

# DIRECT MARKETING'S FIVE BIGGEST HURDLES

(And How To Get Over Them)



**D**irect marketing, like track and field, is a precise, highly competitive exercise where technique is everything. Between where you stand and the finish line significant hurdles must be cleared. Unless you can achieve this more smoothly, more efficiently and more swiftly than your competitors, there's liable to be someone else in your lane the next time the starting gun is fired.

The Kern Organization has spent nearly two decades coaching large, blue chip direct marketers across finish lines in a variety of industries. In the process, we've identified DM's five most daunting hurdles:

- 1.** Improving response rates and ROI
- 2.** Enhancing lead quality
- 3.** Maximizing revenue generation
- 4.** Clarifying tracking and metrics
- 5.** Getting campaigns to market quickly

Surmounting these five obstacles will make you a hero—or heroine, as the case may be. Failure will associate you with campaigns that didn't hit their targets, leads that couldn't be converted, sales goals gone unmet, budgets that exploded and ROI where the "R" turned out to be embarrassingly lower-case.

This guide introduces you to a series of proven techniques (92 of them, in fact) for clearing these hurdles. Mastering them is a prerequisite for achieving the kind of stellar results that you—and the people you report to—demand. It's as hard as it looks. But with the right coaching, you can win. Every time.

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# 1. IMPROVING RESPONSE RATES AND ROI

## Success Starts with Strategy and Planning

### Boost your results and maximize your ROI with a comprehensive plan.

A detailed, well-thought-out strategic document serves as a command and control device for both internal and external team members. In fact, it's a prerequisite for achieving the results you want.

Answering the following questions will give you a solid foundation upon which to build your strategic planning document:

- ◆ Describe your product or service in detail.
  - ◆ What is your current brand position?
  - ◆ What is your total revenue goal?
  - ◆ What percentage of your revenue goal is marketing expected to deliver?
  - ◆ What is the expected average sale in units and in dollars?
  - ◆ What is the pricing strategy?
    - a. Per-unit price
    - b. Per-unit gross margin
    - c. Per-unit sales and marketing allocation
  - ◆ How does pricing compare to competitive pricing structures?
  - ◆ Who is the target market?
  - ◆ Define **target companies** in detail.
  - ◆ Define **individual targets** in detail.
- ◆ What are the unique features, advantages and benefits to your target groups?
  - ◆ What product or service are they using now?
  - ◆ Why will they want to change or try your product or service?
  - ◆ Who are your competitors and how is your product or service different?
  - ◆ What are the program performance expectations?
    - a. Response rate goals.
    - b. Lead quantity, allowable cost-per-lead.
    - c. Cost-per-response goals.
    - d. Closing or conversion rate goals.
    - e. E/R, CPS or ROI goals.
    - f. Sales volume goals.
    - g. Budget constraints, if any.
  - ◆ Does your product and selling strategy call for one-step or multi-step marketing?
  - ◆ If you do **one-step marketing**:
    - a. Is a one-step strategy appropriate given the market, product, price and competitive situation?
    - b. Is your "Back Office" ready to support the sales conversion?
    - c. Does the inbound telemarketing and/or online component have a sales or customer service orientation? Constraints, if any?
  - ◆ If you do **multi-step marketing**:
    - a. Describe the outbound telemarketing and/or online capabilities in detail. Are there volume constraints? Define cost structure.

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- b. Describe fulfillment capabilities in detail. Are there volume constraints? Define cost structure.
- c. In a multi-step selling program, who closes the sale?

*The more your marketing focuses on your most profitable customer, market and/or product line, the greater the ROI.*

1. **Telemarketing:** Describe strengths and weaknesses in detail.
2. **Face-to-face:** Describe strengths and weaknesses in detail.
3. **Online:** Describe strengths and weaknesses in detail.
4. **Other:** Really describe in detail!

- ◆ Are there any other internal constraints to take into account (inbound resources, sales staff, systems, TM Ops., etc.)?
- ◆ Are there any graphic standards or policies to consider?
- ◆ What's worked and what's failed in the past?
- ◆ At the end of the program, how will Senior Management measure success?

## Drive success with the new rules of direct marketing.

Four key elements determine the success of a direct marketing campaign: list/media, offer, cost and messaging. Make sure the effort allocated to each element is appropriate to the impact it will have.

Campaign Element	Percent of Success of Campaign
List or media used	30%
Offer made	30%
Cost per contact	20%
Messaging/creative execution	20%

## Align your strategy with the goals of your Chief Marketing Officer.

The more your marketing focuses on your most profitable customer, market and/or product line, the greater the ROI. To make sure this happens, begin by asking these critical questions every CMO must answer:

- ◆ Where can I get the highest return on my marketing investment? What is my ROI on each marketing investment?
- ◆ Which customer segment offers the most revenue and profit potential?
- ◆ How do I rank my customers based on recency, frequency and monetary value of their purchase history?
- ◆ What percentage of customers defect each quarter/year? Why? And what can we do to reduce attrition and win back defectors?
- ◆ Which products or service sets offer the greatest profitability to the company?
- ◆ How effective are my campaigns based on response by audience segment, region, campaign and offer?
- ◆ What is my cost-per-lead, cost-per-qualified sales opportunity and cost-per-sale? Given our target profit margins and sales overhead, is this acceptable?
- ◆ What are the critical factors involved in lowering the cost of acquisition and retention without impacting quantity?
- ◆ What is our buying cycle time frame? How quickly do leads move through each stage of the pipeline?
- ◆ What is our market penetration by audience segment, region and product/service line?

- ◆ Is it better to generate incremental sales from existing customers or to seek new ones?
- ◆ Which product or product group produces the most revenue as an ongoing stream? Which promises the most up-selling opportunities?

**When developing your strategy, ask your sales force these seven fundamental questions:**

1. What systems and methods will you use to track leads?
2. How will leads be distributed—in what time frame, to whom, and by what method?
3. What does the field consider a sales opportunity worthy of their time and follow up?
4. How will you qualify leads and differentiate the qualified opportunities from the not-ready-to-buy responders?
5. How can you use telemarketing before mail delivery to optimize sales force effectiveness?
6. Will you use a “push” or a “pull” method to distribute leads to dealers?
7. Given their current sales quota and pipeline, how many new incremental leads can the sales organization effectively absorb?

Registration Response Rates									
Cost/Contact	2.00%	1.50%	1.25%	1.00%	0.75%	0.50%	0.30%	0.20%	0.10%
\$2.00	\$100	\$133	\$160	\$200	\$267	\$400	\$667	\$1,000	\$2,000
\$1.50	\$75	\$100	\$120	\$150	\$200	\$300	\$500	\$750	\$1,500
\$1.25	\$63	\$83	\$100	\$125	\$167	\$250	\$417	\$625	\$1,250
\$1.00	\$50	\$67	\$80	\$100	\$133	\$200	\$333	\$500	\$1,000
\$0.90	\$45	\$60	\$72	\$90	\$120	\$180	\$300	\$450	\$900
\$0.80	\$40	\$53	\$64	\$80	\$107	\$160	\$267	\$400	\$800
\$0.65	\$33	\$43	\$52	\$65	\$87	\$130	\$217	\$325	\$650
\$0.50	\$25	\$33	\$40	\$50	\$67	\$100	\$167	\$250	\$500
\$0.40	\$20	\$27	\$32	\$40	\$53	\$80	\$133	\$200	\$400
\$0.33	\$17	\$22	\$26	\$33	\$44	\$66	\$110	\$165	\$330
\$0.19	\$10	\$13	\$15	\$19	\$25	\$38	\$63	\$95	\$190
\$0.10	\$5	\$7	\$8	\$10	\$13	\$20	\$33	\$50	\$100
\$0.06	\$3	\$4	\$5	\$6	\$8	\$12	\$20	\$30	\$60
\$0.03	\$2	\$2	\$2	\$3	\$4	\$6	\$10	\$15	\$30

Producing leads before your sales force is prepared to handle them does more harm than good.

So don't begin generating leads until these questions have been answered. And be sure to score and qualify your leads before you distribute them.

**Manage your campaign implementation by the numbers.**

Before you launch your campaign, make sure you know what your acceptable cost-per-response is. Use the table above to compare your planned cost-per-contact with your anticipated response rates to see if you will hit your acquisition targets. If you're not reaching your goals, you need to reduce your cost-per-contact or change your campaign strategy.

# IMPROVING RESPONSE RATES AND ROI

## Reduce your risks and find a winning campaign quickly, with Control-Finder.™

The Kern Organization's time-tested Control-Finder methodology uses multi-panel, multi-variant testing to quickly identify what factors influence your results. It helps you determine the winning combination of list/media, offer and creative strategy without wasting time.

