

What is effective direct marketing?

Effective direct marketing talks to your prospects, not at them. It reveals a clear understanding of their needs, and speaks in a tone—and provides information—that precisely meets those needs.

What are the important elements in effective direct marketing?

1. Identify your target audience
2. Implement a compelling message
3. Get your audience's attention
4. State/clarify your market position
5. Educate and inform your audience
6. Prove your claims with testimonials
7. Provide your sales force with knowledge, and with effective selling tools
8. Gain the confidence of your prospects
9. Convert prospects to clients

What are the most common applications of effective direct marketing?

Direct marketing can be used to generate orders, to generate leads, to follow-up on leads already generated, or to cement relationships and build customer loyalty. See the examples below.

Direct Order – A direct order campaign is designed with the sole intent of generating a purchase. Its success is measured through the number of purchases it generates.

Lead/Traffic Generation – A Lead/Traffic Generation campaign is designed to generate product interest. Its success is measured by the number of qualified leads captured. Lead generation makes the largest contribution in sales by intended purpose (\$853.8 billion in 2005) followed by direct order (\$743.7 billion)

Lead Follow-Up – A Lead Follow-Up campaign pursues qualified leads in an effort to nurture them toward a sale. Its success is measured by the number of leads who become customers.

Loyalty – A Loyalty campaign is designed to strengthen client bonds. Its success is measured by the number of clients retained, and through referrals from existing clients.

The ABC's of B-to-B Marketing

Business-to-Business direct marketing offers many differences from Business-to-Consumer. Some of these include:

- B-to-B marketers typically have a much smaller market to target than B-to-C—dozens, or hundreds, as opposed to thousands or millions.
- B-to-B marketers experience longer sales cycles—often lasting several months. This requires different strategies, depending on where your prospect is in the buying cycle.
- B-to-B messages typically get less exposure than B-to-C, which means your message must be clear, concise, and very consistent.
- B-to-B products and services are more complex and sophisticated, making it all the more important to have a clear, consistent, persuasive message.
- B-to-B selling propositions are more rational, and less emotional. These aren't discretionary, or impulse-driven purchases. Reputations, promotions, even careers may be on the line.
- B-to-C pricing has few variations from store to store, but B-to-B products can vary for every buyer and every sale. B-to-B products are less standardized and pricing can be dependant on who the buyer is.
- Buying decisions can take months, meaning long sales cycles. Detailed, thorough, timely information is vital.
- Corporate brands are usually more important to B-to-B buyers than product brands. While the purchase decision itself is based on practical criteria (i.e. performance, capabilities, price) the purchase decision will be largely influenced by the value that buyers place on the corporate brand.
- B-to-B prospects conduct more research. Because of the risk of making the wrong decision, B-to-B prospects often conduct extensive research—not just for personal peace of mind, but to help them sell their decision to others.
- There are often several tiers in B-to-B with which to communicate: the sales force, independent reps, dealers/distributors, committees, installers, owners, end-users, etc.
- B-to-B is one-to-one. Television commercials won't cut it. B-to-B success depends on personal relationship building, sophisticated sales management and an educated, well-trained staff who are in step with corporate brand objectives.
- B-to-B marketing starts inside your company. All of your people need to understand your brand message, and deliver that message every day. That means, your first job is to market internally.

Facts & Figures

Return On Marketing Investment (ROMI) – In 2005, an investment of one dollar in direct marketing ad expenditures returned, on average, \$11.49 in incremental revenue across all industries. That compares to \$10.99 in 2003 and \$10 in 1999.

Direct Marketing Trend Relative to Mass Advertising – Direct marketing expenditures accounted for nearly half of total advertising in 2004 (47.9% or \$77.4 billion). That number is expected to grow at a 6% rate through 2009.

Major Markets (B-to-C vs B-to-B) – On average, it is predicted that one dollar spent on B-to-C direct marketing will yield \$12.66. One dollar spent on B-to-B direct marketing will yield \$10.10. However, the ROMI of B-to-B is growing at a faster rate.

