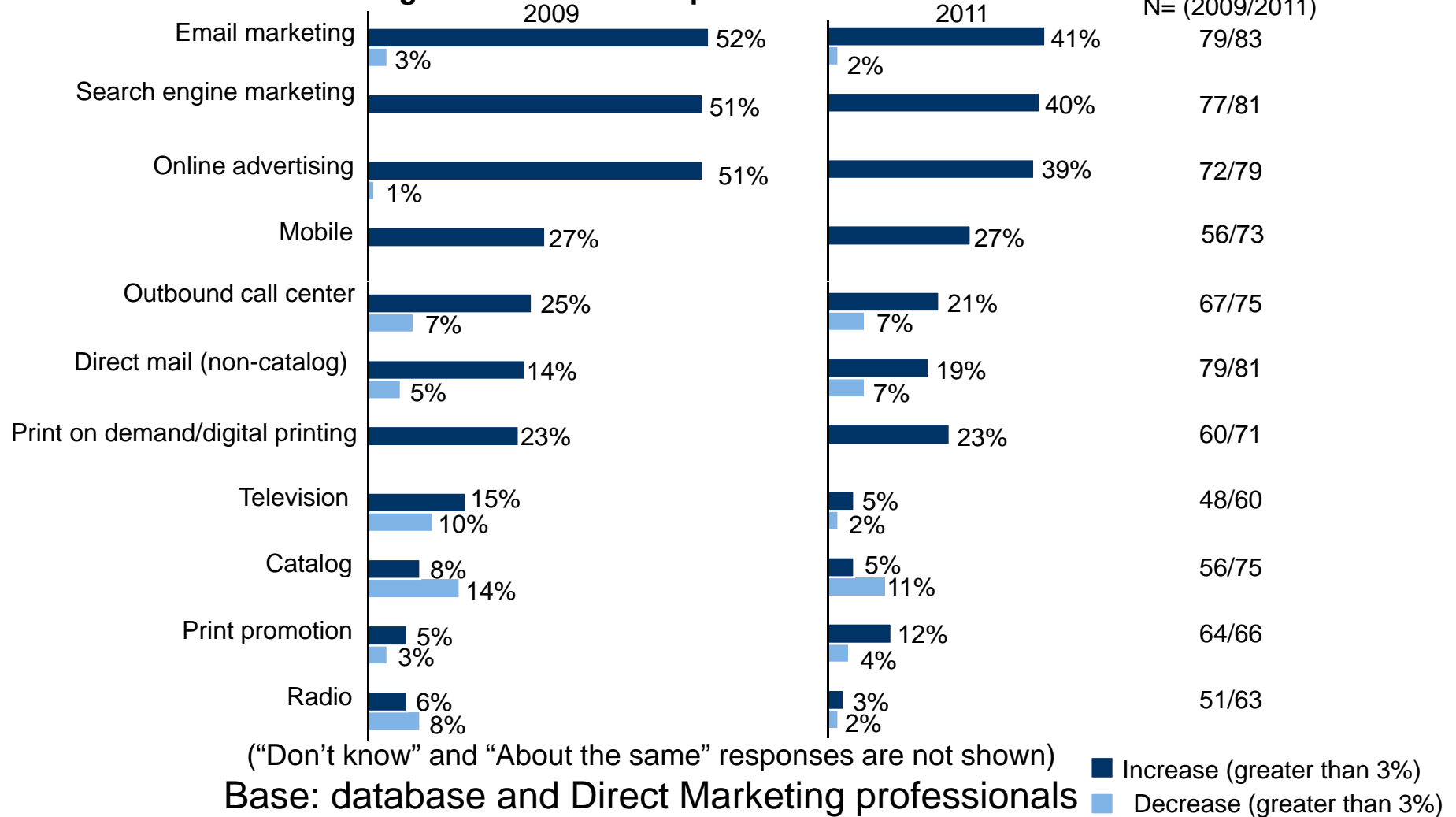
Source: Q2 2008 US Direct Marketing Budget Online Survey

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# DM budgets are moving online

