

DEFINING THE BOUNDARIES BETWEEN DIRECT MARKETING AND ADVERTISING

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ABSTRACT

The boundaries between “direct marketing” and “advertising” have become more blurred with the advent of new technologies. Academics and practitioners have attempted to provide solutions by imposing their own definitions. This pilot study attempts to confront this problem by addressing only a single important aspect of direct marketing: its relationship to advertising. A survey was conducted of top experts in both fields to find out how the professionals distinguish these two fields. Preliminary results are presented here, and the implications are discussed.

INTRODUCTION

Although the discipline of direct marketing has evolved continuously since the first catalog was produced just over 500 years ago [22], few would dispute the notion that the Internet has wrought more change, in less time, than any other single event in the course of those five centuries. These changes have led to a growth of the direct marketing industry [12], and led some to believe the growth of direct means the necessary decline of the advertising industry. But others see direct marketing and advertising on a course of convergence. The Internet, to them, represents a blurring of the two fields. For example, Seth Godin’s [13] proposes that in the future the bulk of advertising will be customized to individual consumers through Permission Marketing and delivered to consumers through the Internet. Most advertising will shift from nonpersonal to a highly personalized form of communication. Thus, the question becomes: What do you call these messages, advertising or direct marketing?

Which of these competing views you adopt depends largely upon how you choose to define “direct marketing” and “advertising” as disciplines. This can and does have significant implications. For example, it presents problems as the companies and professional associations of each field seek to lay claim to this popular, and potentially profitable, medium. It also leads to some very practical issues, like where marketing communication via the Internet should best be taught. Perhaps the most pressing of the issues facing direct marketers arising from this definitional confusion is that, it presents some rather serious concerns as to what regulatory mechanism should apply to the Internet. After all, there are some very real differences in the way government agencies have handled these two areas of marketing communication. This is particularly true if we look beyond North America.

It is not just in the United States where a lack of clarity in the definitions of direct marketing and advertising is problematic. At present, the European Union (EU) places both advertising and direct marketing under the broad category of commercial communications. There are, however, separate regulations that only affect direct marketers. To the EU there is a clear distinction between the channel functions of direct marketing and the communication functions of direct marketing. Perhaps this lack of

distinction between the two primary roles of direct marketing is what is causing not only the regulatory confusion, but also the definitional confusion.

Over the past decade and a half, several practitioners and academics have critiqued, and struggled with, the definition of “direct marketing.” The problem, of course, is that it is very difficult to gather a consensus on what constitutes this large and growing field, particularly since its constituents represent so many diverse perspectives and technologies. No matter what proposal you develop, there undoubtedly will be someone ready and willing to find it flawed. Rather than trying to draw all the lines needed to compose a viable definition, we propose taking a close look at just *one* of those lines: the relationship of direct marketing to advertising.

After culling through several definitions of direct marketing, from textbooks [4] [10] [16] [19] [27], proposed definitions [5] [17], as well as those published by the American Marketing Association [7] and the Direct Marketing Association [11], and one that reflects the approach of the European Union [28], the most striking comparison one can draw is the complete lack of consistency. These definitions really do not paint a very clear picture of the relationship of advertising to direct marketing, except that most of them place advertising in the role of medium to carry some part of the direct marketing communication. Unfortunately, the definitions of “advertising” do little to further illuminate this relationship.

Of the three typical textbook definitions of advertising [3] [6] [18], as well as the current American Marketing Association definition [7], none mentions direct marketing, direct mail, or any other technique normally attributed to direct marketing. In fact, the only overlapping terminology seems to be the use of the word “nonpersonal.” Even the most recent definition [21] offers little help, though it substitutes “mediated” for nonpersonal. The only conclusion we might draw from these is that advertising seems broader and more all-encompassing, since it has fewer qualifiers.

It seems fairly safe to conclude that current definitions are virtually useless in helping us understand how advertising and direct marketing fit together. To better understand some of this relationship, a pilot study was conducted surveying advertising and direct marketing professionals.

THE METHOD

At its very essence, direct marketing is whatever the “experts” say it is. It is not defined by natural forces or laws, it is a concept invented and circumscribed by marketers. It is nothing more nor less than a matter of opinion. The only way to resolve the questions asked above is to probe the opinions of marketing experts and, hopefully, to reach some consensus.

A sample population of “experts” for the survey was extracted from three different sources, representing three potentially distinct perspectives. The first two groups were drawn from the Data Center at AdAge.com in March 2003. This Data Center ranked 487 of the “Top Core U.S. [Advertising] Agency Brands” in one list and 210 of the “Top Marketing Services Agencies” in another list. Top level executives at the highest ranked agencies in each group were sampled. From each of the AdAge lists, two separate databases were compiled using the top 100 advertising agencies and the top 100 marketing agencies. Job titles ranged from Vice President and President up to CEO and Chairman. The third source comprising the survey’s sample population was Prentice Hall’s “Marketing Faculty Directory.” The directory listed marketing faculty from over 800 universities in the United States. To preserve the higher level of expertise, subjects were chosen based on the titles “Dean,” “Chairman,” and “Professor.”

In the first mailing, 300 surveys were sent, yielding 52 completed surveys and 13 undeliverable surveys. In the second mailing, 248 surveys were mailed to the same list minus the names who had already responded, yielding 20 completed surveys and 3 undeliverable surveys. A total of 72 surveys were returned for a final response rate of 24%.

