

**TITLE:THE DIRECT MARKETING AS A BALANCED RESPONSE
TO THE CHALLENGES OF THE MICROSEGMENTATION IN
A GLOBAL ENVIRONMENT.**

PAPER

**Author: Félix Cuesta Fernández
Professor of the Business Science
Department of the University of Alcalá**

**Address: Capitán Haya, 18, 8º A
28020 Madrid**

Phone / Fax: 341 (91) - 556-7288

TITLE: THE DIRECT MARKETING AS A BALANCED RESPONSE TO THE CHALLENGES OF THE MICROSEGMENTATION IN A GLOBAL ENVIRONMENT.

The most popular word used in the headlines of the economic news, in any sector, actually is **globalisation**; Joaquín Estefanía, author of “*La nueva economía, la globalización*”, he makes some reflections about the **globalisation** in an article titled “*La nueva (vieja) globalización*”, published in the economical newspaper Cinco Días on November 18th. 1.996, written by Andy Robinson. His reflections are in the sense that this is not a new phenomenon, it is something with clear background.

Among other reflections, a sentence attributed to Carlos Marx in 1.848 is presented in this article, “ *Every old national industries are destroyed, replaced by new industries whose presence in his territory is a question of life or death for every country and whose products are consumed in all the corners of the World. There is a strong dependence among all the countries in the material production, as well as intellectual.*” and the question is : the **globalisation** is something of the century XXI or it belongs to the century XIX?.

In the same article, there is a reflection about their origins and the reflection is “ *it arrives from we don't know where, following the orders of we don't know who. It remove the macroeconomics power to the elected governments. It generates unemployment, inequality or both. But this **globalisation** is very similar to the one of the past century*”.

The British economist Graham Thompson and Paul Hirst, question the novelty of the **globalisation** at the end of this century and the National and Supranational Administrations impotence to overcome their effects.

The publication “Situación de 1.996”, published by the studies department of BBV, under the title of “*Globalización y Gobierno de las Empresas*”, prestigious personalities belonging to the European academic and management World contribute with different point of view about the **globalisation** and how it's affecting to the enterprises.

In such publication, the Dr. Santiago García Echevarría, professor of the Alcalá University, writes an article titled “ *The **Globalisation** of the economy as the motor of economical, social and for the enterprises change*” a brief of this article is then reproduced : “ ***The globalisation** of the economy is the result of a mix of processes characterised by the fallen down of political, economical and social barriers, the international agreements, the technological development, the logistic and the information and communication and, finally, by the transition in the way to act of the enterprises around the new international activity*”.

In the same publication, Karel Lannoo, member of the Centre for European Studies (CEPS), writes an article titled *“The government of the enterprises from an European point of view”*,

Part of its brief is then reproduced *“The government of the enterprises has become a priority point to be discussed in the agenda of many countries. However, although formal and informal debate groups have been set to discuss the future of the government system of the enterprises in different countries of the EU, the dimension of the debate almost is not mentioned or even is ignored, due to the growing globalisation or the national frontiers disappearance”*.

Finally, Miguel Alfonso Martínez-Echevarría y Ortega, Professor of Economy and professor of the Navarra University, writes an article titled *“Competitiveness in a global economy”*, a part of its brief is reproduced too: *“The selection of the international trade is combined with the ambiguity of the globalisation idea, due to the fact that the international trade is mainly done by the multinational companies. Also, the pressure of their interests over the commercial policies of their governments, it may be added to the pressure of the governments to create large corporations. That is the reason of the so called strategic commercial policies, in which, the commercial policies of the large multinational enterprises and the political interests of the large countries are integrated”*.

On may 27th, 1.997, the also economical newspaper, Expansión showed a special number, devoted to the *globalisation challenges* and in the cover, the following paragraph was written: *“Expansión celebrates eleven years of life with the new times beat, with the globalisation as the flag. An phenomenon without return which is modifying radically the economical and social relationships in the whole World and which is forcing to a very fast mentality change”*.

The, we can conclude that the **globalisation**, even more than a reality, it has been converted in the concern of every type of people, industries and governments, but being this true actually, Andy Robinson does the following reflection in his article: *“ The global economy was not less integrated before 1.914 than today. The decisive technological change was the underwater cables which let the daily (of course, not in real time) generation of prices.*

This is the key why the real concern with respect to the **globalisation**, the **time factor**.

The actual **globalisation** is supported by a technology which lets the information interchange in real time at world-wide level, this, together with the creation of the macro-markets or macro-regions, such as, the **European Union (EU)**, **Mercosur**, the **North America Free Trade Agreement (NAFTA)** and the **Asia-Pacific Economic Co-operation (APEC)**, which are eliminated a series of barriers that they did not let the free trade, among any other things, in those regions.

The new world-wide panorama, which after the sign of the **Ronda de Uruguay** in Marrakech on April 15th, 1.994, whose objective was the liberalisation of the international trade, it has finished in a real unique world-wide market.

This new situation, in principle, opens the door of the access opportunity to wider markets, as we have mentioned before, to the **world-wide market**, but also, this opens the doors to the **world-wide competition**, that means that any company can compete freely in any place of the World without any restriction, as it was not before.

This situation of increment of opportunities and competence obliges to the enterprises to the need of adjusting or tune their offers to their targets, wider by principle, but within a more competitive environment.

Wendell R. Smith, in 1.956, introduced the concept of **segmentation**, in an article titled *Product Differentiation and Market Segmentation as Alternative Marketing Strategies*, published in the Journal of Marketing, on July 21st.