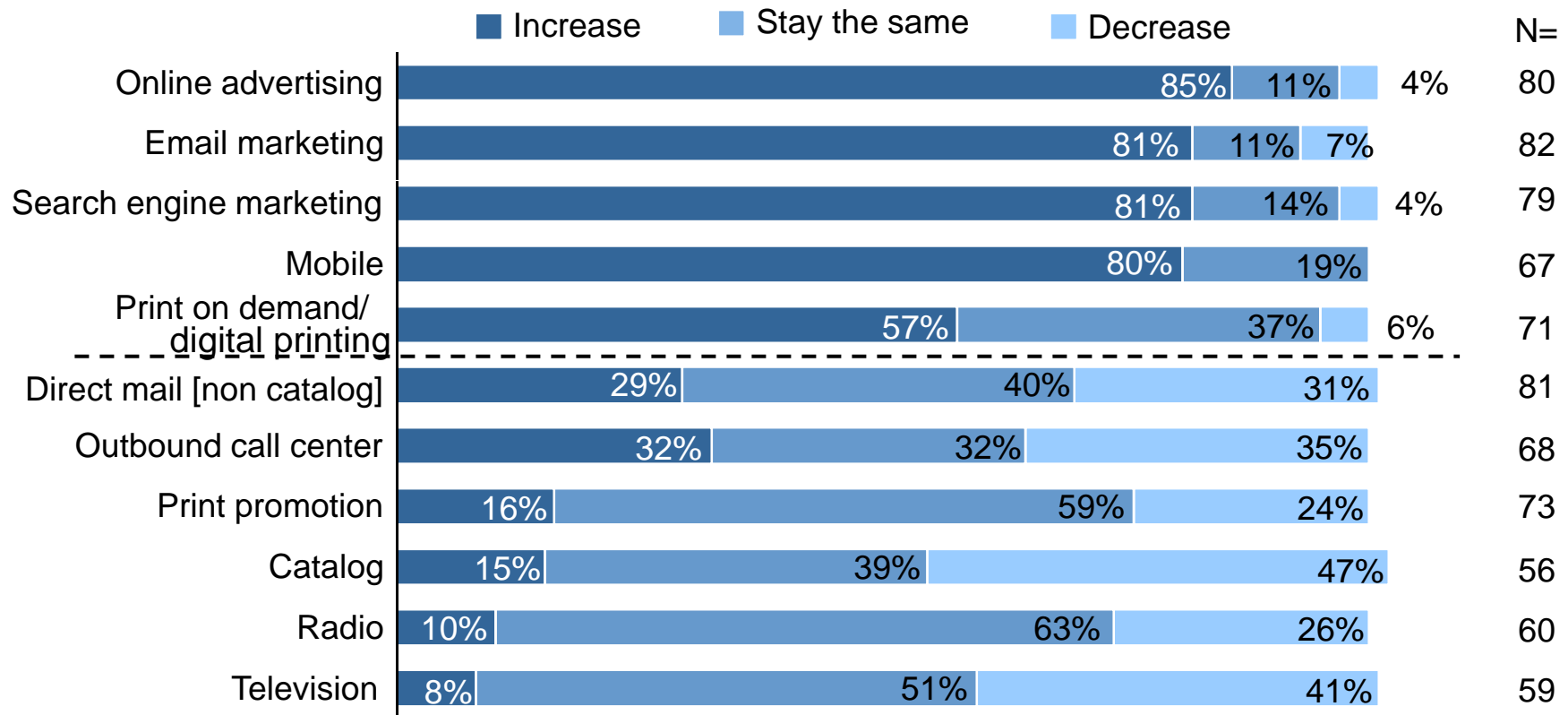
“How will the allocation of your company's US direct marketing budget in 2009/2011 compare with the allocation in 2008?”



