Chapter 27
Designing Database Marketing Communications

Abstract When all the LTV calculations, predictive modeling, and acquisition and retention planning have been done, the firm ultimately must communicate with the customer. In this chapter, we discuss how to design database marketing communications. We discuss the planning process for designing communications, and devote most of the discussion to copy development and media selection. We pay special attention to “personalization,” or individualizing the message that is communicated to each customer.

27.1 The Planning Process

Figure 27.1 presents a planning process for designing database marketing communication campaigns. The focus might be on a single campaign or a program consisting of multiple campaigns. The four major steps are: Set the Overall Plan, Develop Copy, Select and Schedule Media, and Evaluate Results. We discuss the overall plan, copy, vehicle selection, and evaluation in this chapter, and scheduling, particularly for multiple campaigns, in Chapter 28.

The process in Fig. 27.1 could apply to mass marketing as well as database marketing. However, database marketing campaigns differ from mass marketing in their emphasis on field testing and personalization. Each of the copy and media steps can be tested and personalized to individual customers. Even the evaluation can be conducted using a test. We will see illustrations of testing and personalization in this chapter.

The personalization aspect of database marketing communications is part of a broader theme: 1-to-1 marketing. That term was coined by Peppers and Rogers (1993; 1997), who applied it to creating specific products for individual customers. Hess et al. (2007) define 1-to-1 marketing more broadly, as “tailoring one or more elements of the marketing mix to each customer.” Hess et al. distinguish two types of 1-to-1 marketing: “personalization” and “customization.” Personalization is when firms use customer data to individualize
one or elements of the marketing mix – products, channels, prices, communications – for each customer. Customization is when the customer takes the lead, typically in the product arena, designing the product he or she most prefers. A prime example of customization is Dell’s website that allows the customer to specify the product. Examples of personalization include the Amazon website’s recommendations or Tesco’s personalized promotion system (Chapter 22). Throughout this book, we have emphasized personalization, since it is based directly on customer databases. In this chapter, we emphasize the personalized design of communications.\(^1\)

### 27.2 Setting the Overall Plan

#### 27.2.1 Objectives

The overall plan consists of objectives, a strategy for achieving the objectives, and a budget. Objectives usually include specific goals such as ‘increase sales by 10%,” “acquire 20,000 customers,” or “reduce churn by 5%.” Campaign objectives are usually action oriented, similar to sales promotion objectives (Blattberg and Neslin 1990).

It is useful to make “qualitative” as well as quantitative considerations part of the objective. For example, the objective of a direct marketing campaign for an electronics device manufacturer might be, “Achieve a 1% response rate while reinforcing product positioning on quality and reliability.” The objectives of an offer for an upscale retailer’s customers to join a reward program might be “induce 20% of current customers to sign up for the reward campaign by emphasizing our quality and service.”

Qualitative goals are important for three reasons: First, database marketing campaigns often play a dual role as promotions and advertising

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\(^1\) See Murthi and Sarkar (2003) for an excellent review of product personalization.