Impact on Output – Growth in B-to-C is outpacing total U.S. consumer sales (6% vs. 5.4%), but direct marketing B-to-B sales are growing even faster: 6.8% per year

Direct Marketing By Intended Purpose of the Offer – On average, it is expected that:

- One dollar invested in retail purchase expenditures can yield \$16.13
- One dollar invested in direct order expenditures can earn \$11.36
- One dollar invested in lead generation expenditures can yield \$11.11
- One dollar invested in fundraising expenditures can yield \$4.29

Direct Marketing By Industry – Direct marketing continues to be used most heavily among non-store retailers (catalogers and online retail outlets) and those industries that are the largest users of advertising in general—financial institutions, automobile manufactures and general and apparel retailing. These same industries also account for the largest volume of direct marketing-driven sales in the consumer market.

Growth – Direct marketing-driven sales are growing fastest in those companies investing most heavily in IT processes: the services, travel and pharmaceuticals industries-- and among non-profits.

Sales Impact By Industry – The sectors whose direct-marketing driven sales are most responsible for driving overall industry performance include retail, automotive and air travel, as well as those sectors where non-profits are most heavily represented.

Return On Marketing Investment – Not surprisingly, the industries who spend most heavily on direct marketing, are also those which see the biggest impact per dollar spent.

Why Shouldn't Printing be Planet-Friendly?

At Fresh Color Press, we believe in preserving our planet's natural resources. We think you believe in it, too. That's why we're offering these eco-friendly tips for your next printing project. They'll not only help save the planet, they'll often save you money as well.

- How important is that poly window? Your envelope will be easier to recycle without it. If you must have a cover for the window, consider that some marketers are using a corn-based window patch that is not only biodegradable, but made from a renewable resource.
- Go small. Reducing the size of your piece will save paper, and save you money on printing. It may also reduce your postage.
- Can you eliminate the envelope altogether? Self-mailers and postcards cost less and have less impact on the environment, while still generating response.
- Avoid self-adhesive stickers—even stamps—on your outer envelopes. They make envelopes more difficult to recycle. Use a preprinted indicia or a meter instead.
- Are you printing on both sides of the paper? You'll get twice the value from every sheet. Also, consider using a lighter weight paper, or a smaller roll size.
- Save a forest. Use groundwood paper. Groundwood paper uses about 50% fewer trees for the same amount of paper, and it's of comparable look and quality. Look into it
- Talk to us about our press sizes. We'll help you get the maximum number of pieces from every sheet.
- It's often possible to run similar components on the same press sheet. Be alert for this material- and cost-saving option.
- How many colors do you really need? Ask yourself if that four-color job will work just as hard in two colors.
- Reduce waste by using all the tools at your disposal to make sure your mailings reach their intended target. Targeting, modeling, merge/purge and USPS address correction are all designed to facilitate mail delivery—as is the Direct Marketing Association's Mail Preference Service.

Finally, let your clients know that you are an environmentally responsible company—and follow through on that promise. Invest in clean energy initiatives, encourage carpooling and the use of public transportation among your employees. Get in touch with environmental groups in your area, and become an active supporter of their work. And, importantly, encourage your clients to recycle the materials they receive from you—and make it easier for them, by following the guidelines above.

The Case of the Disappearing Data

As you read this, your client data files are slowly disappearing. No, they aren't being taken, they're simply becoming outdated, outmoded, and wrong. Consider these facts: A new business opens every minute—and another new business goes bankrupt every eight minutes; a business closes every three minutes; a new CEO takes charge every minute, and every two minutes, a business changes its name; some 18% of businesses change their phone number every year, and the number is even higher for new businesses.

What all this means to you, is that in one year, some 20% of the client and prospect data in your files will have degraded to the point that it's useless. So how can you stay on top of business data degradation? We've got some steps you can follow.