Source: Q2 2008 US Direct Marketing Budget Online Survey

# Online channels expected to become more effective

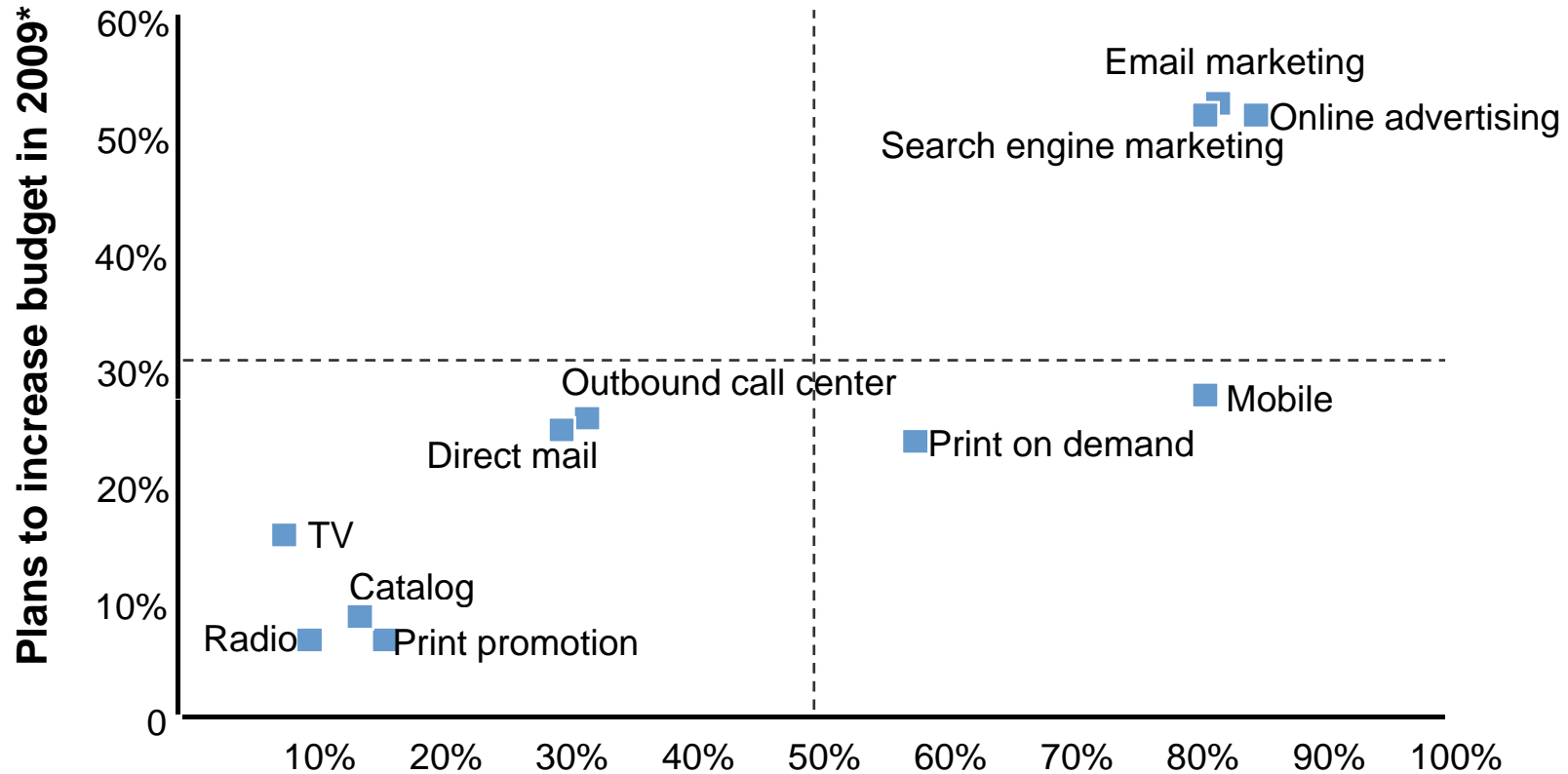
“In the next three years, do you think marketing's effectiveness will increase, stay the same, or decrease in each of the following media channels?”