Since that, the enterprises started to focus progressively their offers to the targets that they understood more adequate to their products and services, this produces a higher level of response from the clients which belong to the selected segments and then a higher profitability.

In parallel, the clients are getting a higher level of knowledge and maturity, this situation makes more difficult the possibility of acceptance of the products and services which do not correspond with their real and authentic wishes. To overcome this situation it is needed to add new parameters to define the target profile and then to tune the segments better and then, reaching the concept of **microsegmentation**, which takes a special relevance at the end of the 80's, becoming fundamental in the Marketing Planning en the 90's, where the highest level of **microsegmentation** is consider, reaching the *segment of one*, opening the doors to the concept of *Personal Marketing*.

This new fact is driving us to a new **local microsegment** dimension which makes difficult to reach profitability at domestic level due to the small volume that prevent to get economies of scale, but this situation can be balanced with the fact of the market **globalisation**, in this way, if it is true that the local segments are smaller every time, also it is true that the market is wider, it is the whole World, getting then the possibility of reaching economies of scale.

The first question to convert this hypothesis in a real fact it is that it has to be possible to find equivalent microsegments in different countries and regions and there are multiple studies which are giving us the confirmation of this fact.

Among many other studies about consumption trends in the next decades, the study done by Faith Popcorn, founder and director of Brain Reserve, gives us a list of 10 trends which can identify to a consumer in any place of the World.

The trends discovered by Faith Popcorn in her study based in Media-scanning, Brainstorming and meeting with consumers and experts are the following:

1. Cocooning
2. Fantasy Adventure
3. Small Indulgences
4. Ergonomics
5. Cashing Out
6. Down Ageing
7. Staying Alive
8. The Vigilant Consumer
9. 99 Lives
10. Save Our Society (S.O.S.)

Analysing this trends and accepting it as a valid hypothesis, we can reach the conclusion that others characteristics will define the segment, but never the geographical factor will be a parameter which can differentiate or define it.

Then, we find a market with the following characteristics:

- Global
- Highly segmented
- Scattered
- Competitive
- Mature
- Saturated

Only a commercial system which can respond to the characteristics listed before will be the one that can reach the success.

Analysing the different commercial systems actually known, we find the **Direct Marketing**, whose the definition proposed by the Direct Marketing Association of the United States of America say : “**Direct Marketing** is an interactive marketing system which utilises one or more than communication media to get a measurable answer or a transaction in a specific place”.

In this definition there are several aspects that I understand it is important to make some reflection, such as the fact that we are talking about an *interactive system*, but interactive with the client, then a direct contact with him will be let, without any type of external intervention and as consequence, it lets to set **pull strategies**, that means that, in principle, using this channel and its communication techniques, it is possible to approach to the client in any place where he would be, adopting an active position which will let to be the first, that is to go forward to the competence.

This privileged position, of being the first, has to be combined with another fundamental aspect, the possibility to focus the offer getting the perfect synchronisation between offer and client wishes, but this only will be possible trough a perfect knowledge of every individual client which will be only possible through a correct management and use of the client data base, using the **new Information Technologies**.

This is a basic condition to act with opportunities to get the success in a *mature* market, that means where the client knows perfectly what he wants and also *saturated*, that means, where only a very special and adjusted offer can be considered with interest by the client.

Another important aspect is the fact of the *answer is measurable*, giving the possibility to know the real returns of every activity, but not only “a posteriori”, but also “a priori”, when we have established a system of intelligence, which will produce a higher level of profitability, due to the fact that it will be possible to act with security.

This possibility converts this channel as one of the most actually accepted by the managers and businessmen. In this paper. we will analyses some tools widely utilised by the companies with real experience in this channel as well as some simulation models developed by the author of this paper, based in the experience got trough the different projects which he has managed and which have been tested in different projects since their development.

We have left to the end the two concepts which appear in the Direct Marketing definition which we have accepted and which are today even more related to the possibilities that this channel provides us within the globalization concept; the two concepts are those which refer to the **geographic area** and the **use of different communication media** that enable us to communicate with the clients and the target.

When, in the definition of Direct Marketing, the concept that a transaction will be made in a specific place appears, what we are saying is that a transaction is going to take place wherever we have decided, whenever we speak of the use of Direct Marketing to generate traffic towards the points of sale, in support of the conventional channel, we are talking about a **real and unique place**.

However, when we speak of the use of the Direct Marketing Channel in order to make a real sale, we find ourselves with the fact that the place to which we refer is a **unique and virtual place** which corresponds to many other geographic points which we may have decided on in the launching of the campaign and thus eliminating all location aspects and reaching that world-wide market from a geographic point of view and to which we have made reference, which, at the same time, is composed of different microsegments.

The possibility of **geographic abstraction** which the Direct Marketing Channel provides is continuously being improved and enlarged thanks to the apparition of the new communication media and, if at the beginning the media which permitted us to remove the geographic barriers with a certain degree of efficiency were mailings and catalogues, later Television entered into the scene and today the communication networks, presided by the real catalyst and pillar of the globalization process, **Internet**, which is currently potentializing the channel under the ever increasing popular name of **electronic trade** or the also popular name of **virtual trade**.

Once the concept of the channel of Direct Marketing and its possibilities have been analysed, we will examine which are the **pillars** on which it stands, differentiating between the **basic elements**, that is to say, those without which the channel of Direct Marketing would not exist, and those which we name **critical elements**, these being the ones that should support the operation and the success which produces the correct mixture of the latter.

