

# MARKETING DATABASES – THE SHORTEST WAY TO CLIENT’S HEART

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*The aim of this paper is to present the potential which could be offered by managing databases in direct marketing through gathering the information that could offer the shortest and efficient way to the clients needs. The paper includes the necessary steps to make this activity a real success.*

*Keywords: databases, marketing direct, customer database, information, databases update*

## **The direct communication with the customer – The essence of a successful direct marketing activity**

The process of defining and establishing direct *communication objectives* is a very important element of communication with the customer. Without clearly specified objectives, the target of direct marketing communication program can easily fail. Also, the objectives serve as reminders of what the economic organization is attempting to do with its communications to various customers.

The objectives of the communication with the customer are derived from promotion marketing objectives, which tend to be general because they relate to entire marketing plan and they also can be measurable. Communication goals are depending on the stage in the buying process that is addressing to. According to Kenneth E. Clow and Donald Baack, the *major direct communication objectives* address to both compartmental and psychological issues and regard the following issues:

- Build customer traffic
- Change customer beliefs of attitudes
- Develop brand awareness
- Encourage repeat purchases
- Enhance firm image
- Enhance purchase actions
- Increase category demand
- Increase market share
- Increase sales
- Reinforce purchase decisions<sup>260</sup>

## **Database marketing objectives**

The *objective and role of the database in the direct marketing and communication* determine the structure and the content of the database. The typical questions posed concerning data collection include:

- What kinds of data are currently available?
- When and how often will information be collected?

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<sup>260</sup> Clow, Kenneth E., Baack, Donald – Integrated Advertising, Promotion and Marketing Communications, Prentice Hall, New Jersey, 2007, page 101

- When and how often will information be updated?
- What additional data are needed?
- Why certain data are needed and not other types?
- How will the data be used and who will use it?
- Where will the data be located?

Answers to these questions allow the marketing and information system departments to design the specific database. It is important to make sure the information helps the company maintain a successful communication program.

The objective related below may be changed or be modified as time passes depending the company's actualized needs but the essential information remains relatively consistent. Regarding these, the objectives *for direct marketing database communication with customer* can include the following issues:

- Provide useful information about company's customers
- Create information about why customers purchase the products they do
- Share information about customers as companies prepare advertisements and promotional materials
- Reveal contact points to be used in direct marketing programs
- Generate information about members of various buying centers in business to business operations
- Track changes in purchasing behaviors criteria used by customers<sup>261</sup>

### **The steps to a successful direct marketing communication**

In order to create a complete communications and promotion program, 8 steps are necessary according to Philip Kotler<sup>262</sup>:

- The first step is to **identify the market target**. The company must identify the target market from the beginning if it wants to know who it is addressing to. The target can be formed by: potential customers for the company's products, current users of company's products, decision factors and influence factors.
- The second step consists in **determining the communication objectives**. Once the market target is identified, and also its characteristics, the company that releases the message must decide what kind of answer wants to get.
- It follows the **creation of the message**. Knowing what kind of answer the company wants to get, the message must be created in that manner to achieve that objective.
- **Choosing communication channels** is the next appropriate step. The company must choose efficient communication channels to distribute its message. Many times these channels must be different and more than one.
- Next step is – **setting the promotion budget**. To set the promotion budget is one of the most difficult marketing decisions which companies are confronting with. Mostly there are 4 major ways to establish the promotion budget: the method based on the company's possibilities, sales percentage method, the method based on competitive priorities, objective and task method of budgeting
- It follows the step of **establishing the promotional mix** – the elements that compose the promotional mix are: advertising, personal selling, sales promotion, public relations, and direct marketing.
- **Determining the results of the promotional activities**. After the implementation of the promotional plan, the company must evaluate the impact produced on the market target.
- The final step is **the organization and the coordination of marketing communications**. To reach the communicating objectives, the companies must use more than one communication tools referring the promotional mix.

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<sup>261</sup> Clow, Kenneth E., Baack, Donald – Integrated Advertising, Promotion and Marketing Communications, Prentice Hall, New Jersey, 2007, page 350

<sup>262</sup> Kotler, Philip – Principiile marketingului, Ed. Teora, Bucuresti 2000, pag. 1048

## Customer Database – the tool which can bring the real advantage in knowing customers' needs

The first thing that must be presented in this section is the database definition. A database is a collection of data/information that is organized so that it can be easily accessed, managed, and updated in order to select desired pieces of data depending on combined selection criteria.

