

History of Italian list market and Scenarios

In the 80s, leading companies of distance sales focussed on attracting customers through coupons in magazines or using lists whose only features were to be updated and to profile people who had shown signs of being consumers because they had bought a car or they had recently changed home or phone.

It was a list market of assumptions made: a list of proof of purchase of dishwasher detergent was labelled “wealthy” in the market and so on.

Often those who had to save or print the data would chose the cheapest services, knowing or imagining then that list would follow other channels.

In this context, companies were growing and attested with techniques of direct mail and telemarketing.

In the 90s a monopoly was broken, the phone list monopoly that at the time with 18 million subscribers was by far the largest and most strategic list when you consider the possibility of applying statistical models. The market lists took a step forward when a new emerging player (Telextra today Elenchi Telefonici srl) removed the monopoly on a list considered strategic. But how much effort was needed to reach a free market situation which up to then was shared by the few companies that conditioned associations and also the image of the direct in Europe.

In May 1997 the first Italian privacy laws came into force which met with unprepared main suppliers of lists of addresses, in addition to the confusion created by the same law and the lawyers of the time.

The law was introduced in Italy at a time when major European nations had been regulated for years. The regulations of this law certainly did not attract foreign investors and ranked Italy bottom in Europe in terms of willingness to encourage direct marketing and distance selling. In other words, ours was a far more immature market than those of northern Europe not only because of the rules, but also because a small group of companies was controlling the entire market lists that were based on said and unsaid sources.

The new millennium welcomed new foreign companies like Claritas and Consodata (now Acxiom) to the scene, famous for their surveys, or market research with many questions on purchasing behaviour. These databases, as well as the transparency of the sources and the compliance with the privacy law, satisfied the requirement of being able to profile based on lifestyle and socio-demographic variables declared by the people tempted to take part in the competition and for the sake of participating in market research on consumption.

Due to the lack of multinational sponsors of consumer goods, it has been a few years now that these companies do not support the acquisition costs, and especially the

competition of the internet. The days of surveys has drifted to online data collection websites through: contests, offer comparators, free samples, newsletter sign-ups, search job offers, discount travel, promotions, coupons, blogs and so on.

By its nature, the Internet collects many names but that have, usually, little data to profile, on the grounds that in front of a screen people do not like to entertain themselves and spend time with filling in a form.

The trend is to collect a lot of data at low cost in a short time. These are the statistics on coupons/forms filled in on-line when requesting a variety of information:

in 33% of cases the email address is only collected, for another 33% the email address, date of birth, and name, and then for the remaining 33% much more information is collected such as the postal address, telephone number, profession and so on.

This last group in 2008 equated for about half of the forms present online, so the trend is that more and more effort is needed to gather information from fewer and fewer surfers interested in giving out personal information.

Scenarios

Companies embrace permission marketing techniques that require more precise information. Permission marketing initially requires "an intrusion" too and this corresponds

more to the classic of the right message to the right person at the right time, then everything gets easier.

It is not without good reason that "let's make direct marketing easy" is also the slogan of a major list broker.

For years, we have seen an explosion of e-commerce websites regarded as being remote.

When it comes to e-commerce sites we should also emphasise that we are dealing with an investment not only in building the site, but also everything that is entailed with its organisation: freight forwarding, customer service, inventory, list management, communication techniques and loyalty etc. and, especially, specialised personnel.

Some build all this with their own hands, others rely on portals like Amazon and suchlike, from management of the site to the shipment of the goods.

The proliferation of e-commerce sites will ensure that the SEM/SEO techniques will not be enough, namely the traffic generated by search engines. Even now if type in, for example, "books" on a search engine reams of e-commerce sites appear. Everyone knows that after the first page of search results few venture on. Especially SEM and SEO are not on their own sufficient to create a significant number of new customers.

Those who search the Internet for a particular product/service make up only a fraction of the potential market which we know must often be stimulated. Senior citizens don't always use the network and an estimated

15% of the population live in areas with no internet connection.

The trend and the dream of operators is to drive on to use all the information that is on the network such as in blogs, social networks, cookies, etc.

At the moment in Italy these last points can not be implemented without clear and manifested consent by the person concerned, to allow access and handling of personal data.

The subject, however, is relative, as the large companies "network masters" are American and with offices in Europe, in Ireland and Luxembourg. The data is then passed onto companies such as Google, which owns several online services, including Gmail, which already implements segmentation based on the use of the words used in searches or words which are recurring in personal emails; In fact, if it is shown, writing to friends, an interest in a city it is then likely that they will receive promotional emails from hotels and restaurants from that actual city.

Now a popular technique, which does not blatantly touch personal information such as email, is to show a person surfing on a specific PC, ads banners linked to the pathways of recent navigation or to the keywords typed the week before. In addition to all this, there is a barrier on the horizon and that is the next European directive will require the consent to cookies which are those surfing mini-recorders at computer level (or IP address).

The navigator must be prompted with the request to agree to be profiled on the basis of his/her behaviour while surfing even if it is essentially anonymous profiling. But if banners can not be profiled, it is likely they will not be adjusted to tastes and therefore lose value.

Big data fascinates the direct marketing world, and not just because it is a veritable avalanche of data but also from what you can see happens in a minute on the internet:

- 204 million emails sent.
- 2 million searches made on Google.
- 684,000 shares on Facebook.
- €200,000 of online purchases.
- 100,000 Tweets.
- 47,000 apps downloaded.
- 35,000 Likes clicked.
- 28,000 posts published in blogs.
- 3,600 photos posted on Instagram. Etc ... etc ..

The bulk of this data is tempting to marketing and it is clear that the future will be played on this ground. However, someone pointed out that big data is not the point of arrival, but the smart data.

Conclusions:

It is a fact, that today we don't see a virtuous triggered market because through mild segmentations we contact people increasingly bothered by out of tune

communications and for that they go off to the dem channel (direct email marketing). The cpl/cpa (cost per customer acquired) operations exacerbate a lot this phenomenon that results in spam. Internet service providers are becoming more stringent and selective and, more than 20% of the network traffic is filtered as spam.

This explains why dem every year reports percentage falls in the rates of email openings and today a list is considered "good" when 10% of people open the message. Viewed in another way, we can say that we have communicated nothing to 90% of those on the list. Hence the risk that well-profiled e-mail lists obtain a low percent of message opening is blamed on the inurement to the media that in many cases has tired and disappointed recipients. To remedy this situation, in France and England databases with about 100 different sources in order to create a critical mass of information to then outline profiles have been created.

The Italian regulations on data collection provide the possibility to send promotions to third-party companies, but not to build join/in cooperation databases.

In contrast, although being leaders of the network, Tripadvisor and Google, resort to the use of postal mailing, which someone considered obsolete too early.

We expect that companies will increasingly look for targeted reactive lists in order to communicate in a precise and engaging way, and implement permission marketing techniques, but to do this rich marketing databases to

profile, segment and convey messages through an influential media are needed. On top of all of this, there are clouds on the horizon; for those who collect marketing data it will be harder due to the fact that the legislature will enforce regulations and cancellation procedures, the opt-in rule that is the express consent to receive marketing communications from third parties will become clearer and more efficient and above all it will apply to all channels, postal mailing included.

We are all waiting for the new European law on the subject