### Example of Control-Finder Test Plan

	Soft Offers		Hard Offers		Total
	White paper	Audit	20% discount	Free software with purchase	
Lists	Sweepstakes for registration				
House inquiry file	2,500	2,500	2,500	2,500	10,000
Outside response lists					
Magazine 1	1,250	1,250	1,250	1,250	5,000
Magazine 2	1,250	1,250	1,250	1,250	5,000
Magazine 3	1,250	1,250	1,250	1,250	5,000
Magazine 4	1,250	1,250	1,250	1,250	5,000
Magazine 5	1,250	1,250	1,250	1,250	5,000
Magazine 6	1,250	1,250	1,250	1,250	5,000
Catalog buyer 1	1,250	1,250	1,250	1,250	5,000
Catalog buyer 2	1,250	1,250	1,250	1,250	5,000
Publisher database	1,250	1,250	1,250	1,250	5,000
Outside compiled lists					
D&B	1,250	1,250	1,250	1,250	5,000
Trade show attendees	1,250	1,250	1,250	1,250	5,000
<b>Total</b>	<b>16,250</b>	<b>16,250</b>	<b>16,250</b>	<b>16,250</b>	<b>65,000</b>

Examine your test results carefully. Then confirm them at [www.thekernorg.com](http://www.thekernorg.com).

Start by building a test matrix with lists or media on one axis and offers/creative approaches on the other. To streamline execution, utilize formats or telemarketing scripts that can be easily versioned for testing. Then remember—while individual cross tabs may not be statistically valid, the winning list/media and offers should be. And the cross tabs can provide direction for future tests. Use the Kern statistical calculators found at [www.thekernorg.com](http://www.thekernorg.com) to confirm your results.

## How can you improve your results and maximize your ROI? Test. Then test again.

Many direct marketers think they don't have enough time or money for testing. But in a constantly changing marketplace, your control will likely become less effective over time—a weakness your competitors are just waiting to exploit. Testing:

- ◆ Helps you minimize risk.
- ◆ Saves you money by letting you measure results before making a large investment.
- ◆ Identifies the best promotions and eliminates poor performers.
- ◆ Provides a true measure of behavior that is statistically predictable.
- ◆ Accurately measures how changes in offer, media, list, format, messaging, pricing and design affect response.
- ◆ Lets you generate vital "what-if" models you can use to project future business volume.

**Determine your Unique Selling Proposition and communicate it clearly.**

Your target audience won't take the next step in the buying cycle unless you provide a compelling differentiator for your product or service. You should strive to do that in 20 words or less. When you create a USP, consider these important factors:

- ◆ What are the USPs of your competitors? You're not unique if you're trumpeting the same benefit someone else is claiming.
- ◆ What single image do you want to generate in the minds of your prospects?
- ◆ Can you communicate your USP in such a way that it provides a reason to take action?
- ◆ Remember, a USP is not your "brand" or "position." It is the unique, definitive solution you bring to the market.
- ◆ This formula can be used to help you develop your USP:
  - To: .....(target audience)
  - Who: .....(responsibility)
  - Our product is a: .....(description)
  - That: .....(big benefit claim)
  - Unlike the competition: .....(difference)
  - Our product: .....(unique differentiation)

Validation of Response Differentiating Between Small and Large Test Panels						
Mailing Cell	Total Mailed	Responses	% Response	Total Mailed	Responses	% Response
Test Panel 1	500	5	1.00%	5,000	50	1.00%
Test Panel 2	500	10	2.00%	5,000	100	2.00%
<b>Total</b>	1,000	15	1.50%	10,000	150	1.50%
Actual difference between response rates		1.00%		1.00%		
Standard error of the difference between the two response rates		0.77%		0.24%		
This is the number of times the difference in rates is greater than the standard error		1.30		4.11		
The probability that these relationships are due to chance is		19.36%		0.00634%		
The odds against these relationships being due to chance are		<b>4.17 to 1</b>		<b>15,770 to 1</b>		

**Follow best testing practices, or you may charge down the wrong path.**

- ◆ Don't start by testing "whispers," such as a blue envelope versus a tan envelope, or a fixed stamp versus a meter. Test controllable elements that will have a large impact on response.
  - Lists:
    - Customer vs. non-customer
    - Vertical/response vs. horizontal/compiled
    - Modeled files vs. un-modeled files

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- ❑ Offers:
  - Informational offer vs. gift with response
  - Sweepstakes vs. no sweepstakes
  - One-step vs. two-step
- ❑ Packages:
  - #10 vs. self-mailer
  - #10 vs. 9 x 12
- ❑ Media:
  - E-mail vs. mail vs. print, etc.
- ◆ Start with larger, single data elements first. Which lists worked best? Which offer worked best? Then move to cross-tabs. Which combinations of list and offer worked best?
  - ◆ Make sure you keep your cell sizes valid. There are many places to calculate valid cell sizes. Visit [www.thekernorg.com](http://www.thekernorg.com) for a handy calculator.
  - ◆ Use A/B splits. Testing a #10 in January and a self-mailer in August is not a valid test.

*Your inbound sales and customer service lines can be used to produce revenue, too.*

## Using Online and Offline Channels to Boost Results

### Maximize your brand and direct marketing investments by **integrating your efforts.**

Integrated marketing means delivering consistent messaging in every medium and channel. Whether you're using direct mail, display advertising, promotions, packaging, the Web,

e-mail or even public relations, it's essential that you deliver one message, in one voice. The synergy of integration enables each marketing investment to leverage and build upon the others.

### **Outbound telemarketing is a powerful addition to integrated marketing programs.**

Used in combination with other media, telemarketing is a singularly powerful lead generation tool. And when it comes to nurturing prospects and managing customer relationships, it's impressively cost-effective. The challenge lies in determining when the relatively high cost-per-contact—from \$15 to \$60—is justified. If it costs you, say, \$60 to call each prospect and 10% of the calls turn into qualified leads, your cost per lead is \$600. If 10% of those leads convert to sales, your cost-per-sale is \$6,000—which may be unacceptable. So it's wise to conduct a thorough financial analysis before including telemarketing in your lead generation media mix.

### **Take advantage of inbound telemarketing.**

Although typically classified as overhead, your inbound sales and customer service lines can be used to produce revenue, too. For example: any firm that sells small business telecom systems gets calls from customers with problems and questions. These calls are golden opportunities to up-sell customers and obtain their e-mail addresses—along with permission to use them. Train your phone staff to listen, ask questions, suggest upgrades and sell the benefits of receiving future communications from your company.

## Select channels based on your market, budget and goals.

Here's an overview of the advantages and disadvantages of different direct marketing media:

DM Channel	E-mail	Direct Mail	Telemarketing	Newspaper Direct Response Advertising	Magazine Direct Response Advertising	Broadcast	Internet
<b>Advantages</b>	<ul style="list-style-type: none"> <li>◆ Lower cost compared to many other media</li> <li>◆ Provides fast testing and result measurement</li> <li>◆ Excellent avenue for customer relationship management and prospect nurturing</li> <li>◆ Comprehensive market coverage</li> </ul>	<ul style="list-style-type: none"> <li>◆ Ability to target message to specific prospects</li> <li>◆ Has the space for a complex message and multiple response options</li> <li>◆ Leaves a physical reminder of offer and product</li> <li>◆ Provides extensive testing and tracking options</li> <li>◆ Ability to personalize message</li> </ul>	<ul style="list-style-type: none"> <li>◆ Makes full use of the value of personal human contact</li> <li>◆ Flexible medium easy to change and adapt</li> <li>◆ Strong support mechanism for mail or e-mail</li> <li>◆ Excellent tool for supporting attendance to seminars and events</li> <li>◆ Low setup costs</li> <li>◆ Quick to market</li> <li>◆ Immediate results allow you to maximize success and minimize loss</li> </ul>	<ul style="list-style-type: none"> <li>◆ Newspapers are media paid for by the reader so are welcomed into the home</li> <li>◆ Prospects turn to newspaper advertising when in need of various products or services</li> <li>◆ Ad placement can be changed quickly</li> <li>◆ Circulation targets geographic areas</li> <li>◆ Deadlines are short</li> <li>◆ Costs have large variance depending on ad size</li> </ul>	<ul style="list-style-type: none"> <li>◆ Shelf life is long, keeping your message in front of prospects</li> <li>◆ Often reread, providing multiple exposures</li> <li>◆ Vertical publications help target messages</li> <li>◆ High quality printing and paper</li> <li>◆ Prices vary with publication and ad size</li> </ul>	<ul style="list-style-type: none"> <li>◆ Attention getting</li> <li>◆ Local stations can provide geographic targeting</li> <li>◆ Can add compelling drama to message</li> </ul>	<ul style="list-style-type: none"> <li>◆ Provides many good targeting options</li> <li>◆ Flexibility allows for good testing and tracking options</li> <li>◆ Offers ability to make message interactive</li> <li>◆ Can reach global audience</li> <li>◆ Relatively low cost</li> </ul>
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>◆ Limited quality opt-in lists</li> <li>◆ Declining response rates</li> <li>◆ No physical reminder after receipt</li> <li>◆ Spam filters reduce B2B delivery</li> <li>◆ Difficult medium for complex messaging</li> </ul>	<ul style="list-style-type: none"> <li>◆ High cost per prospect</li> <li>◆ Relatively longer creative and production time</li> </ul>	<ul style="list-style-type: none"> <li>◆ High cost per contact</li> <li>◆ "Do Not Call" list could make it illegal to use with consumer markets</li> <li>◆ Voice mail systems make it difficult to reach prospects</li> <li>◆ Limited number of B2B lists with phone numbers</li> </ul>	<ul style="list-style-type: none"> <li>◆ Average shelf life is 30 minutes*—busy lifestyles further reduce exposure</li> <li>◆ Easy for message to get lost</li> <li>◆ Special sections and geography are only ability to target message</li> <li>◆ Low quality printing and paper</li> </ul> <p><i>*Media Effectiveness Survey</i></p>	<ul style="list-style-type: none"> <li>◆ Usually very costly</li> <li>◆ Often must be placed months before publication</li> <li>◆ Response is delayed as pubs are often set aside to be read later</li> <li>◆ Space too limited for complex messaging</li> </ul>	<ul style="list-style-type: none"> <li>◆ Message must be brief</li> <li>◆ Costly and time-consuming to produce</li> <li>◆ Does not leave reminder in hands of prospect</li> <li>◆ More difficult to target</li> </ul>	<ul style="list-style-type: none"> <li>◆ Costs vary dramatically</li> <li>◆ Response rates declining</li> <li>◆ Leaves no physical reminder of message</li> </ul>

## Getting The Most From Your Data

### Use your internal customer/prospect databases effectively.

Your existing customers and prospects are predisposed to respond to your message. They've either bought from you in the past or indicated they may buy in the future. Whenever appropriate, include these high-responding names in your marketing efforts. If you don't already have customer and prospect databases, make developing them your top priority. Then keep the data clean and up-to-date.

### Some of your best prospects are on multiple lists.

In many markets—especially high technology—competitive trade publications have an audience duplication factor of between 15% and 30%. When you request a merge/purge to remove these duplicates, be sure to identify the names that appear on multiple lists. They're called multi-buyers, and because they've responded more than once, they're the highest quality names. Code these names differently so you can track their response. Never pay for the same names twice—make sure your list supplier gives you a net-name agreement.

*Every point of customer or prospect contact—from your Web site to your call center to your field sales force—can be a source of information.*

### Uncover hidden gems by testing individual cells.

If your list is large enough, testing individual cells or selections within a given list can be very productive. For example, a B2B marketer might test title selection, product specification, company size, or employee selection.

To make sure the conclusions you draw are accurate ones, be sure to plan ahead and use tracking codes that enable you to capture sufficient data.

### Use your data to power your success.

The most successful direct marketing programs are built around accurate and up-to-date in-house databases. Every point of customer or prospect contact—from your Web site to your call center to your field sales force—can be a source of information. Here are some important points to consider when building your in-house databases:

- ◆ Decide what you need to know about prospects and customers to enhance targeting, messaging and channel selections. Besides basic contact data, this can include information on purchasing patterns, frequency and recency of purchase and purchase amount.
- ◆ Maintain a database for marketing to your customers. And be aware that your billing and accounting systems are not designed to house the information you'll need for effective marketing. In many cases, CRM software is also insufficient. Sad, but true.
- ◆ Suppress your customer database to avoid sending unsuitable messages to your existing customers. Sending prospecting messages to current customers not only wastes money, it reflects poorly on your company.
- ◆ Mail to customers more often. They're ideal targets for cross selling, up selling, add-ons, retention and referral programs. Remember the adage: Your current customers are your best prospects.

- ◆ Keeping data on “not-sales-ready” respondents is important. Just remember to suppress their names when mailing or e-mailing to outside lists.
- ◆ Use your customer database to build “look-alike” and predictive models that can help you select the most productive outside mailing or e-mail lists.

Though they are critical to success, many companies devote insufficient resources to their in-house customer and prospect marketing databases. You don't want to make this mistake.

### Use modeling to **build a profile** of your best prospects.

Marketing to prospects that are similar to your existing customers is the most productive. So use your customer database to create a model to help identify them. Here are just a few important issues to remember about modeling:

- ◆ Even a simple model based on your best customers' basic characteristics—such as age, income and number of children—will increase response.
- ◆ The more data points you have, the more robust your model will be and the better it will perform.
- ◆ The cost of modeling can pay for itself in additional response or sales.
- ◆ Models can be used to suppress unqualified prospects.
- ◆ Models built on buying histories are always the most productive.

## Offer Strategies That Lift Response

### Want to change your response rates fast? **Change your offer.**

An offer is not your product or service. Simply put, it's a reason for your target to act sooner, rather than later. The right offer is essential to lifting both the quantity and quality of response. So ask yourself this key question:

**Is your offer so valuable, unique, powerful, exclusive, or exciting that the reader will interrupt whatever he's doing to request it right away?**

If the answer is no, dig deeper to improve your offer strategy.

### How to **increase response** in two easy steps:

1. Sell the offer, not the product.
2. Focus on the reasons to respond. Then sell your product later.

Your offer should convince your prospect that you can solve their problems or concerns. Convince them of that, and you can begin to tell them about your company, product, or service.

### The Single Fastest Way To Change Response Rates Is To Change Your Offer Structure



# IMPROVING RESPONSE RATES AND ROI

## Use these **five guidelines** to select an offer.

Determining the following will help you select the offer(s) capable of boosting your response rates:

1. How many inquiries can your system handle?
2. How many qualified inquiries do you need to deliver to your channels?
3. How will you identify qualified and non-qualified inquiries?
4. What information/materials/price will attract the most qualified prospects?
5. Does your product have a long sales cycle that will require you to educate your audience or a short one that will benefit from price-driven offers?

## The **most effective offers** are those that closely match your prospect's needs and interests.

Here are a number of offers that consistently increase response rates.

Successful Business Offers	Successful Consumer Offers
◆ Free guides, books, white papers, checklists	◆ "How to" guides (evaluation, comparison)
◆ Free self-assessments or evaluation tools	◆ Free accessory to product
◆ Free planners or calculators	◆ Purchase discounts and rebates
◆ Free demo disks	◆ Free shipping
◆ Free audits	◆ Gifts
◆ Additional free support or training	◆ Additional product
◆ Sweepstakes	◆ Sweepstakes
◆ Well-targeted gifts	◆ Extended warranties

## Tap into the **psychology** of your target audience.

When selecting an offer, try to find one that will stimulate your target psychologically. The more value your offer has to your target personally, the more response it will generate. Whether your market is businesses or consumers, don't forget to appeal to basic human emotions and desires:

- ◆ Is the offer unique, exclusive or highly valuable?
- ◆ Does it provide information that promises to make the prospect feel smarter; save time, effort or money; make a better decision; avoid hassle, worry or concern?
- ◆ Is it useful, attractive and prestigious?
- ◆ Does it provide something highly desirable for free?

Don't invest in direct marketing until you can answer yes to all these questions.

## Use your existing content to **create a Web-based "resource center"** for customers and prospects.

If you have white papers, calculators, case studies, or other informational resources, turn them into a knowledge base on your Web site. Telecom, software and networking companies use educational, content-rich microsites as the primary offer in their lead generation efforts. And you should, too. Providing valuable information, free-of-charge, to prospects and customers positions your company as a partner and industry thought leader. This strategy works well for both B2C and B2B marketers.

## **Premiums** increase quantity, but may decrease quality.

Free T-shirts, mouse pads or other gifts will increase response. But solution-based offers that promise to solve the

target's problem will generate response from better qualified prospects. If you do use premiums, reduce your costs by limiting the offer to the first 200 responders. This is also a good way to convince the reader not to procrastinate.