In the figure 1 we can see the representation of the concept of the two types of elements.

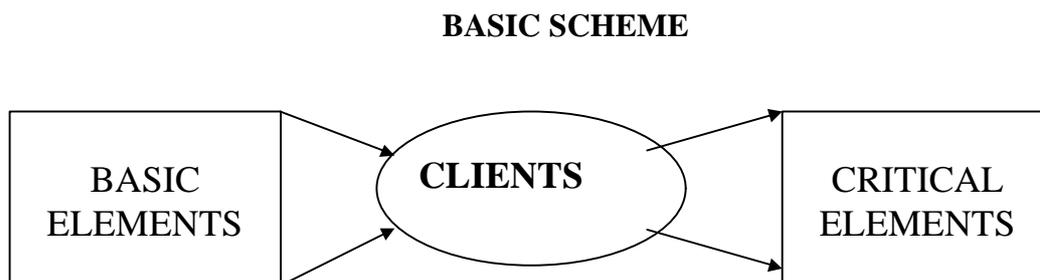


FIGURE 1

We will begin by analysing the basic elements: commencing with the **list** or data base of existing and potential clients which we can define as: *a group of client and potential client addresses which correspond to the outline defined in the different microsegments which make up the business opportunity which we would like to take advantage of.*

This element is the element which carries the most significant weight within the group which is made up of the three basic elements within what is known **pondered mixture**, which is outlined in Figure 2, and which is the most important assets of the companies which use this channel.

In this list we can establish the following classifications:

- **Hot lists**, made up of clients, the prospects obtained during the campaign's preparation process, the prospects obtained in the last two campaigns but who have still not become clients and, those who are or have been clients of any mail order company.
- **Sponsored lists**, made up of the groups of the company who act as sponsor or who support the promotional or sales function.
- **Cold lists**, made up of individuals or legal entities whose predisposition for the purchase of mail order goods is unknown to us and who do not have any known connection with the company that is promoting the campaign.

Additionally, we should consider another kind of list which is known as **Robinson lists** and which are composed of persons who appear in such lists and whose objective is, by express desire, to not receive any kind of direct publicity. These are normally managed by the Direct Marketing Associations in each country.

In the other hand you can get also the **Preferential lists**, also managed by the Direct Marketing Associations, which are composed by the people who wants to receive information about some particular subject.

Among the first three types of lists we should, in each case, compose a list of each campaign which should be crossed with the corresponding Robinson lists in order to comply with the legal precepts and thus not send any publicity to those who appear in such lists.

The mixture of different types of lists in order to compose the specific list of each campaign originates from the necessity to optimise results and also increase the number of addresses in the hot list. Well, if each list has a distinct response level, as can be seen in Table 1, where the different response levels are shown with respect to referential 1 of the cold lists, it is essential to use different lists in order to increase and enlarge the hot list, as just like those in any other channel, if it does not increase it will end up getting shorter.

RESPONSE LEVELS

TYPE OF LIST	RESPONSE LEVEL
Cold List	1
Sponsored List	between 2 and 5
Hot List	between 15 and 20

TABLE 1

The second most important basic element is the **offer**, which we define as *the group covered by the products and/or services which are offered to the target of each campaign, or to the action which is hoped will turn into a transaction.*

In the communication which is sent to the target of the campaign, the term “covered” refers to the inclusion of all the parameters which permit them to make a decision without having to consult upon any aspect of the offer, and whereby no extra recourses will be used.

The parameters which should cover the product when we are using Direct Marketing as a channel for real sales are:

- The **price**, including all costs and taxes, it being normal procedure to not include the price corresponding to the handling and transportation, cost which may be paid in addition, but which should always be previously made known.

It is important to consider that in the case where the product which is being offered is not exclusive, upon using this channel the price should be between 15% and 20% lower than the market referencial.

- The **conditions** and **methods of payment**, the most recommended being the credit card although cash on delivery may also be accepted
- The **conditions** and **means of delivery**, always portage paid and normally upon delivery at the clients address. The most recommended term of delivery is 24h, after which, upon lapse of this term, there is a considerable increase in the level of products returned. This 24 hour period is a crucial period of time which maintains the eagerness of the client, effect which a good communication should have provoked.
- **The way the order is made**, making the contact with the client easier via all kinds of ways: telephone, fax, reply coupons, etc., additionally indicating the term and the conditions of acceptance of the order.

- **Incentives**, of special importance in order to entice the client to carry out the desired transaction and where Direct Marketing is supported by Promotional Marketing, the most commonly used incentives being: direct or deferred discount, presents, drawing lots, games, etc.
- **The Guarantees** which are offered. In addition to the normal guarantees of product performance and labour confection, another guarantee commonly used in this channel is the return of money, in the case where the client returns the product in perfect condition and in its original wrapping within 15 days of its reception.

The third basic element is the **communication media**, and which is the *vehicle which we will use to deliver our offer to the target of our campaign in the most effective and profitable manner*.

The communication may be made using various different media, some of which are illustrated in Table 2. These means can be classified as printed matter and others.

MEANS OF COMMUNICATIONS CLASSIFICATION

PRINTED MATTER	OTHERS
Distribution to Letterbox	Radio
Adverts in newspapers	Television
Insertions	Telephone
Entry into lists	Videotex
Exhibitions and stalls	Fax
Bus Mailing	PC networks (Internet)
Mailing	
Catalogues	
Magalog	

TABLE 2

In addition, communications made via Direct Marketing should comply with two basic rules, taking into consideration that their objective is to obtain a transaction made in an impulsive manner and to avoid the establishment of non productive contacts due to lack of clarity.