Base: database and Direct Marketing professionals

Source: Q2 2008 US Direct Marketing Budget Online Survey

# Effectiveness is driving budget shift



**Effectiveness increasing in three years\*\***

**Base: 48-84 database and Direct Marketing professionals**

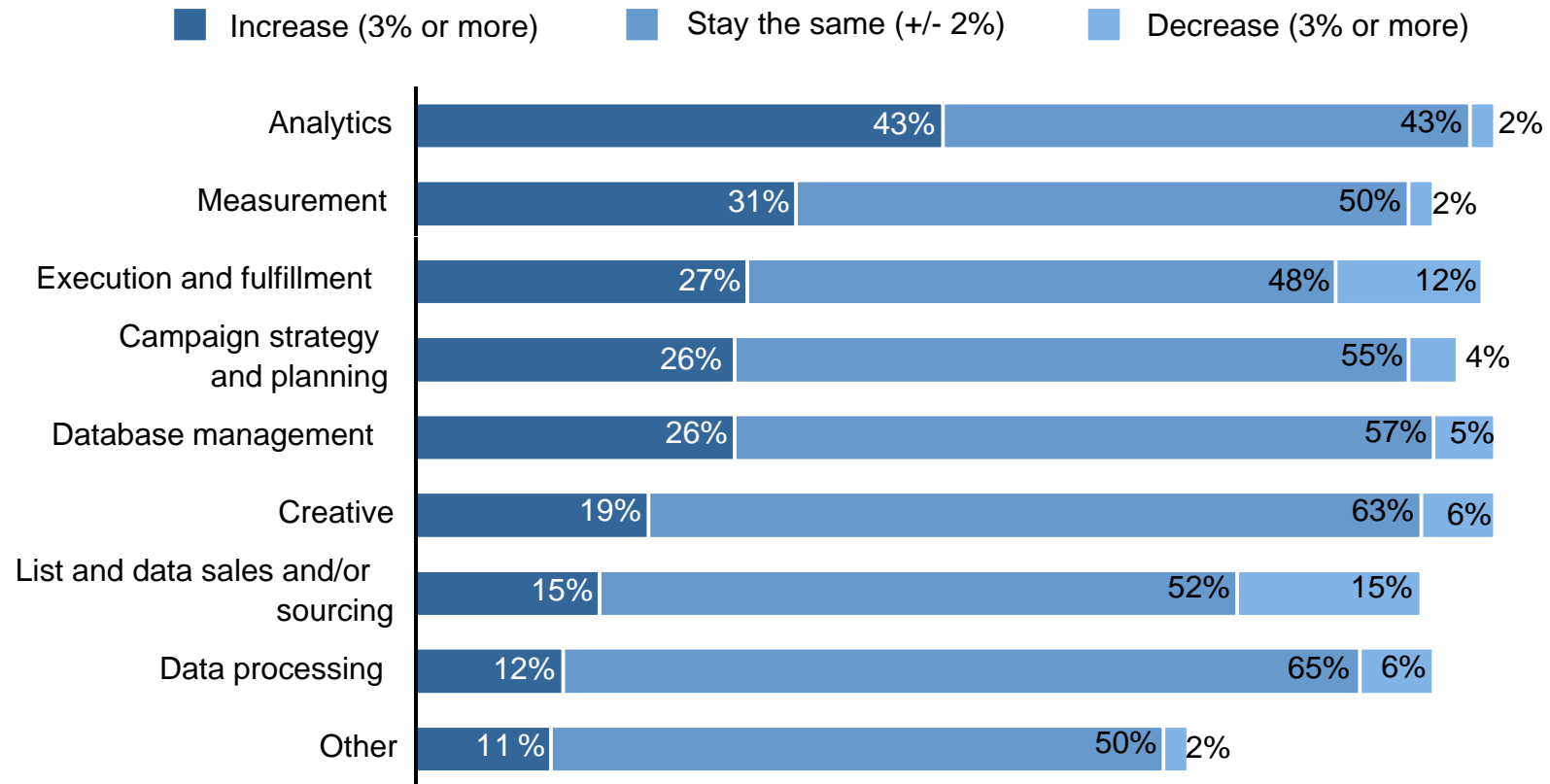
\* Percentage of respondents who selected an increase of 3% or more when asked "How will the allocation of your company's U.S. direct marketing budget in 2009 compare with the allocation in 2008?"

\*\*Percentage of respondents who selected increase somewhat or increase a lot when asked "In the next three years, do you think marketing's effectiveness will increase, stay the same, or decrease in each of the following media channels?"

Source: Q2 2008 US Direct Marketing Budget Online Survey

# Meanwhile, analytics spending will soar

“How will the allocation of your company's US direct marketing budget in 2009 compare with the allocation in 2008?”