### **Don't forget, executives are people, too.**

Even six-figure, C-level executives respond to offers for plasma TVs, digital cameras and other upper-end premiums. They'll also enter sweepstakes for prizes they wouldn't likely buy themselves. These work best when you want to:

- ◆ Get maximum response for database development or lead generation
- ◆ Drive attendance at a seminar, Webinar or trade show booth
- ◆ Convince your target to visit a Web site for an online demo
- ◆ Convince your target to meet with a sales representative

### **The right sweepstakes can lift response in both B2C and B2B marketing.**

It's just human nature—everyone would like to get something for nothing. So a well-targeted sweepstakes that appeals directly to your target audience can really increase your response.

For example, a high-tech company with a predominantly male target offered a sweepstakes for a trip to a well-known racing school. It pulled five times better than a sweepstakes for a Hawaiian vacation.

A shopping mall doubled their response rate to 10% by adding a sweepstakes to their annual sales notice. (When

the customer's name was preprinted on the entry form, response nearly doubled again to 18%!)

When thinking up sweepstakes offers, think outside the box. The less access the target has to the prize or the less likely he is to buy it for himself, the better. For example, most people wouldn't arrange to spend time in a Flight Simulator. But, several years ago, an airline had great success dangling in front of their customers the chance to win exactly that. Tickets to exclusive events are powerful draws for the same reason.

*A well-targeted sweepstakes that appeals directly to your target audience can really increase your response.*

## **Messaging and Creative That Move Readers to Action**

### **Know the difference between advertising creative and direct response creative, and the role each plays in the communication mix.**

- ◆ Advertising is best at creating awareness and developing a brand image. Because it reaches the masses, messaging can't be as tightly focused on the target audience.
- ◆ Direct marketing communication is focused on making a sale or stimulating a response—immediately. While direct marketing must make people feel good about the company, the product or the service in order to convince them to act, feeling good isn't the objective. Cost-effective action is.

As a direct marketer, remember that increasing awareness won't make you a hero(ine) with your boss. But, generating breathtaking results will do the trick every time.

# IMPROVING RESPONSE RATES AND ROI

**Evaluate your messages against consumer desires and pains or corporate requirements.**

Consumer Desires	Corporate Requirements
<ul style="list-style-type: none"> <li>◆ Make money or save money</li> <li>◆ Save time</li> <li>◆ Avoid effort</li> <li>◆ Achieve comfort</li> <li>◆ Be praised or popular</li> <li>◆ Enjoy pleasure</li> <li>◆ Be clean</li> <li>◆ Be in style</li> <li>◆ Gratify curiosity</li> <li>◆ Satisfy an appetite</li> <li>◆ Have beautiful possessions</li> <li>◆ Attract and be attractive to others</li> <li>◆ Be an individual</li> <li>◆ Emulate others</li> <li>◆ Take advantage of others</li> </ul>	<ul style="list-style-type: none"> <li>◆ Industry expertise</li> <li>◆ Credibility</li> <li>◆ Minimal learning curve</li> <li>◆ Ease and speed of implementation</li> <li>◆ End-to-end vs. point solution</li> <li>◆ Support</li> <li>◆ Ease of use</li> <li>◆ Leverage of existing investments</li> <li>◆ Price protection</li> <li>◆ Migration paths</li> <li>◆ Flexibility</li> <li>◆ Scalability</li> <li>◆ Interoperability</li> <li>◆ Functionality</li> <li>◆ Return On Investment</li> <li>◆ Customer satisfaction/retention</li> </ul>
Consumers want to avoid	
<ul style="list-style-type: none"> <li>◆ Criticism</li> <li>◆ Losing their possessions</li> <li>◆ Physical pain</li> <li>◆ Loss of reputation</li> <li>◆ Loss of money</li> <li>◆ Trouble, hassle or fighting</li> </ul>	

**Headlines affect readership and results 20% to 50%.**

A good headline strikes a nerve with the reader. It makes her think that you know her, understand her and can help her with her problems. The most successful headlines appeal to

basic human emotions and needs: Fear, Love, Greed, Comfort, Security, Savings, Accomplishment, Health and Beauty. Good headlines stimulate curiosity, promise important benefits, announce news or promise a story your prospect can't pass up.

**The right words can make all the difference.**

- ◆ Words that increase results:  
Learn, free, understand, discover, easy, guarantee, complimentary, money, safety, save, new, love, results, right, comfort, proud, profit, deserve, happy, trust, value, fun, vital, approve, instant, now.
- ◆ Words that decrease results:  
Cost, pay, contract, sign, try, worry, loss, lose, hurt, buy, death, bad, sell, price, decision, hard, difficult, obligation, liability, fail, complex.

**If you're stuck, try one of these hard-working headlines.**

- 1. Problem/Solution**—"If you need immediate relief from the high cost of insurance, we've got a new, affordable solution for you."
- 2. Historical Event**—"Never before has a business machine done all this." Or: "Now, for the first time in history, you can save 40% off the price of a new copier."
- 3. Testimonial**—"I was so satisfied with the quality and speed of my new printer that we bought ten more for all our other departments."
- 4. Product Claims**—"Reduce the time you spend managing networks by 100%."

5. **Outrageous Statement**—"My accountant is calling me crazy to offer a computer system loaded with 100 new features for this incredibly low price. Here's why I'm doing it...."
6. **Compelling Question**—"Do you want fast answers to the most important business problems you face today?"
7. **Guarantee**—"This product will make you ten times more productive or your money back."

### Know your prospect's or customer's situation.

- ◆ Whether your targets are business people or consumers, how busy are they?
- ◆ Against what other messages will yours be competing?
- ◆ For online channels, are your targets computer-savvy? Are they online during their workday or evening hours?
- ◆ If you're mailing to large businesses, does the Mail Room block third-class mail? If so, you may want to mail first class, or design a mailing that *looks* like first class. By increasing deliverability and response, first-class postage often pays for itself.
- ◆ Are you sending multiple mailers into individual companies? Stagger your drops. Mail Rooms often discard multiple advertising mailers that arrive on the same day.
- ◆ If you know your recipients get a lot of mail, you'll need to find a way to stand out. Consider using a larger envelope or dimensional mailer.
- ◆ When mailing to executives, consider using FedEx or UPS to get past an administrative assistant or other gatekeeper.

### Remember that people care less about you than they care about themselves.

To engage your readers, use "you" in your copy, not "we" or "us." Put your readers—and what you can do for them—into your copy as early as possible. Readers are interested in information that's relevant to them. As soon as you start talking about your company, your philosophy or your history, your reader will lose interest.

*The fewer paths you provide, the lower your response will be.*

### Reap the rewards of reducing your target's risk.

Sometimes, the hardest part of making a sale is overcoming your buyers' objections. Offering an unconditional guarantee is a great way to make the risk-averse feel more comfortable about buying. Mail order marketers, such as L.L. Bean, have practiced this for years. But many marketers forget about the power of eliminating risk. Before you finalize your offer, ask yourself, "How can I better stand behind my product or service so potential customers will have complete confidence in buying from me?" Then see how you can build this policy into your marketing to boost your response rates.

### Providing multiple response options consistently raises response.

Whether you're a B2B or B2C marketer, always remember this: Not everyone is comfortable with the same response path. Some people prefer to reply by mail, some by phone, some by fax, some by e-mail, some by visiting a Web site. The fewer paths you provide, the lower your response will be. In fact, not including a mail-back device has been proven to decrease response by as much as 40%.

## Boosting Seminars, Webinars and Event Marketing Results

### The “Triad of Success” is the key to most **successful informational events**.

Three elements consistently increase registration and attendance at informational events:

1. A credible third-party expert speaking about the trends and issues within a given category
2. A satisfied customer discussing the actual benefits of the product or service
3. Validity of the marketer as demonstrated by customer results, and a variety of other applications in other industries or situations

*Those who accepted your invitation but didn't appear are likely good prospects. Often, they're just too busy to attend, which many of your best leads may be.*

### **Only invite those near your venue.**

Choose your location wisely. Think about drive time to get to a given site—30 minutes is about the maximum. Don't waste money mailing to those who are not within that distance.

### **Make your invitation look like an invitation.**

There are lots of verbal and visual clues you can use, ranging from the literal—“You're invited”—to the more subtle. Use an A7 or A9 format. And don't overlook

your address options. If you can afford it and your quantities are small, consider hand-addressing the envelopes and affixing a live, first-class stamp.