The first rule is known as the **KISS rule (Keep it simple stupid)**, that is to say, to present the communication in a simple manner which is feasible and suitable for the target of the campaign.

The second rule is known as the **AIDA rule**, which originates from: capture the **A**ttention, awaken the **I**nterest, provoke **D**esire and impulse **A**ction; this last point being the point which impules the action, characteristic which is the distinguishing mark of Direct Marketing.

This group of elements is the pillar on which the channel of Direct Marketing is based and whose interrelation is diagrammed in Figure 2, which graphically represents what we have so called the **pondered mixture** and in which the relationship between each one is exhibited with an approximate ponderation of the specific weight each element contributes to the group as a whole and which may vary slightly depending on the means and the circumstances of the market.

This interrelation makes obvious the existing need that the different components of the group will have to work closely together as each component influences the others as a whole and the results will be obtained upon its conclusion.

THE PONDERED MIXTURE

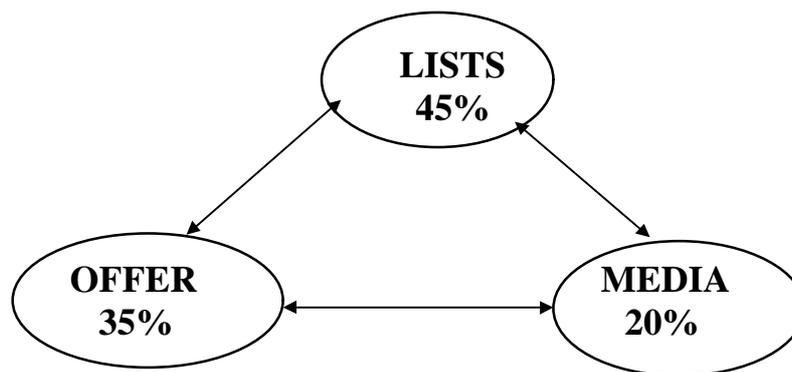


FIGURE 2

The following elements which we will analyse will be those which we call the **critical elements** and whose function is to efficiently support the success or the response which the previous ones may provoke and which is often forgotten by those who have approached Direct Marketing via communication and not via the management of the companies.

The first element is the **client service of attention**, which is the *interface of the company with the clients, and its functions are related with the reception of orders, information, incidences, complaints, etc.*

The second critical element is the **logistic function**, which is *responsible for complying with the expectations the launching of the campaign has awakened in the clients and which is also responsible for the optimisation of the operations such as stocktaking, replenishment of stock, distribution and collection of goods, whenever applicable, etc.*

These two elements present us with a difficulty as to their correct dimensioning. A solution to this difficulty is the exhaustive carrying out of tests and all the results of the impacts obtained should be correctly coded in order to enable us to verify what is the expected return from each of the actions which we perform. In Figure 3 we present an example of the codification which should accompany each impact.

CODIFICATION

A	G	M	M	C	E	E	Ñ	Ñ	T	X	X	X	X	X	X
----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------

A: Type of Action	G: Group of Means	MM: Specific means
C: Campaign Nbr in Year	EE: Month carried out	ÑÑ: Year carried out
T: Type of Target	XXXXXX: Client Nbr.	

FIGURE 3

Among the most popular tests, mention can be made to the following:

- The **Dry Test**, which is a preliminary acceptance test.
- The **previous test of lists**, specially necessary in those countries where Direct Marketing is little developed and which endeavour to assure that the addresses of the list really comply with the outline of the target of the campaign.
- The **Tests of lists and media** in order to find out the output, a priori, of each of them and thus obtain maximum tuning in its use.
- The **Secondary Tests**, which will permit the tuning of the rest of the elements and parameters.

The **Accumulative Response Ratio**, is a tool unique to Direct Marketing which permits us to know the results which may be obtained by proceeding with the campaign up to its end, within a short period of time. This tool indicates the percentage of the total response which we will obtain during each week; thus, as an example, in Table 3 we illustrate a typical response to a test of mail order sales.

ARR OF MAIL ORDER SALES

TIME	ACCUMULATIVE RESPONSE INDEX
7 days	12 %
14 days	48 %
21 days	80 %
28 days	95 %

TABLE 3

The formula which permits us to calculate the final response ratio is the following

$$\text{Response Ratio} = \frac{\text{Accumulated Orders} \times 100}{\text{Amount of Impacts} \times \text{Accumulative Response Ratio}}$$

By using this formula and a selection of examples which permit us to later extrapolate the results, we will have the possibility to know, “a priori”, and with minimum investment in both time and money, the results which we would obtain if we carry out the campaign in its entirety.

In addition, during this brief period of time of testing, a day to day and hour to hour follow up of the results would be undertaken in order to obtain the information which will permit us to correctly size the support structure of the campaign, taking into consideration the information which we present in Table 4.

STRUCTURAL NEEDS

QUANTITY	CALCULATION
Order Operators	Nbr of calls / 160
Complaint Operators	Nbr of calls / 80
Information Operators	Nbr of calls / 160
Telephone Lines	Nbr of operators X 1.5
Pick & pack Warehousemen	Nbr of orders / 90
Warehousemen for goods returned	Nbr of calls / 32

TABLE 4

Upon using these tools, unique to Direct Marketing, we may establish a kind of operation which is absolutely optimised, both with regard to performance as well as with regard to the structure of costs and do to so it is essential that we follow a launching methodology as exhibited in Figure 4.

