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was one of the gang of four who came together within Midland Bank to create First Direct in 1987. The Bank launched as the UK's first telephone bank in October 1989. He joined as Commercial Director in 1992 and held that position until June 2006. During that time First Direct became one of the most talked about financial services organisations in the country and won worldwide acclaim. He led its strategic development, brand proposition and marketing throughout. First Direct and he won very many awards for marketing and customer service, including Direct Brand of the Decade in 2006. First Direct has been the UK bank with the most satisfied customers and the UK's most recommended bank for over ten years. He is now Chairman of Lateral Group, which aims to help its clients accelerate their business growth by combining data, creative thinking and multi-channel outputs.

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Opinion Piece

Direct marketing: Options for the future

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Abstract

Direct marketers have a choice to make. We have come a long way over the last 30 years and achieved much. The volume and value of the industry is an unquestionable testament to its success. But we are now faced with a real dilemma. We are like graduates, fresh from the university with a good degree — the world is our oyster, but which direction do we take?

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The three big ifs

Why do I say we have a choice right now?

Because, right now, we face three big ifs: do we go one way or the other? If we say yes in each case we follow the high road to further success, a no and we are on the low road to failure. So what are the issues we need to face?

Consumerism

We, the 60 million plus people living and working in the UK are becoming more sophisticated. We know what we like and what we are prepared to accept. Increasingly, we like time and space and are alive to green issues. Therefore, we do not like interruptions, and neither are we prepared to put up with waste.

Direct marketers must agree that the days of junk and spam in all their guises are gone; being out of touch is the road to nowhere.

Integration

It is now obvious that we are moving towards a digital world. We talk so much of media fragmentation as if it is a threat. Obviously, it is a tremendous opportunity to direct marketers prepared to accept the new world. As one industry declines, others grow — I watched the decline of textiles, steel and coal in Yorkshire in the last half of the last century. Wonderful case studies in attitudes to structural change — compare Leeds with a reinvention philosophy with Sheffield's retrenchment mentality.

The communications market is growing rapidly and becoming more competitive

The three challenges are closely linked

A new world of direct marketing

We have the same issue. Volume direct marketing will be no more. Integrated multichannel, digital communications are the world of the future, including digital design and delivery.

Consolidation

Our market, the communications market, is clearly growing rapidly. It is also becoming more competitive. In this environment, the current direct marketing structure — myriads of relatively small firms focusing on direct mail are bound for nowhere. To meet the challenges of consumerism and integration, we must consolidate. That means we must stop thinking of ourselves as data houses, production outfits, creative units, but as marketers — marketers more than equal to compete with the big names in advertising and (credit) data sectors.

We must become corporate with the capital to invest, strong management and the willingness to pursue active change.

Naturally, the three challenges are closely linked. Consolidation within the industry is the supply side mechanism to address consumerism (end user requirements) and integration (client demand). Consumerism and integration are essentially matters of philosophy.

Individual firms within the industry can make the choices to be a market leader, a fast follower or a profit player. What I am concerned about is the industry as a whole. Its fragmentation means that there are few, if any, strong industry voices advocating change and influencing decision-makers. It is the lack of voice that I believe is our greatest problem, strange for an industry which is actually about communication.

The new world

So what might a new world of direct marketing look like? How will it be different from today?

Marketing

The digital revolution is an incredible force for good for marketers. It is not just a new set of channels, but a new way of thinking about marketing. It is one of the forces bringing about a rethink of the four Ps of marketing, but more of that later. At its heart, digital is not only faster and more flexible, but also targeting and measurement. As communications digitise, they will increasingly become more accountable — the distinction between above and below the line will dematerialise. In the digital world, all marketing becomes direct in the sense that it is targeted, individual and measured.

Multichannel organisations with retail outlets will increasingly view that retail space as a digital channel competing with others for investment priority, dependent on sales effectiveness. I suspect 'direct', as defined by non face-to-face delivery, will fall into disuse, as multichannel organisations use multiple channels to effect sales and some 'direct' organisations open on the high street. They may become little more than sales brands for price differentiation. Again price differentiation for equal quality in open web space, however, is open to question.

In this environment, marketers must again focus on brands, their market positioning and the propositions they put forward.

Information relationships

Personal

The new world will become increasingly individual. Customer relationship marketing, or management, in its former sense will be replaced by information relationships. As consumers become more sophisticated and protective of their identities and associated data, they will become choosier about whom they share that information with. Data are already units of value for marketers; it will become units of value for consumers. Consumers will trade information for deals — better value.

Consumers empowered

This new information revolution changes the customer/organisation relationship further in favour of the consumer. With a wider choice of suppliers and who they are prepared to share data with, the consumers will become stronger, partly enabled by the strong feelings of control that online purchasing creates. In my own field of banking, the UK banks already claim more customers than the UK adult population — as people multi bank. Already online bankers are more sophisticated, exchange more information and buy more than their retail and telephone counterparts.