RESULTS

The distribution of respondents to this survey was fairly even among the three groups. 25.4% responded that they worked in direct marketing versus 23.9% in advertising. 35.2% were in education, and the remaining 15.5% classified themselves as some mixture of direct marketing and advertising or public relations. 85.9% of the respondents had at least 10 years of experience working in any capacity in marketing communications, and of that group, 57.7% had 20 years or more experience. This sample yielded a highly credible pool of "experts" for answering the question regarding the relationship between direct marketing and advertising.

In assessing the relationship between direct marketing and advertising, it was necessary to first determine each discipline's function. Because there has been much debate on both sides as to how each discipline functions, there were no a priori hypotheses. Thus, exploratory factor analysis was used to detect any underlying dimensions that may be associated with either discipline.

Full principal components analysis was used to identify factor loadings on six scale items (Table 1). A five-point scale was used to assess to what degree respondents agreed or disagreed with the statements. The dimensionality of the six items from the direct marketing versus advertising measure was analyzed. Two criteria were used to determine how many factors to rotate: factors with eigenvalues greater than one and the scree test. Only two factors had eigenvalues greater than one, and the scree test indicated that two factors should be kept. Based on these criteria, the two factors were rotated using a Varimax rotation procedure. The rotated solution, also shown in Table 1, yielded two interpretable factors, Immediacy (of Direct Marketing) and (Advertising as) Impersonal. The Immediacy factor accounted for 35% of the item variance, and the Impersonal factor accounted for 19% of the item variance.

TABLE 1
Direct Marketing and Advertising Factors

Factors			
Variables	Definition	Immediacy	Impersonal
Item01	Direct marketing is the medium, advertising is the message.	.64	.39
Item02	DM goals are short-term, AD goals are longer-term.	.70	.15
Item03	DM is a subcategory of AD.	.84	0
Item04	DM always involves interactivity with a consumer.	.51	0
Item05	Advertising is the medium, direct marketing is the message.	.24	.69
Item06	AD never involves interactivity with a consumer.	-.13	.82

Beyond how direct marketing functioned in relation to advertising, promotional tools associated with each field were also used to assess the relationship between both disciplines. Frequency results of 19 scale items appeared to indicate that, for the most part, respondents tended to classify more marketing communications activities as direct marketing (6 out of 19) or both direct marketing and advertising (9 out of 19). Activities that were definitely considered direct marketing were direct mail, product catalogs, personalized commercial e-mail, non-personalized commercial e-mail, sales representatives, and

telemarketing. Activities that were primarily classified as both direct marketing and advertising were television commercials, radio commercials, banner ads on the Internet, free product samples, kiosks, and personalized magazine ads, promotional products, free standing inserts in newspapers, and product Websites. Only billboards, product logos and sponsorships were considered completely advertising activities, and merchandising was considered neither; although, it could be argued that respondents had more of a tendency to classify merchandising as an advertising activity.

Though the factor analysis indicated that direct marketing was associated with a sense of immediacy and advertising was associated with being impersonal, the marketing communications activities with which each discipline was attributed indicate that they were not as distinctly different. When respondents were asked to assess the relationship between direct marketing and advertising, 48.6% felt that the disciplines overlapped, while 30.6% felt that they were converging to a point of indistinctness.

CONCLUSION AND IMPLICATIONS

Even among the experts, dissent exists as to what is direct marketing's relationship to advertising. Initially, a factor analysis of how professionals in advertising and marketing viewed each of the related functions indicated that the former was associated with being impersonal and the latter was associated with a sense of immediacy. However, a frequency analysis of marketing communications activities associated with each discipline shows less clarity between the two. When considering the function of each field, respondents show more agreement. Functionally, direct marketing serves tasks that require immediacy. These tasks tend to be interactive in nature and fulfill short-term goals. Perhaps it is because of these features associated with direct marketing that also contribute to respondents' tendency to view it as a subcategory of advertising. Advertising, on the other hand, serves a more impersonal role as the medium delivering the message and that precludes it from being interactive. When considering which marketing communications activities are associated with direct marketing and advertising, results are unclear and even contradictory to how respondents view each discipline's function. For example, the activities that are definitely associated with each respective field concur with how respondents view their functions (i.e., immediacy of direct marketing and advertising as being impersonal). However, there are equally as many tools associated with both fields (television commercials, radio commercials, banner ads on the Internet, free product samples, kiosks, personalized magazine ads, promotional products, etc.) that could be defined as being interactive or impersonal.

Although the future of advertising may not be as bleak as Rust and Oliver [24] suggest, depending upon how broadly you define "advertising" [21], their point that traditional advertising is losing ground to other forms of marketing communication is reflected in the expansive definition of "direct marketing" apparently held by the experts. None of the experts indicate any area on the electronic frontier that is an ownable domain of advertising; whereas, both personalized and non-personalized commercial e-mails are credited with being the sole property of direct marketing. However, Godin [13] views the Internet phenomenon as a signifier of the marriage between the two disciplines. Some of the preliminary findings from this survey support that position. With over 80% of the respondents indicating that both disciplines overlap or are converging to the point of indistinctness, the boundaries appear to be evermore blurred.

Several important implications can be drawn from these results if later analyses concur with the findings. Professionally, practitioners and academics must take their cue from the field to determine how they position their services and work. Although direct marketing is expanding as a discipline, advertising has a long and widely recognized history. As Schultz [26] has pointed out, consumers tend to sweep all of these techniques into a box they call "advertising." In practice, it is also important to

understand the parameters of each discipline for the sake of accountability and legal issues. Clients may have more expectations of fiscal accountability from direct marketers than advertisers, and in some countries these fields can be held to different legal standards. With so many variables to consider, and so much at stake, more research and discussion of this issue is needed. The very future of advertising and direct marketing may depend on it.

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