This methodology commences with the strategic decision to use the channel of Direct Marketing, a decision which should be carefully meditated and measured as it implies important changes in the organisation and in the structure of the company.

Once a decision has been made and the idea has been created, the test procedure should begin, commencing with the acceptance test or “*Dry Test*”. If the results of this test are negative, the idea should be reconsidered, but if the results are positive, the process should be continued.

The next step to take is the preparation of the **basic elements** (*lists, offer and media*) and the choice of the sample to which the test should be sent and after a period of 2 to 3 weeks, we will have the information which will permit us to undertake a count on the “*Break-Even*” and the foreseen *P&L* and thus make a decision as to whether to continue or not. In the second case we will have to reconsider the preparation of the basic elements.

In the case where the results lead us to make a positive decision, all the basic elements should be refined and the support structure should be prepared, that is to say, the **critical elements** (*client attention service, logistic functions*), in order to give way to the launching of the campaign.

Once the campaign has been launched, all the results should be analysed in such a way that they can be refed into the process and thus prepare the next and successive campaigns.

We can see how, within the methodology we presented, the carrying out of these tests forms an integral part of the process.

Ultimately, we are speaking about a methodology which permits us to enter into a continued improvement processes via the permanent feedback of the process in such a way that each campaign, apart from obtaining its own results, provides information for the preparation of the next and successive campaigns.

LAUNCHING METHODOLOGY

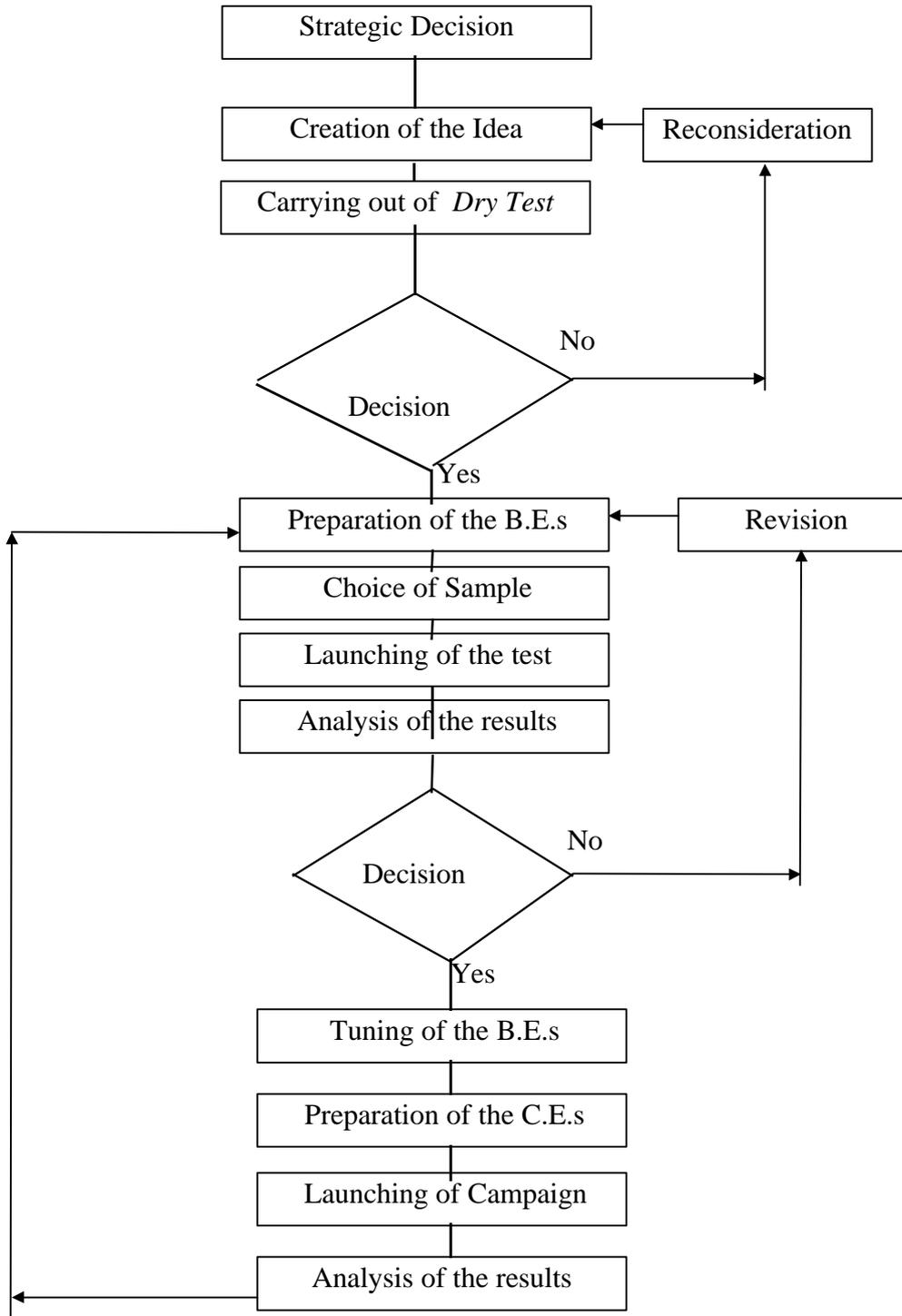


FIGURE 4

The third critical element is the **financial-administrative function** whose *responsibility is to guarantee that everything works correctly by undertaking the global management of the operation and thus obtaining the success and the perpetuation of the company.*

A success, which as we have already anticipated, is based on **systematic work**, the **exhaustive carrying out of tests**, **team work** and an **orientation towards the client**, an orientation which should be reached via the correct mixture of the different elements which compose Direct Marketing, within a process which will be the base of the organisation and which we reflect in Figure 5.