### **The right event title is critical.**

The title of your seminar should capture the essence of the event and draw prospects to your presentation. Test a variety of seminar titles to find the one that's most effective. And take the time to write strong benefits capable of moving prospects to action. Remember, in order attend your event, prospects have to make a change in their daily schedules and commit valuable time. Inertia is inherent. But you can overcome it by promising the opportunity to learn something new, unique and highly valuable.

### **Mail your invitations four to six weeks before the event.**

For whole or half-day seminars, four weeks advance notice should be enough. But events that are longer or involve travel require longer lead times. And build in time for reminder mailings or telemarketing reminders, which usually boost attendance substantially.

### **Don't ignore your no-shows.**

Those who accepted your invitation but didn't appear are likely good prospects. Often, they're just too busy to attend, which may be the case with many of your best leads. They registered for your event for a reason. Follow up to find out why.

# 2. ENHANCING LEAD QUALITY

**To improve the quality of your leads, match your offer strategy with your prospects' stage in the buying cycle.**

In B2C marketing, that means making the right offer at the right price to the right target. In B2B marketing, it means using multiple offers to bring prospects into the sales funnel. Then following up with subsequent offers that push prospects through to final sale.

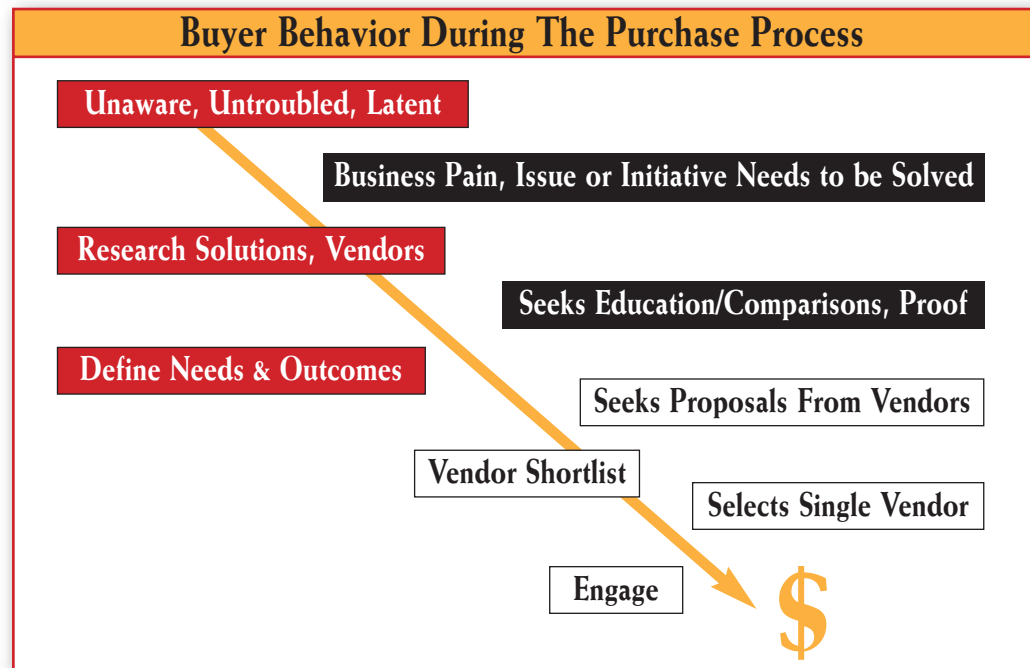
If your lead quality is low, change your offer strategy to attract prospects who are in a later stage of the buying cycle. You may also want to make the prospect do a little more work to obtain your offer. Finding the right balance of offer strategy and lead quality can only be achieved by testing and carefully measuring your conversion rates.

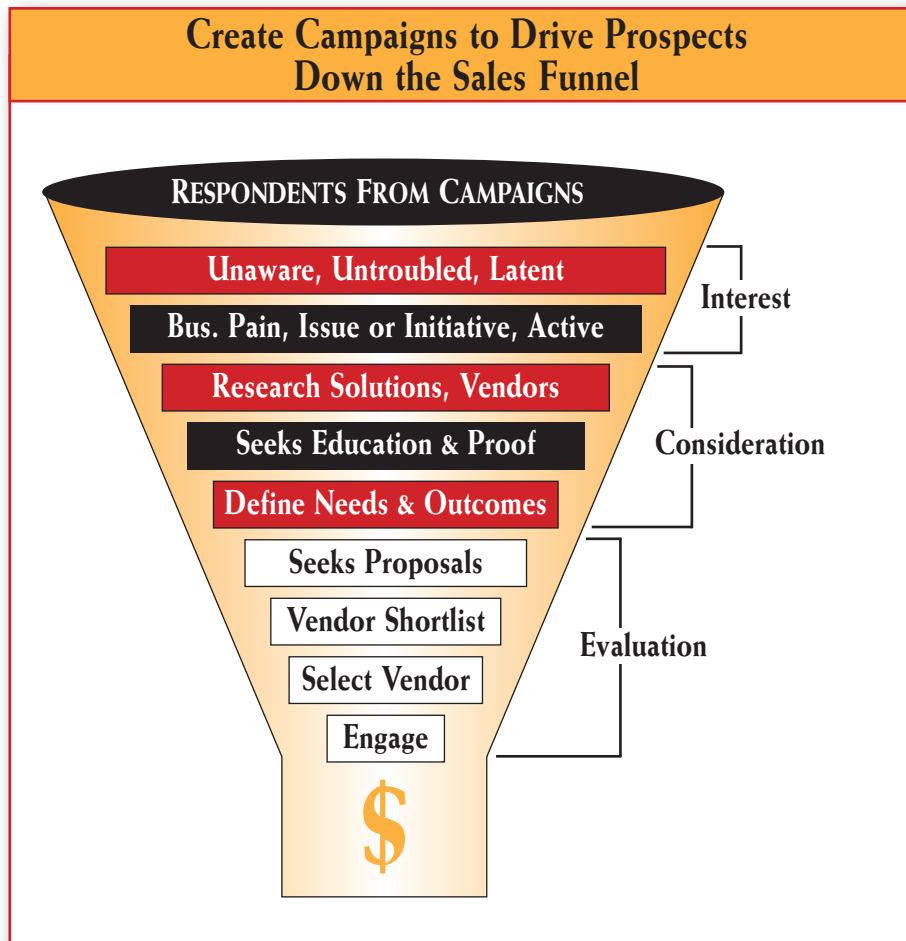
**Changing the title of your offer can attract a different type of buyer.**

"Learn the essentials of direct marketing in 15 minutes" will attract a completely different buyer from "How to use advanced direct marketing strategies to boost your result over 100%." Instead of spending 90% of your time writing content, spend 90% of your time and resources testing offer titles to determine which one attracts the best quality responders—the ones who are in the market for your product and service right now.

**Build your offers so they help your prospects buy.**

The accompanying illustration shows a typical purchase path for a B2B buyer. Initially, the target is unaware that a problem exists. But something happens that brings the problem to his attention and he begins to look for possible solutions. At this stage, he looks for trustworthy information, education and resources to guide him. Once he has enough information, the specific needs of the company are defined and a Request for Proposal is sent to the vendors the target believes can solve his problem. At this stage, the target is looking for the right solution, at the right price. Once proposals are received, a vendor is selected and engaged.





## Create offers that appeal to prospects at both ends of the sales funnel.

Converting the buying process illustration you saw on the previous page into a sales funnel makes it easy to see why you need to promote both top- and bottom-of-the-funnel offers. Each will have a different response rate and attract a different type of prospect.

## Promote offers for each stage of the buying cycle.

There are three stages of the buying cycle that direct marketers need to focus on when trying to identify prospects that are ready for hand-off to the sales organization: **Interest, Consideration and Evaluation.** For each stage, you want to promote an offer that works. Here is a list of proven offers for each stage that have been effective for more than 25 years.

### Interest Stage Offer

- ◆ Third-party educational white papers
- ◆ Business books
- ◆ Problem/solution recommenders
- ◆ Interactive self-assessments/trend surveys
- ◆ Benchmark comparisons

### Consideration Stage Offer

- ◆ Product demos
- ◆ Free product trials: "Try our color copier in your office free for five weeks."
- ◆ Gift with appointment
- ◆ Case studies
- ◆ Solution applications papers
- ◆ Technical white papers

### Evaluation Stage Offers

- ◆ ROI calculators
- ◆ RFP/RFQ development guides
- ◆ Satisfied customer testimonials
- ◆ Site visits
- ◆ More specific product trials and competitive comparisons

### Use microsites to **qualify your leads** before forwarding them to your channel.

A microsite can help you capture information about your leads, score them and then route inquires to the right sales channel. Lead-capture microsites can accomplish these important marketing goals:

- ◆ Supporting your image and awareness advertising
- ◆ Allowing you to provide pertinent information that your prospects will find of value, such as white papers, information guides, checklists and self-tests. This positions your company as a resource for unique and valuable information
- ◆ Providing high-value information in exchange for completing a response form
- ◆ Collecting data elements to enable effective inquiry evaluation
- ◆ Providing a tool for the distribution of leads to outside sales channels

### Revisit the leads you already have.

Studies show that between 75% and 80% of leads are never followed up. Often, sales people ignore leads that are “not ready to buy.” But if nurtured correctly—with offers for every stage of the buying cycle—when prospects are nearly ready to buy, you’ll be in a position to close them.