Referring to marketing, a definition of marketing database according to TechTarget ([www.techtarget.com](http://www.techtarget.com)) is "Database marketing is a systematic approach to the gathering, consolidation, and processing of consumer data (both for customers and potential customers) that is maintained in a company's databases. Although databases have been used for customer data in traditional marketing for a long time, the database marketing approach is differentiated by the fact that much more consumer data is maintained, and that the data is processed and used in new and more sophisticated ways. Among other things, marketers use the data to learn more about customers, select target markets for specific campaigns (through customer segmentation), compare customers' value to the company, and provide more specialized offerings for customers."<sup>263</sup> (TechTarget provides enterprise IT professionals with the information they need to perform their jobs - from developing strategy, to making cost-effective IT purchase decisions and managing their organizations' IT projects - with its network of technology-specific Web sites, events and magazines.)

So, a customer database is a structured collection of records including information about customers or potential customers. A good customer database is the key for developing efficient customer relationships. But what does it mean "a good customer database"? What kind of information must it contain? Is it enough to know information like: name, address, age, marital status, etc.? The idea of using databases is to manage customer relationships to increase both sales and also the customer satisfaction. In order to get customers satisfaction, next to information like:

- demographics: address, telephone, age, birthday, marital status, occupation, etc.,
- information like:
- psychographics: activities, interests, opinions, buying patterns, etc. – are also needed.
- An appropriate database can offer important information about the customers needs, wants and buying patterns, and also information such as the most and the least profitable customers. This process containing methodologies, software, and usually Internet capabilities that help a company to manage the relationships with its customers in an organized way, is called Customer Relationship Management (CRM), and it plays an important role in many small business' sales and marketing strategies. The role of the Customer Relationship Management – CRM – consists in helping companies to understand, so that to anticipate, the needs of current and potential customers. One of the most important information the CRM system may offer is to determine the most profitable customers and also, what common characteristics do they share. But, first of all, in order to offer appropriate and essential information about the customers, a CRM is based on an effective marketing database.

### Customer database development

- The first step in building a customer database, management must first determine the **company's primary objectives**. Some of these objectives may be:
  - future promotional activities;
  - introducing a new product and service;
  - to sell different products/services;
  - distributing information about an event;
  - thanking them;
  - creating customer loyalty programs;
  - determine the most profitable customers;
  - and many others.
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<sup>263</sup> [http://searchcrm.techtarget.com/sDefinition/0,,sid11\\_gci939072,00.html](http://searchcrm.techtarget.com/sDefinition/0,,sid11_gci939072,00.html)

The second step is to determine what kind of data a company needs about its customers, in order to achieve the objectives. In order to developing a good marketing database, the management must know that it also must include details of **prospective**, as well as existing customers. Not only existing clients must be targeted, but also the potential clients. This is one important principal a customer database must refer.

### Source Data for Customer Databases

- The information kept in a customer database comes from different data sources. These sources can be internal or external.
- **The internal data** are the data that refers to the existing customers and comes from the inside of the company. The internal data may refer to: client files, orders recordings, information selected from customer reclamations, data referring to customers' satisfaction, reactions to promotions actions, market research, questionnaires, etc.
- **The external data** is the data which comes from outside, for instance by renting a list of names and addresses or by changing data with another company.
- Each marketing department must determine the particular source data which is needed in order to get all necessary information for their customer database. This depends on specific products or services, the domain of activity or even the competitive situation of the company.

### Customer Database Accuracy

Database accuracy is essential for an effective Customer Relationship Management system.

First of all, the quality of data and the quality of the customer database maintenance are very important. They must be updated frequently because some data are changing often. Problems may appear when data from different sources are mixed, for instance data from internal sources with data from external studies.

Wrong data as: duplicates, wrong addresses, personalization errors, etc., may drive not only to losses in the company's budget, but also can affect the marketing strategy by giving wrong information.

### Customer Database Using

The using of customer databases in marketing is a very powerful and competitive weapon for companies because it helps them to stay close to the customers, to understand their needs, to treat them well after the sale, and this way to develop a fidelity program. Using the information kept in the customer databases, advertising campaigns' messages may be tailored to specific segments of the market or even to the individual customer. In conclusion, there are many ways a customer database can help companies to improve their activity by: profiling existing customers (looking at customers to identify common characteristics between them), keeping in touch with the customers, customer segmentation (people with similar attributes tend to have similar tendencies in purchasing patterns), customer scoring, customer retention (to identify groups that are likely to leave (potentially to rival providers)), cross-selling (in order to sell other products to existing customers), up-selling (in order to sell more expensive products or services to existing users of the same type items).

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