DIAGRAM OF THE OF THE DIRECT MARKETING PROCESS

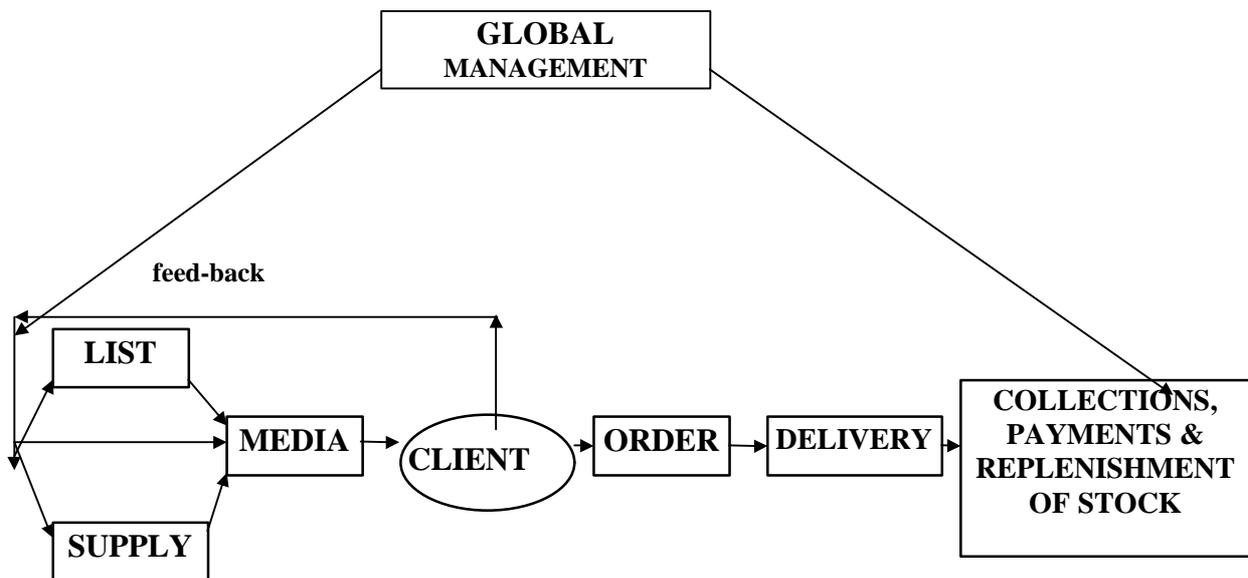


FIGURE 5

In Figure 5 we can observe how the **basic elements** are combined with each other before reaching the client so that, as from this moment, it is the **critical elements**, *client service attention* and the *logistic function*, together with some financial-administrative services, who are responsible for continuing the process which is constantly being supervised by the financial-administrative area that is responsible for the overall management of the whole process.

Upon its analysis and once the expectations of the clients and the toughness of competitiveness are understood, it is easy to deduce the need to perfectly adjust each and every of the links in the chain, and be able to count with the best specialists in each area in order to optimise the process as a whole, via the optimisation of each of the functions, both from a cost and quality perspective.

We now have to consider the fact that it is very difficult to have the best specialists in each of the functions within one global company, but also we find ourselves with another peculiarity of this channel which is the responses received in surges. These surges are produced by the clients who do not enter into contact with the organisation in a uniform manner. The responses are concentrated on certain days and certain hours which produces and added difficulty for the optimisation of the structure, which should balance the costs with the quality of the service.

Upon carrying out the intensive testing we receive the information which will permit us to correctly size the structure, but the question now centres itself on which type of structure, which structural model may provide us with a solution to the needs which arise as a result of the channel of Direct Marketing, where does one have to conjugate **specialisation, flexibility and continued adaptation.**

The answer can be found in the concept of a **Virtual Corporation** which permits us to combine the needs of specialisation with the responses received in surges and thus obtain a flexible and productive structure where an important part of the fixed costs become variable costs as these functions will be undertaken by specialised external companies who will be paid for the services they render and which will be sub contracted or become part of the global structure via the different externalisation formulas or strategic alliances, thus completing the model which is exhibited in Figure 6.