### Sometimes more is less.

Ultimately, cost-per-lead is not what matters most. It’s cost-per-sale. Increasing quantity may lower cost-per-piece and cost-per-response, but the leads captured won’t be as

qualified. Remember: When it comes to targeting, think quality, not quantity.

### Build a content library that aligns your offer with your audiences.

Below is a table describing a hypothetical content library and showing how each offer is aligned to audiences and buying cycle stages. Use this grid to assess where your company currently stands with its offers and what offers still need to be created to improve lead quality.

Titles/ Buy Cycle	Operational Managers	CIO/IT Executives	Data Warehouse Managers
Interest	<ul style="list-style-type: none"> <li>◆ White Paper on Category Issues</li> <li>◆ Knowledge Center</li> </ul>	<ul style="list-style-type: none"> <li>◆ Media Sponsored Benchmark Comparisons Report</li> </ul>	<ul style="list-style-type: none"> <li>◆ Technical Briefing and Deployment Study</li> <li>◆ Knowledge Center</li> </ul>
Consideration	<ul style="list-style-type: none"> <li>◆ Web Seminar on Successful Deployment</li> </ul>	<ul style="list-style-type: none"> <li>◆ Breakfast Briefing with Wall Street</li> </ul>	<ul style="list-style-type: none"> <li>◆ Web Seminar Successful Deployment</li> </ul>
Evaluation	<ul style="list-style-type: none"> <li>◆ Template for RFP Development and ROI Payback</li> </ul>	<ul style="list-style-type: none"> <li>◆ Competitive Case Studies</li> </ul>	<ul style="list-style-type: none"> <li>◆ Technical Issues to Consider Before Implementation</li> </ul>

Use this table to help **select the right offer** to balance the quantity and quality of inquiries or sales leads

High Quantity Offers:	High Quality Offers:
◆ Educational guide	◆ Product demo
◆ Analyst report	◆ Catalog
◆ White paper	◆ Needs assessment
◆ Article reprint	◆ Consultation
◆ Book	◆ 30-day free trial
◆ Newsletter subscription	◆ Product samples
◆ Sweepstakes entry	◆ Case studies/success stories
◆ Instant survey results	◆ Seminar
◆ Premium	◆ Product/price discount

When looking for **quality leads**, don't overlook your current customers.

*Make sure that you don't take your existing customers for granted and lose incremental revenue to your competitors.*

As we discussed earlier, your best prospects are your current customers. If you've been doing the job right, they think well of you and are likely to respond to your marketing efforts. Make sure that you don't take your existing customers for granted and lose incremental revenue to your competitors.

Get your **Web** house in order.

The vast majority of prospects will visit a company's Web site before making a purchase decision. Since these visitors

are typically in the research phase of the buying cycle, they are at least starting to review their purchase options. Make sure your Web site not only provides your prospect with valuable information while positioning your company as an expert in the field, but also has several means of capturing prospects' names and contact information.

**Combine media for maximum effect.**

If you're sending a dimensional mailer, consider a telesales call or postcard before your package drops in order to heighten interest. After the package has been delivered, follow up with a phone call. The right mail can serve as an icebreaker for a telesales call and make the sales force feel more comfortable about initiating contact.

**Manage the flow of leads.**

Better to keep your mail and e-mail drops small with meaningful follow up than to flood the sales force with more leads than it can handle. Staggering your drops can help ensure that all your leads get the attention they deserve.

**Create demand by touching prospects often.**

Don't assume a single direct mail package will get you where you need to go. Even the best qualified prospects can fail to respond to a single touch. If possible, give your target several opportunities to say "yes." Over time, multiple touches increase recall and help to establish a relationship with the prospect.

**Make the most of personalization.**

The more personal—and relevant—you can make your communication, the more effective it will be.

Although it's expensive, variable data printing and on-demand printing let you achieve true one-to-one marketing. A great example? Automakers who invite you to visit their Web site to create the car of your dreams, then use the data you enter to create a one-of-a-kind fulfillment—a brochure of your dream car.

### **Enlist the sales force.**

Keep the sales force abreast of your marketing campaigns. Even the best-conceived campaign won't succeed without their buy-in. Asking them to delineate their idea of a hot prospect can really inform your lead generation efforts.

### **Ask your prospects to qualify themselves.**

Give the reader several choices when describing to you his level of interest. Ask him when he plans to purchase, and make sure you nurture that lead accordingly. Survey packages that offer a reward to the reader for answering a few questions are a great way to acquire actionable data.

### **Include something with shelf-life in your mailer.**

Suppose you reach your prospect when he's not ready to buy. Odds are that will happen. Which makes it a smart move to insert a gentle reminder in your communication so you'll be on his radar when he's getting ready to make a purchase decision.

### **Test a routing slip.**

Reaching the perfect person for your offer gets more difficult all the time. Attaching a routing slip to your mail or simply asking the reader to forward it to the appropriate person can lift response by as much as 20%. If you're targeting

C-level executives, consider providing an incentive to convince the gatekeeper to pass your package along.

### **Be there at the right time.**

Financial services companies are using event triggers to dramatically improve the quality of their leads. Since most changes in banking relationships are in response to life changes—weddings, retirement, etc.—the ability to identify prospects experiencing one of these events is invaluable. On a more general level, changes in market conditions—interest rate or stock market fluctuations—also present opportunities for finding prospects who are closer to purchase.

*Attaching a routing slip to your mail or simply asking the reader to forward it to the appropriate person can lift response by as much as 20%.*

# 3. MAXIMIZING REVENUE GENERATION

## Converting Leads to Revenue with Nurturing Strategies

To improve your conversion, **both B2B customers and consumers who are buying high-end products and services should be carefully nurtured.**

*Satisfy your prospects' needs at every stage of the buying cycle, and you'll move them through more quickly.*

Marketers tend to be in a hurry to convert responses to buyers. But these days, people buy cautiously. Don't push them before they're ready. Develop a follow-up system that builds the relationship in gradual steps until they are ready to buy. Suitable follow up vehicles include letters, e-mail, case studies, newsletters, postcard announcements and, of course, telemarketing.

### The "Rule of 45" makes nurturing programs essential.

The majority of inquirers turn into buyers. Here are the proven averages:

- ◆ 13% of all inquirers buy in the category they inquired about within the first 90 days.
- ◆ 19% of all inquirers buy in the category they inquired about within 180 days.
- ◆ Overall, 45% of all inquirers buy within the inquiry category within 12 months.

Based on these patterns, you can see how important it is to stay in touch with your prospects for at least a 12-month period—even longer for enterprise-level purchases.

## One-to-one relevancy is the key to successful nurturing programs.

During the nurturing process, every communication with prospects must be personalized and relevant. Each communication should build on the previous one and be appropriate to the prospect's stage in the buying cycle. Satisfy your prospects' needs at every stage of the buying cycle, and you'll move them through more quickly.

## Include response options in all of your follow-up messages.

Whenever you follow up with an inquiry, you should provide ways for prospects to deepen their relationship with you. A thank-you note for Webinar attendance could include a relevant message leading prospects to take the next step (i.e., "Click here for more convenient analysis tools," or "To speak with a representative about your needs call us at 800-000-0000.")

## Make an offer in your fulfillment materials.

Make sure there's an offer in all your fulfillment materials. Prospects often don't remember why they responded—things change, new priorities arise. Remind them of the benefits your product or service offers and how easy it is for them to move forward in the buying process. In short, reiterate what you've already told them, and ask them to take the next step.

## Driving Revenue with Cross-Sell, Retention and Win-back Strategies

### Win-back is one of the surest ways to deliver revenue.

The old adage is true—your current and lapsed customers are your best prospects. Marketers have a 60% to 70% chance of selling new services to active customers, and a 20% to 40% chance of retrieving business from lost customers, but only a 5% to 20% chance of making a sale to a cold prospect.