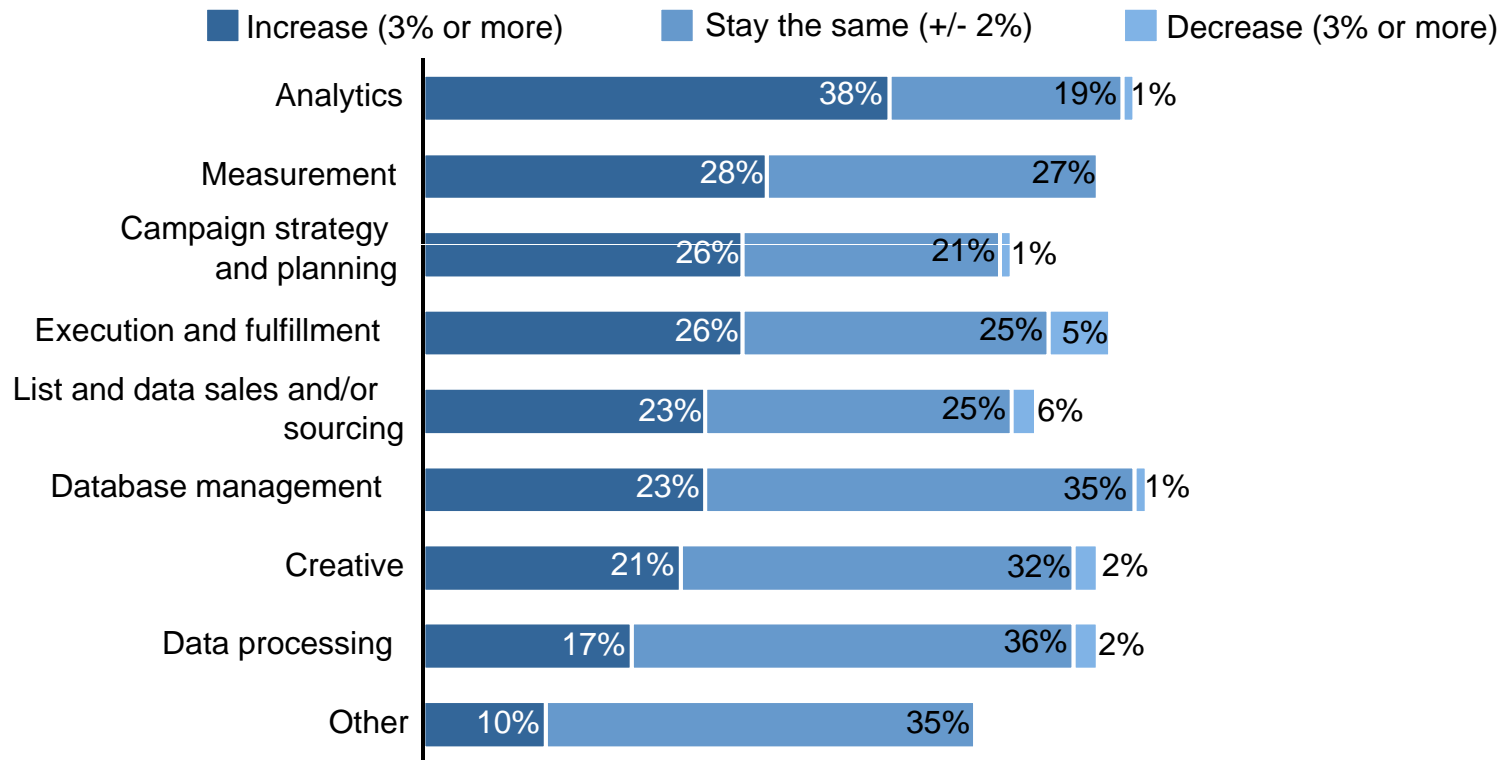
(“Don’t know” responses are not shown)

Base: 84 database and Direct Marketing professionals

Source: Q2 2008 US Direct Marketing Budget Online Survey

# And continue to increase

“How will the allocation of your company's US direct marketing budget in 2011 compare with the allocation in 2008?”



(“Don’t know” responses are not shown)

Base: 84 database and Direct Marketing professionals

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# Focus on both efficiency and effectiveness

- Use analytics to optimize channel selection.
- Drive value through new pricing models.
- Emphasize process automation.

# Establish DM principles throughout the organization

- Make customer insight core to the organization.
- Focus on retaining best customers
- Don't forget the basics!

# Ensure senior executives understand direct marketing's contribution

- Evangelize revenue benefits.
- Partner with market research.
- Mine the data for new opportunities.

# Thank you

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