The drive for personal marketing rather than direct marketing, encompasses all channels. Enabled by information exchange and more effective digital communications, this move is yet another positive force for direct marketers willing to embrace change. It is also a further argument for the need to invest in brands which differentiate, not least that consumers will prefer to exchange information with — and therefore buy more from — brands they trust.

Integration

Mobile

Finally, I expect this new marketing world to be more mobile. The integration of telephony, computing, television and entertainment is already well underway. Digital television will be replaced by web television, and household communications networks will enable different applications by people in different rooms.

But people travel, and people live in different time zones. As we have said, in a crowded world, people want time and space, and they are already creating new social networks to fit with the global village. It is obviously best seen in teenagers, but the continued demand for

Mobile marketing will grow exponentially

personalisation of me and freedom of movement will lead to a more mobile me. There have been some false starts, but now — including with the launch of iPhone, the hardware and software is well on the way to delivery and acceptance.

That means mobile marketing will grow exponentially. That growth will be accelerated by the mobile payments revolution, well underway in Japan but taking a small foothold in the UK. The ability to track people on the move, their buying behaviour and their communication preferences creates enormous potential for marketers — increasing relevance and effectiveness.

This new digital, personal mobile world is the future of direct marketing. It also redefines marketing fundamentals.

The four Ps of new marketing

The last time we thought fundamentals had changed was in the dot.com boom. We thought that businesses claiming customers, incurring costs and eating capital were new age, forgetting that generating revenues might just be a relevant activity. It is not the first time; history simply repeated the South Seas Bubble and the railway boom a century ago.

When I say fundamentals are changing, I am not saying that business fundamentals are changing, but that marketing ones are. In the new world, place is largely irrelevant if you are buying products or services which are delivered to you. Price for equal quality will normalise as price comparison online becomes more common and switching becomes easier. The current trend of complex tariffs to confuse will be reversed in favour of simplicity.

So what might rise up the agenda in the four Ps?

Personal

The four Ps

As we have seen, the new age is a more personal, individual world with consumers in control of their space, time, connections and networks and people seeing the value of their information. It is the CRM revolution reversed with consumers and their data in the driving seat.

Organisations recognising this, acting as trust brands with integrity, alive to green issues, providing quality service at an individual level and connecting with people and not numbers or segments, are playing the new game. This applies to direct marketers as much as to our clients.

Proposition

Products will increasingly be specified at the point of purchase with real time manufacture to meet individual needs. It is happening with cars, and it is on the move in travel as we prefer individual packages to packaged individuals.

Increasingly, and it is the proposition rather than the product that will resonate with customers. Product performance will be a ticket to

the game rather than the game *per se*. What matters are the benefits to me, the perception of the organisation delivering those benefits and the total brand experience. The artificial disconnect between the product, the way it is bought and the quality by which it is serviced will disappear as the whole proposition rises to the top.

Process

Marketing interactions becoming ever more complex

Marketing has always been a complex set of interactions. It is becoming ever more complex, with multiple campaigns across multiple channels for multiple propositions. The process by which these campaigns are established, managed and measured might be the gritty stuff of marketing. In the new world it is the hard edge by which the best marketers can achieve the best results. Understanding the optimum sales track for selling to a customer and being able to implement that track simultaneously with others will drive real competitive advantage.

Creativity needs to be redefined to include not only its emotional context, but the creative mind to experiment with the ever more exacting requirements of the rational mind. As digitisation increases possibilities, the process to deliver those opportunities on time and every time will become an acknowledged business driver.

People

People coming back into the frame

Finally, our people. It is interesting how people are coming back into the frame. Instead of Human Resources Departments focusing on front-line service and sales staff, we are beginning to see leaders reinvigorate the belief that everyone contributes to delivering the brand experience. The enlightened ones understand that it is the touch points of that experience with customers that are the stuff upon which brands and businesses are built. I love using Amazon, but have never spoken to an Amazonian; I do know that Amazon people create a great website, deliver on time and make me feel good.

There is no dilemma between a strong people culture and recognising that work life is an extension of home life and a strong sales culture. There is plenty of evidence that people who feel better, perform better. Again I am thinking of direct marketing organisations as much as the organisations they serve.

The vision

Direct Marketing redefined as Personal Marketing

So there we have it. Direct Marketing redefined as Personal Marketing, at the centre of information-led relationships.

Relationships based on individual control, using digital channels for information gathering, purchase and servicing. Interactions recognising the need for space and time. Strong propositions informing all aspects of the brand experience. Delivered by well-managed processes, designed and implemented by people who feel good about themselves and their organisation.

This is an exciting vision for our future and the choice is ours.