STRUCTURAL MODEL OF A VIRTUAL CORPORATION

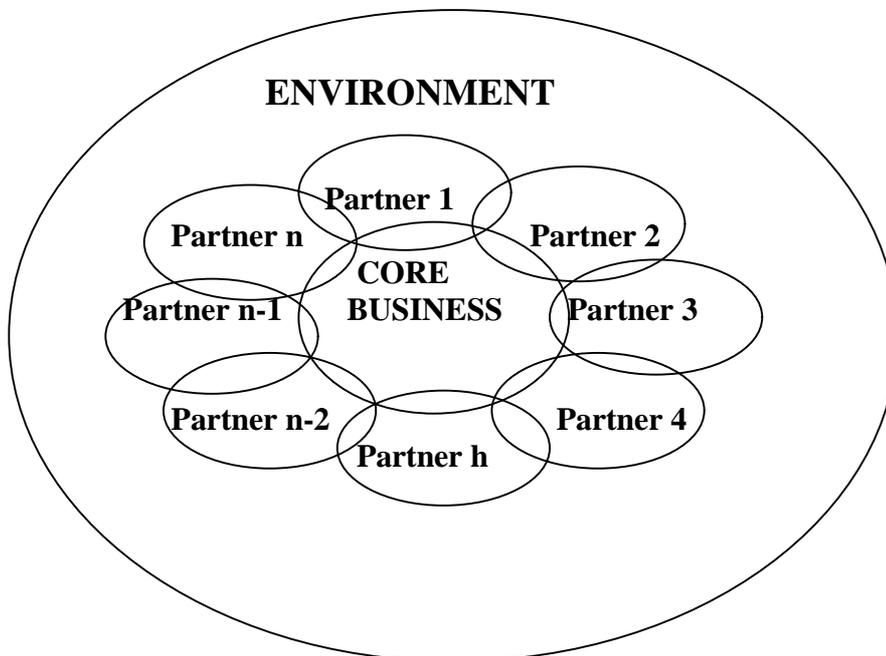


FIGURE 6

The integration of the different components of the created virtual structure can be done by the sharing of information which will be provided by the **New Information's Technologies**, where *Internet* plays an important role as integrator without any kind of geographical limitation and with cost levels which may be absorbed by any organisation, thus facilitating the globalization of the company within the dispersion needs and overcoming the microsegmentation which has taken place in the local markets.

Up till now we have been discussing Direct Marketing by today's concepts, but just as we may extrapolate the results of the tests in each campaign, we can also find out with anticipation what will happen under normal conditions with a Direct Marketing operation over the years by using certain mathematical formulas which will permit us to know the four essential parameters which will enable us to find out the results of the campaign at any moment of time.

The four **essential parameters** to which we refer are: the *number of orders* which will be obtained in a campaign, the *number of clients* that will exist at the end of the campaign, the *number of prospects* at the end of the campaign and, of course, the *volume of business* which will be obtained by the campaign.

We will now present the models, developed by the author of this paper, who has based this development in the models used by **MISCO**, which he has modified after the tests done in multiple campaigns, during his experience in **MISCO**, his experience in the **BANESTO Group** and the multiple tests also done when he has acted as consultant. These models will let to know, in advance, what will happen in a certain time in a Direct Marketing operation, based on the four parameters already mentioned.

1 ORDER MODEL

Nbr of orders in campaign $N = \text{Nbr of client orders} + \text{Nbr of prospect orders in the campaign} + \text{Nbr of prospect orders at the end of the previous campaign} + \text{Nbr of orders of the rented lists.}$

$$P_n = (r_c \times (1-a_c) \times C_{n-1}) + (Pr_n \times r_{Prn}) + (r_{Pr} \times (1-a_{Pr}) \times Pr_{n-1}) + (r_L \times L)$$

Where :

P_n : Nbr of orders in campaign N

r_c : Ratio of response from clients

a_c : Ratio of loss of clients

C_{n-1} : Nbr of clients at the end of the previous campaign

Pr_n : Nbr of prospects obtained in the campaign in course

r_{Prn} : Response ratio of prospects in the campaign in course

r_{Pr} : Response ratio of prospects of previous campaigns
 a_{Pr} : Ratio of loss of prospects
 Pr_{n-1} : Nbr of prospects in the previous campaign
 r_L : Response ratio of rented lists
 L : Nbr of addresses of the rented lists

2 CLIENT MODEL

Nbr of clients at the end of campaign N = Nbr of clients at the end of the previous campaign + Nbr of converted prospects of the previous campaign + Nbr of converted clients from the rented lists + Nbr of converted prospects of the campaign

$$C_n = ((1-a_C) \times C_{n-1}) + (r_{Pr} \times (1-a_{Pr}) \times Pr_{n-1}) + (r_L \times L) + (r_{Prn} \times Pr_n)$$

Where :

C_n : Nbr of clients at the end of the campaign
 a_C : Ratio of clients lost
 C_{n-1} : Nbr of clients at the end of the previous campaign
 r_{Pr} : Response ratio of answers from the prospects of previous campaigns
 a_{Pr} : Ratio of prospects lost
 Pr_{n-1} : Nbr of prospects at the end of the previous campaign
 r_L : Response ratio from the rented lists
 L : Nbr of addresses from the rented lists
 r_{Prn} : Response ratio from prospects of the campaign in course
 Pr_n : Nbr of prospects obtained in the campaign in course

3 PROSPECT MODEL

Nbr of prospects at the end of campaign N = Nbr of prospects at the end of the previous campaign + Nbr of prospects coming from rented lists + Nbr of prospects maintained in the campaign in course.

$$Pr_{nf} = ((1-r_{Pr}) \times (1-a_{Pr}) \times Pr_{n-1}) + (s \times L) + ((1-r_{Prn}) \times Pr_n)$$

Where:

Pr_{nf} : Nbr of prospects at the end of campaign N
 r_{Pr} : Response ratio from the prospects of previous campaigns
 a_{Pr} : Ratio of prospect loss
 Pr_{n-1} : Nbr of prospects at the end of the previous campaign
 s : Response ratio for subscriptions to the rented lists
 L : Nbr of addresses in the rented lists
 r_{Prn} : Response ratio from prospects of the campaign
 Pr_n : Nbr of prospects obtained in the campaign in course

4 INVOICING MODEL

Net Invoicing of the campaign = Gross Invoicing of the campaign - Campaign Returns

$$F_n = (P \times I \times R) - (P \times D \times P_n)$$

Where :

F_n : Net Invoicing of campaign N

P : Average Value of the order

I : Total Nbr of campaign impacts

R : Pondered Average of the Response Ratios

D : Percentage of returns

P_n : Nbr of orders obtained in campaign N

In these four models a series of information exists which may be obtained from past experience and, in addition, the corresponding adjustments will have to be made due to the seasonal factors and adjustments of investment or impacts.

