

Marketing Direct – February 2008

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Sector 'will survive'

THE BIG ISSUE The industry's figures expect DM to weather any

Senior figures in the direct marketing industry are confident about the sector's outlook for this year, despite uncertainty in the global economy and a major global stock market downturn in January.

Agencies and clients said that the DM sector would be affected by any downturn but would probably weather the storm better than other areas of the advertising industry. Digital channels, rather than direct mail, would be the beneficiaries.

One of the biggest concerns for clients and agencies is the possibility of a cut in budgets. January's quarterly Bellwether report showed that just 14.4 per cent of client companies are set to increase DM budgets in 2008 – the smallest rise in the Bellwether's eight-year history.

Mike Dodds, UK chief executive officer of agency OgilvyOne Worldwide, said that although he expected budgets to be squeezed across the board, he felt that DM and response-generating media would be spared the worst of the cuts.

He stressed that digital would now be a very attractive option for clients. "What is different compared with the last recession is that the definition of accountable advertising extends to new media like search and email," he said.



Slump: the London Stock Exchange saw a hefty fall in the FTSE 100

"Budgets that would historically have gone to direct mail during a recession will now also be spent on those channels."

He added that a downturn might speed up the transition to online media. Many other industry figures, however, including Jane Asscher, managing partner of agency 23red, stressed that a recession should not push clients into using digital on the basis of price alone at the expense of overall effectiveness.

Keith Hunt, managing partner of consultancy Results International,

thought certain markets would fare better than others. "Inevitably there will be cost-cutting, although that will vary from sector to sector. Financial services is already being hit, particularly on the banking side, with some campaigns already being postponed and cut back," he said.

Hunt added that a recession could also affect the way agencies were structured, with procurement likely to become more important. He also suggested that a slowdown could enable smaller, leaner agencies to grow their market share.

IN THE BAG A round-up of new business wins

Car marque **Chevrolet** has hired Draftfcg London to handle its direct and digital marketing in the UK. Activity will include the promotion of its new four-door family model, the Epica.

Agency TDA has been tasked with handling the direct marketing and relationship marketing programme for **Derbyshire Building Society**. Work will include CRM activity and the launch of a member benefits scheme.



Vodafone: behavioural targeting

Travel City Direct, part of the XL Leisure Group, has appointed data marketing provider Blueberry Wave to track

transactional and behavioural customer data.

Mobile operator **Vodafone** has hired behavioural targeting specialist Omniture Touch Clarity to give website visitors a more relevant experience.

Affiliate marketing provider Buyat has won a two-year exclusive contract with **Littlewoods Shop Direct Group**. The retailer is aiming to increase its online sales.