### The average firm loses 20% to 40% of its customers every year.\*

To make matters worse, most companies don't do anything about it. Left unchecked, attrition directly affects profits and growth, while hindering new customer acquisition strategies.

Industry	Defection Rate
Internet Service Providers	22%
U.S. Long Distance	35%
Clothing Catalogs	25%
Newspaper Subscriptions	66%
German mobile phone market	25%

\*Customer Winback, authors Jill Griffen and Michael Lowenstein. 2001. Joss Bassy Publishing.

### Keep a close eye on your customers.

Changes in customer behavior can help you identify which ones are about ready to churn. In general, as customers near the end of their life cycle, there's a reduction in activity. Some customers say goodbye formally, others informally.

For instance, stopping your periodic visits is an informal way of terminating your relationship with your doctor. Transferring your medical records to another doctor is a formal termination. Another example is using your credit card less (informal) versus canceling your card altogether (formal). By the time a customer formally terminates your relationship, it's often too late to win her back. So watch for signs that could be signals of informal termination.

### Observe the five reasons why customers defect.

Before you implement a win-back campaign, take a good look at defection studies that explain why customers leave. Ideally, your win-back campaign should match your customers' reasons for leaving. Customer defection falls into five main categories:

- 1. Intentionally pushed away**—unprofitable to serve, not worth pursuing unless you can convert them to a more profitable product or service category
- 2. Unintentionally pushed away**—profitable customers, lost due to a service issue such as improper handling of a complaint, service or product dissatisfaction, disapproval of changes or policies or feeling that their business was taken for granted
- 3. Pulled away**—a competitor gave them a better deal
- 4. Bought away**—a competitor made a financially compelling offer to switch
- 5. Moved away**—a customer has moved away from the primary service or trading area

*Left unchecked, attrition directly affects profits and growth, while hindering new customer acquisition strategies.*

# MAXIMIZING REVENUE GENERATION

*Since your current customers are your best prospects for new products and services, be sure you continue to communicate with them.*

**There is a direct correlation between customer acquisition, retention and win-back.**

Your acquisition, retention, and win-back models should be optimized to work together. If, for instance, you build an acquisition model without taking churn into account, you could end up having high response rates and driving short-term revenue, but could be getting it

from fast-to-churn customers who have credit problems. Conversely, if you rely on a low-churn model to override your acquisition model, you could hamper your acquisition efforts rendering them unprofitable.

These three factors are interrelated. The chart shows what each area can teach you.

**Don't have sales people be the only ones talking to your customers.**

Since your current customers are your best prospects for new products and services, be sure you continue to communicate with them. Remember, although Sales supports and fosters the relationship, your company *owns* the relationship. Instead of simply turning your customers over to the sales force—which could result in significant lost opportunities—try these tactics:

- ◆ Make sure there's an agreement with Sales regarding who is contacted and for what reason
- ◆ Communicate to Sales in advance about what messages will be delivered and via which channels
- ◆ Encourage Sales to be part of the marketing process and to participate in the follow-up activities that improve customer satisfaction rates
- ◆ Educate Management and Sales that, provided you aren't overwhelming a customer with irrelevant messages, each one your company sends serves to deepen the relationship, improve retention and drive revenue.

What RETENTION Can Teach You About ACQUISITION	What ACQUISITION Can Teach You About RETENTION	What WIN-BACK Can Teach You About ACQUISITION
Knowing which of your existing customers become loyal can help you sharpen your prospect targeting, thereby attracting more high-potential customers.	Knowing new customer needs enables you to better customize products and services to provide increasing value to customers.	Knowing which customers have defected and why can help you sharpen your prospect targeting to avoid attracting prospects that are prone to defection.
What RETENTION Can Teach You About WIN-BACK	What ACQUISITION Can Teach You About WIN-BACK	What WIN-BACK Can Teach You About RETENTION
Knowing the customers' past purchasing patterns and habits can help you more effectively segment lost customers according to future value potential.	Comparing the profiles of high-value prospects against lost customers can be helpful for identifying those lost customers most worth winning back.	Knowing which customers have defected and why can help with early detection of at-risk customers.

\*Customer Winback, authors Jill Griffen and Michael Lowenstein. 2001. Joss Bassy Publishing.

# 4. CLARIFYING AND TRACKING METRICS

## You Can Only Improve What You Can Measure.

Successful direct marketing is an evolutionary process based on a constant cycle of testing, tracking (measurement) and refinement. Unless you are accurately tracking which medium, list, offer and creative is driving response you have no basis for refinement and the only way you'll ever get to optimum campaign performance is if you get lucky.

### Make your data consistent.

Too many businesses waste time and energy capturing data that can't be readily analyzed and used. For example, a firm's CRM may be capturing data on company size in increments of 50, while Telesales is capturing the same data in increments of 25. Customer Service, meanwhile, may be using increments of five. To usefully cross-correlate the data, the largest increment should be used. But if research demonstrates that the ideal company size lies between 10 and 25, only the Customer Service database can reliably locate the desired target.

- ◆ To force consistent data capture use drop-down pick lists instead of open fields.
- ◆ If specific data is not needed, use ranges. If possible, use ranges that align with the outside lists you'll use for prospecting.
- ◆ If your data come from different systems, it's worth the investment to make all the data fields consistent.
- ◆ When practical, collect data in smaller ranges.

If needed, smaller segments can be rolled up to create larger ranges for analysis, but you cannot divide larger segments.

### Only capture what you can use.

Many companies collect data that never gets used at all or isn't predictive when it is used.

- ◆ Follow best practices and start by collecting data that has been proven to lift response.
  - a. Behavior-based data is more powerful than compiled data. Spending money is a more powerful indicator of interest than checking a box on a survey.
  - b. Demographic or firmagraphic data that are not behavior-based can still be useful in identifying prospects worth targeting.
- ◆ Collect data that can be used for suppression (bad credit, too few employees) as well as selection.
- ◆ Make "need to know" data a required field, so responders can't move to the next field until they've entered the desired information.

### Analyze your data regularly.

Many companies make the mistake of not analyzing their house data and campaigns on a regular basis. Here's a "Do" and a "Don't" to remember:

- ◆ Use a loose algorithm to match back an inquiry/prospect/sales database (house file) to a campaign database (mail tape, e-mail list, etc.). Although the results won't be 100% accurate, they'll be good enough to identify winning lists and offers.

## 4. IMPROVING TRACKING AND METRICS

- ◆ Don't let IT bottlenecks prevent you from seeing results. Raw data dumps can be done quickly. And marketing service bureaus can take your data, reformat it, and extract whatever information you need. Data processing is very affordable, and results can be provided as Excel spreadsheets, charts or graphs.

### Can't capture data? Feel free to **substitute**.

Sometimes, in spite of your best efforts, data just can't be captured. Responders sometimes won't know certain things—their SIC code, for example.

*The collection of accurate data is essential for measuring the performance of your investment.*

Or perhaps they won't want to cough up information they don't consider to be any of your business, like their income or credit history. Frankly, some data is simply not worth capturing, because it's so easy and inexpensive to acquire. Here are a couple of things to keep in mind:

- ◆ Consumer files offer as many as 137 different data elements you can append—both demographic and behavioral.
- ◆ Business files offer standard firmographic selects (number of employees, annual sales, years in business, etc.), but fewer selects than consumer files and little behavioral data. Some B2B technology files offer selects such as operating systems, number of computers, etc.

### Capture data from every campaign.

Data capture isn't difficult, but many customer contact channels (i.e., Telesales, Sales, Customer Service) don't understand its importance. Or they believe that capturing the data will interfere with their primary function.

Try education and training first. If that doesn't work, consider these approaches:

- ◆ Provide incentives such as commissions and prizes for feedback or data capture.
- ◆ Use an outside firm to handle calls, capture PINs (from mail, e-mail, print ads, etc.) and hot transfer to Sales or Telesales. PIN capture rates have been known to exceed 95%.
- ◆ Use personal URLs—[www.abcinc.com/john.smith](http://www.abcinc.com/john.smith)—to drive response to microsites. A personal URL can automatically pre-populate registration information and capture additional data from the responder.
- ◆ Instead of driving your target to your general Web site, use a campaign-specific microsite with a landing page that encourages registration and data capture.
- ◆ Use a bank of unique 800 numbers to track phone response for each campaign or cross-tab. Although you won't get net inquiry or sales data, you will learn what drives response. This service can add as little as \$0.70 per call.