To conclude this paper we could say that, from the commercial distribution point of view, Direct Marketing is the solution, in principle, **makes compatible** the concepts of **globalization** and **microsegmentation** with unique tools which will enable us to work with guaranteed formulas and within a methodology based on the intensive carrying out of tests which will provide the information needed for the perfection of the basic elements and the correct sizing of the support structure based on the concepts of a **Virtual Corporation** and orientated towards the client.

BIBLIOGRAPHY

Books

- Cuesta Félix; **La Gestión del Marketing Directo**; ISBN: 84-481-0826-4; Editorial McGraw-Hill; Madrid 1.997
- Europa Management Consulting; **Las tecnologías de la información en la empresa**; ISBN: 84-8036-418-1, Impreso por Gráfica Internacional, S.A.
- Hamel Gary & Prahalad C.K.; **Compitiendo por el futuro**; ISBN: 84-344-1413-9; Editorial Ariel Sociedad Económica; Barcelona 1.995
- Handy Charles; **The age of unreason**; ISBN: 0-7126-5170-5; Editorial Business Books Limited; Londres 1.989
- Kergrohenn Yves & Salén Henrik; **Promoción y Merchandising, ¡ Dinamita para sus ventas!**; ISBN: 84-404-263-7; Editor Henrick Salen; Madrid 1.987
- Santesmases Miguel; **Marketing, conceptos y estrategias**; ISBN: 84-368-1033-3, Editorial Pirámide, Madrid 1.996
- Servicio de Estudios BBV; **Globalización y Gobierno de empresas**; ISSN: 02143-2273, Bilbao 1.996
- Stone Bob; **Marketing Directo, métodos para alcanzar el éxito**; ISBN: 84-404-5946-7; Impreso por Policrom, S.A.; Barcelona 1.990
- Viñuales Juan; **Fundamentos del Marketing Directo**; ISBN: 84-404-6426-6, Barcelona 1.989

Technical Notes

- Cuesta Félix; **Curso de Marketing Directo**; Master de Dirección Comercial y Marketing del Instituto de Empresa de Madrid; Madrid 1.994
- Cuesta Félix; **La reingeniería como respuesta a la globalización de la economía**; Master en Business Administration del IDOE de Alcalá de Henares; Alcalá de Henares 1.997
- Serra Teresa, **Comportamiento de compra**, Instituto de Empresa, Madrid, 1.993
- Serra Teresa, **Predicción de tendencias en consumo para las próximas décadas. El informe POPCORN**, Instituto de Empresa, Madrid, 1.993
- Tyrrell Bob; **Driving forces for change in the client operating environment**; Hanley Centre Londres; Abril 1.995

Articles

- Aguado Irma; **La tienda electrónica revolucionará las ventas**; Expansión/Financial Times; 27 de Septiembre de 1.996
- Burke Raymond R.; **Virtual Shopping: Breakthrough in Marketing Research**; Harvard Business Review; Marzo-Abril 1.996
- Cuesta Félix; **Microsegmentación y Globalización**; Sumario Empresarial; Noviembre 1.997

- Cuesta Félix; **Marketing Directo**; ABC; 23 de Junio de 1.996
- Cuesta Félix; **Marketing Directo y distribución comercial: una unión rentable**; MK Marketing y Ventas; Enero 1.995
- Cuesta Félix; **La fidelización de clientes, una práctica muy rentable**; IH; 9 de Julio de 1.996
- Cuesta Félix ; **Política en directo**; MK Marketing y Ventas; Septiembre de 1.994
- Cuesta Félix; **Las claves para triunfar en el marketing directo**; MK Marketing y Ventas; Noviembre de 1.994
- Cuesta Félix; **La Corporación Virtual**; ABC; 9 de Junio de 1.996
- Cuesta Félix; **Corporaciones Virtual y Teletrabajo**; Anuario de MK de 1.995
- Cuesta Félix; **Cómo establecer una estructura rentable de marketing directo**; Harvard Deusto Marketing y Ventas; Julio-Agosto de 1.996
- Cuesta Félix; **La hora de la Corporación Virtual**; MK Marketing y Ventas; Noviembre de 1.997
- García de Sola Pablo; **El uso de las bases de datos**; El País; 4 de Enero de 1.998
- García Echevarría Santiago; **La globalización de la economía como motor del cambio económico-social y empresarial**; Situación 1.996
- **GATT: Claves para entender los acuerdos**; Economía y Finanzas; Abril 1.994
- Lannoo Karel; **El gobierno de la empresa desde una perspectiva europea**; Situación, 1.996
- Martínez-Echevarría Miguel Alfonso; **Competitividad en una economía global**, Situación 1.996
- Noriega Arantxa; **El sector de marketing directo creció un 47% e ingresó 294.096 millones**; Cinco días; 31 de marzo de 1.997
- Robinson Andy; **La nueva (vieja) globalización**, Cinco Días, 18 de noviembre de 1.996
- Tejedor L.; **España liderará el “boom” del comercio electrónico**; Gaceta de los Negocios; 5 de Junio de 1.997
- Varios autores; **Los retos de la globalización**; Especial XXI aniversario de Expansión; 27 de mayo de 1.997