

Using Simulations to Retain Direct Marketing Concepts

ABSTRACT

Throughout the college years, students move from one marketing course to another with professors assuming and expecting that skills taught are retained. To ensure skills are retained, studies have shown that the simulation method has a greater chance of success. This paper will discuss the steps involved in developing a direct marketing campaign, when taught in a simulation, teach core marketing skills as well as provide a structured approach consisting of strategize, plan, execute, and measure, which have universal application to any situation. This paper will demonstrate how both can be applied to students' "real world" situations.

Keywords: direct marketing, campaign, retention, segmentation, SWOT analysis, simulation

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BIO

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EXTENDED ABSTRACT

Purpose

Traditional direct/interactive marketing, integrated marketing, and database marketing courses teach a myriad of marketing skills to college students. However, as students move from one marketing course to another, retention of skills learned previously is assumed and passively assessed via traditional measures of tests, assignments, and presentations. How do we, as professors, really know if students are acquiring and retaining the necessary skills to be effective marketers in their careers?

Suppose, the concepts were taught in a simulation, would students retain them better so that they can be applied beyond the classroom? Studies suggest that students benefit from role play simulations in acquiring skills.¹ In addition, simulations increase skills retention.² In the context of direct marketing, a prime candidate for a simulation would be the execution of a direct marketing campaign for a company.³ Since most students matriculate and enter the professional world where a team environment is highly likely, a group project for this simulation is realistic. Students would benefit from the core marketing skills taught. Given the structured approach, team and other "real world" aspects, students would not too soon forget the experience. Professors can test students' retention by having them apply the direct marketing skills learned to "perceived" non-marketing areas; this is a "truer" test of retention. For example, the job search process. In general, students perceive job search (i.e., full-time/part-time employment, internships) as non-marketing related. In reality, job search is very much about marketing; it is about marketing oneself as opposed to marketing a company's products and services, which is the focus of most courses and textbooks.

The purpose of this paper is to demonstrate that the core marketing skills involved in developing a successful direct marketing campaign using a simulation can be applied to a "real world", personal, and near-term scenario of seeking employment. As such, this direct marketing simulation project should be given to an undergraduate class comprised primarily of juniors and seniors. This paper focuses on the use of a direct marketing (DM) campaign for expository purposes and can be extended to other types of marketing campaigns, e.g., interactive, web, etc.

Simulation Concepts

Direct Marketing (DM) – Direct marketing refers to a company's direct communication with consumers / customers focused on eliciting responses to offers for its products and services (e.g., purchases) via a process that is tracked and measured. This process requires an understanding of diverse marketing concepts and builds upon multiple marketing courses.

Simulation Objectives

1. **Objective #1:** Students will work in teams to conduct a direct marketing campaign.

2. **Objective #2:** Students will apply what they learned in the direct marketing campaign project and work individually to a "real world", personal, and near-term scenario to implement a plan to obtain employment.

Objective #1: Conduct a Direct Marketing Campaign:

The steps to follow provide a structured approach to conducting a DM campaign.

1. **Develop the DM strategy and specific campaign objective** – Determine the overall DM marketing strategy for the company, conduct market research, assess the company's strengths, weaknesses, opportunities, and threats (SWOT). Develop the objective for the specific DM campaign (e.g., acquisition, conversion, lead generation, etc.). The objective should be clear and quantifiable (e.g., 300 visits to the store to redeem a coupon; upsell new products to 250 users of old products; have 100 people download a new tool from the website, etc.). Determine the specific DM campaign's core message.

DM skills applied: strategy development; market research; SWOT analysis; customer acquisition, growth, and retention strategies.

2. **Define the target audience** – List the attributes of the typical customer the specific DM campaign is targeting, including psycho-demographics and other criteria. Build a target profile.

DM skills applied: customer segmentation and modeling (e.g., database marketing and data mining).

3. **List the major steps in the plan** – Define the major steps to execute the specific DM campaign. In example, the major steps for a multi-channel DM campaign (e.g., mail, web, phone) could be:

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| (1) Channel selection | (5) Postage |
| (2) Creative development (art/copy) | (6) Business reply (card/email confirmation) |
| (3) Production/printing | (7) NCOA process |
| (4) Direct mail/email list development | (8) Fulfillment |

For large projects, organizing these steps into components will help avoid being overwhelmed with too many steps to manage.

DM skills applied: project planning.

4. **Set a completion date** – Set an end date in order to provide a timeline to achieving the objective of the specific DM campaign. For large projects, defining milestones, setting dates for these milestones, and managing to milestone dates will help avoid being overwhelmed with a long time horizon.