### Proper test coding and tracking are keys to measuring success.

The collection of accurate data is essential for measuring the performance of your investment as well as feeding a knowledge-base that ensures repeatable successes. Be sure to track and calculate *all* of the following:

- ◆ Response by list or media
- ◆ Percentage of qualified response by list or media
- ◆ Response by test cells (offers, creative, headlines or lists)

- ◆ Cost-per-lead
- ◆ Cost-per-qualified-lead
- ◆ Conversion ratio of qualified leads to sales
- ◆ Average order size
- ◆ Cost per order
- ◆ Return on investment

### Make the most of **Web tracking**.

The Web is the most measurable advertising medium today. It gives you the power to count visits, analyze their quality and fine-tune your messaging. Due to the complexities of the Web, it's important to make sure you know exactly what you're tracking. It's best to work with an experienced vendor who can retrieve your logs, analyze them thoroughly and deliver reports. Standard questions you'll want to have answered include:

- ◆ How many visitors are coming to your site?
- ◆ How does this vary by day of the week and time of the day?
- ◆ Which sites did they come from?
- ◆ Which organizations are they visiting?
- ◆ How many pages are they reading?
- ◆ Which specific pages are they reading?
- ◆ Are they browsing the site or looking for specific information every day?
- ◆ How do they move through the site?
- ◆ From which pages do most visitors leave the site?
- ◆ What country are site visitors from?
- ◆ What are your visits per page?

- ◆ What is your conversion rate from landing page to completed registration page?

### Conduct **"Did You Buy?"** surveys to **measure sales pipeline value and marketing ROI**.

This survey asks both responders and non-responders why they acted—or didn't—in response to your campaign. It's a low-pressure way to keep your name in front of prospects who may be entering the final stage of the buying cycle. And it gives you a chance to demonstrate that you genuinely value their feedback—which enhances your image. Here are the questions your survey should contain:

- ◆ Were you contacted by a sales representative?
- ◆ Did you buy the product you inquired about?
- ◆ If you did buy, who did you buy from? How much did you invest?
- ◆ If you did not buy, do you still plan to purchase? When?
- ◆ What is your role in the purchase process?
- ◆ If you did not buy, would you like to be contacted by a sales representative now?

*... it's important to make sure you know exactly what you're tracking.*

# 5. GETTING CAMPAIGNS TO MARKET QUICKLY

## Give the creative team the right direction the first time. **Write it down.**

To make sure your internal and external resources are on the same page, provide them with a detailed creative brief. It must be informative, contain key facts and provide clear direction as to the goals and desired outcome of your communication. Be sure it includes these sections:

- ◆ What is the purpose of the campaign? Give a succinct statement of the overall problem or opportunity.
- ◆ What are you trying to accomplish? Quantifiable goals and measurable objectives, please.
  - ◆ Who are you talking to and what do you know about them? (Demographics, psychographics, firmographics, area of focus, years of education, motivations, concerns, etc.)
  - ◆ What is the current audience perception? Help your resources understand how your audience thinks and feels about its current situation and your products or services.
  - ◆ What is the desired audience perception? What do you want the target audience to think, feel or believe after being exposed to your message?
- ◆ Why should the audience respond? Describe in detail the most compelling benefit of your offer.
- ◆ What are the relevant pains and problems currently facing your target? What are its needs, wants, desires, frustrations, hopes and concerns?
- ◆ What is the key message you want the audience to take away from this communication?

*Keep it straightforward and sell all the reasons for your target to respond to your offer – right now.*

- ◆ What is the single net impression you want to deliver?
- ◆ Why should the target believe this message? Provide support points, facts, specifics, proof points to overcome skepticism and build credibility.
- ◆ What is the tone of the campaign? Funny? Serious? Educational? Corporate? Formal?
- ◆ What is the reach and budget for the campaign? You will save a lot of time and avoid false starts if everyone knows all of the parameters.

## Start with the **fastest delivery medium: e-mail.**

Spam filters and concerns about spam notwithstanding, e-mail is the fastest, simplest and cheapest form of direct response communication. Just write a text message with a compelling subject line, provide links to the offer early in your message, and keep it short.

## Don't overlook the power and speed of the telephone.

Within a few hours, you can be on the phone dialing prospects and seeing results. Make sure you have at least two scripts to test against each other. And give your callers time to get comfortable with your scripts and offers. You'll have results within 24 to 72 hours.

## Focus on **selling the offer.**

When the sales force needs the phone to ring, you need to deliver results quickly. Turn to The Kern Organization's Tourniquet™ solutions to get your e-mail, telemarketing or direct mail campaign out the door in days instead of weeks. These solutions focus on merchandising and selling your offer, not your product or company.

When you need to get to market fast, don't overreach. Keep it straightforward and sell all the reasons for your target to respond to your offer—right now. Tell them what they'll learn, discover or gain simply by visiting your Web site or calling your 800-number. And don't be too surprised when you see the great results you produce, too.

### **Optimize your mail for quicker delivery.**

There are several strategies you can use to get your mail in the hands of your target more quickly, including:

- ◆ Using a lettershop that has a USPS facility on site.
- ◆ Commingling your mail with others. Some lettershops will combine your mailing with others, speeding your delivery time and reducing your postage cost.
- ◆ Drop shipping through a Bulk Mailing Center. This can cut one to three days off delivery.
- ◆ Mailing first class. Often, the increased response offsets the extra postage cost.
- ◆ Using DHL, UPS, FedEx or other expedited service. This is particularly effective when trying to reach C-level audiences. Not only is your message delivered more quickly, it commands greater attention.

### **Streamline the creative process.**

Consider updating creative you've used in the past. Making minor modifications to a previous package that performed well can really expedite the process. Using images that you've used in the past eliminates the need for time-consuming color correction. If you're mailing several times during the year, develop a template so subsequent packages can be created more quickly. Repurpose content that's already been developed to use as an offer.

### **Streamline the production process.**

Production is a large part of any direct mail schedule. So reducing the time it takes to print and assemble your package can make a big difference in how quickly you can be in market. Consider these ideas for shaving days off your production schedule:

- ◆ Don't reinvent the wheel. Go with an existing format without any bells and whistles.
- ◆ Use an in-line format. Since in-line jobs run in one pass, they come off the press addressed and ready to be mailed because the "envelope" is part of the piece.
- ◆ Use an off-the-shelf envelope. If there are no graphics on the envelope, or just a teaser, you can save time and money.
- ◆ Automate insertion. Handwork is costly and time consuming, so automate as much of the process as possible.

### **Streamline the approval process.**

Limit the number of people who review and approve work. If this isn't practical, schedule time for simultaneous review and provide the agency with one comprehensive set of revisions. Consider an online routing/approval process. Instead of routing hardcopy in a linear manner, make it available via PDF.

### **Keep your brand guidelines book up to date.**

Working with out-of-date standards causes unnecessary rounds of revisions and legal review. Providing up-to-the-minute disclaimer copy and graphics standards will enable your agency to get it right the first time.

*...reducing the time it takes to print and assemble your package can make a big difference in how quickly you can be in market.*

## Choose the **right agency.**

Nothing affects the time it takes to produce your projects more than agency culture. So when choosing a DM partner, find one with experience in your category that's known for fast turnaround. Not to mention advanced strategic planning, targeting, data analysis and integrated turnkey direct marketing programs that produce results well above the industry norm.

### Agency Checklist: Capabilities

- Customer acquisition
- Sales lead generation
- Lead nurturing and cultivation
- Customer retention and activation
- Up-sell and cross-sell programs
- Event-attendance generation
- Loyalty programs

### Agency Checklist: Turnkey Services

- Multi-channel integrated direct response marketing
- High-volume lead generation/customer acquisition
- Online lead capture, scoring and distribution
- Online lead nurturing and conversion
- Customer retention, cross-sell and win-back marketing
- Closed loop campaign tracking and reporting

Ideally, you should seek an agency that has a minimum of two decades of Direct Marketing experience under its belt, working with clients in Technology, Telecommunications, Entertainment, Financial Services, Insurance and Health Care.

That agency will have soaked up the knowledge from some 25,000 test observations, managed \$100 million in campaign investments, developed 1,000 campaigns and generated millions of sales leads, customer inquiries and traffic—from individuals, households, SOHOs, small businesses, mid-size organizations and global enterprises.

If that agency happens to have delivered \$1 billion in revenue for B2C, B2SmallBusiness and B2B marketers, make sure you get their business card!

**THE | kern | ORGANIZATION**  
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**es·sen·tial** *adj* **1.** of the highest importance for achieving something.

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**Es·sen·tial Dir·ect** *n* **1.** a swiftly executed, battle-tested approach to solving marketing problems that minimizes expenditure and maximizes results for clients who thought they'd never live to see it happen.

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