DM skills applied: project planning, marketing calendar development.

5. **Determine the budget** – Determine and manage the project budget by organizing the specific DM campaign into components. Building on the example in #3 above, the components could be: (i) total budget; (ii) creative development; (iii) production/printing; (iv) direct mail/email lists; (v) business reply charges.

DM skills applied: project management, budgeting, vendor management.

6. **Determine the expected outcome** – Determine the expected outcome of the specific DM campaign. This can be used for comparison against actual results. Sample metrics could be:

- Expected number of responses
- Cost per response
- Return on investment

Metrics can be used to make adjustments during the campaign or in the next campaign (i.e., test and learn approach).

DM skills applied: impact analysis of marketing to company financials and profitability, what-if sensitivity analysis and scenarios.

7. **Design the offer/collateral** – Develop an offer/collateral that motivates the target audience to respond immediately to the specific DM campaign. The offer needs to be attractive, compelling, and easy to understand.

DM skills applied: value proposition development.

8. **Develop the target list** – Determine the “customer” list to use to reach the target audience (i.e., in-house or purchase from brokers). Identify the customer segments on this list. Specify the list size, the quantity to test (as part of a test and control design), and the list cost. Select channels that best fit the target audience.

DM skills applied: test and control groups and schema design; DM vendor types.

9. **Launch the DM campaign** – All of the above steps are critical to the execution and success of the overall DM strategy and the specific DM campaign from multiple perspectives, e.g., cost management, marketing opportunity management, customer relationship management, etc. Once the above steps have been completed, then execute the DM campaign.

DM skills applied: cost management, strategy to action/ implementation, campaign planning and management, customer experience management.

10. **Measure the results** – The success of the overall DM strategy and the specific DM campaign is determined by measurement. Too often, marketers spend tireless energy developing campaigns without a true benchmark for measuring its effectiveness. Worst yet, they spend millions of dollars with uncertain (and even, largely unmeasured) returns. Once the campaign is launched, conduct response analysis to measure how actual results compare to the expected outcomes initially defined and capture the key lessons learned. This type of measurement will ensure the efficiency and success of the overall DM strategy and subsequent campaigns.

DM skills applied: response analysis, marketing metrics and analysis.

Objective #2: Implement a Plan to Obtain Employment:

Students will leverage what they learned in Objective #1 and develop a strategy and plan to a “real world”, personal, and near-term scenario of obtaining employment. Most of the steps from Objective #1 apply as follows:

1. **Develop the strategy and objective** – Conduct a self-assessment of core skills, capabilities, and experience using SWOT. Leverage research from career placement offices, other students, alumni, etc. Identify the type of job opportunities being sought and the specific career objectives.
2. **Define the target audience** – Acquire a list of potential employers and group them into employer categories based upon job descriptions, roles, responsibilities, geographical locations, etc.
3. **List the major steps in the plan** – Develop a high-level plan to manage the job search process, including dependencies, what-if scenarios if and when delays or disappointments occur.
4. **Set a completion date** – Manage the job search process to a timeline, including milestones for major steps, e.g., finalize resume, complete job applications, schedule interviews, etc.
5. **Determine the budget** – Manage the job search process to a limited budget and impute funds accordingly (e.g., for interview attire, time spent away from current employer, travel, etc.).
6. **Determine the expected outcome** – Identify expectations or success rate for each job opportunity and employer category.
7. **Develop the value proposition and the collateral** – Determine how one's skills, capabilities, and experience match the job opportunities being advertised and tailor communication and collateral accordingly (e.g., resume, cover letter, follow-up letter, etc.).
8. **Develop the target list** – Identify the target list of potential employers (i.e., a test and control design, test and learn approach).
9. **Launch the plan** – Execute the plan for job opportunities via various channels (e.g., mail-in applications, website submissions, university services, job fairs, etc.).
10. **Measure the results** – Track results from the various job opportunities and employer categories. Improve and refine the plan accordingly, and re-launch as needed.

Summary

It is apparent that the steps for conducting a direct marketing campaign are easily transferable and can be applied to implementing a plan to obtain employment. The reason being that a direct marketing campaign teaches core marketing skills as well as provides a structured approach consisting of strategize, plan, execute, and measure. When taught using a simulation, students are more successful in acquiring and retaining these skills and applying them to "real-world" situations.

References

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³ Chakraborty, Goutam and Glen Nowak (1998), "Teaching Direct Marketing and Teaching Exchange," in the *National Direct Marketing Institute for Professors*, Atlanta, Georgia, March 11-13.