Standardizing and Formatting Business Addresses

- First, standardize and format all the business addresses in your B-to-B database. You can refer to USPS Publication 28 for a recommended layout. It's available as a free download from <http://pe.usps.gov/cpim/ftp/pubs/Pub28/pub28.pdf>.
- Make sure all your data entry people follow a standard operating procedure for data entry. Assign a person, or persons, to stay on top of these procedures and make sure they are implemented.
- Set up three address options for customers: Ship to, Bill to, and Mail to.
- How old is your software? Does it offer fields for cell phone numbers or e-mail addresses? Update as necessary.
- The USPS can help you identify whether an address is a consumer household, or a business. This will enable you to sort out standard, 3-line residential addresses from 4-line business addresses that may be missing a company name. It will also help you identify undeliverables.

Cleaning and Updating Your Files

- How do you compensate your order takers? If they are paid by the number of new entries keyed in, you are likely to see duplications.
- Go ahead and pay for postal returns. They're an excellent way to update your files. Do this 2-4 times a year.

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- Learn about different endorsement options and how they operate in both standard, and First Class mail. These options will include:
 - Address Change Service (ACS)
 - Address Service Requested
 - Return Service Requested
 - Change Service Requested
 - Forwarding Service Requested
 - Visit USPS.com for information and tips on addressing options.
 - To check the validity of your address files, add NCOA as a new address, and send mail to both old and new addresses. Be sure you suppress additional mail to the old address.
 - Hygiene vendors will sift through your data for you. Send a sample to several and choose the one that works best for you.
 - To assess the accuracy of SIC or NAICS append vendors, send a sample of your data to vendors that includes some companies whose codes you already know.
 - Use downtime, or slow shifts, to review suspect data.
 - Consider providing incentives to your customers, to encourage them to provide additional, or updated data about themselves.

Client Classification and Buyer Roles

- To determine company classification, provide a drop-down menu of industry classification options for your clients to choose from, such as transportation, manufacturing, sales, etc. You may also set up data appending with an appropriate vendor.
- Just as important as the SIC, is the number of employees. It's also easier to obtain directly from your clients. For their convenience, provide ranges and check off boxes.
- Buyer roles are best obtained through the use of drop-down menus with open-ended fields for those job classifications that do not appear. Check the open-ended fields for frequent titles that can then be added to the drop down menu.
- Allot two fields for titles, one for actual, and one for functional.
- Ask your Internet customers to self-classify as business or consumer, government or education. This will help you tailor your address screens.

Maintaining Data Files from Your Sales Force, and From Business Partners

- To prevent redundancy, create automatic look-up tables of companies that are already in your files. That way, instead of creating a new listing, your sales people and business partners can first view a listing of companies already listed.
- To improve consistency, quality and accuracy, create standardized lists for fields such as function, level and SIC code.
- Set up logic-based programs that let you do things like automatically populating the city and state fields based on ZIP Code.
- If possible, create a system that captures data automatically from the contact management system used by your sales force. That keeps your sales people from diverting their attention to administrative functions, when they should be selling.
- To help prevent the time and effort wasted on duplicate records, seek out technology that matches the duplicate entity and retains the unique elements in a master record. This will prevent you from mistakenly purging valid, but apparently duplicate, records.
- Match together companies that have an ongoing business relationship. Linking companies this way will reduce duplications, promote more efficient selling and expose opportunities in your accounts.
- Develop a reward system that provides bonuses to your sales team for keeping data clean and current.
- Block illogical key entries. For example, prevent phone number fields from accepting letters, and title or address fields from accepting all numbers.
- Have actual order entry done by a dedicated work force. Sales people and business partners simply won't learn and follow your data entry procedures. However, if sales people and business partners are expected to enter orders, set up interactive editing tools to flag errors and duplications. Or, have their orders reviewed prior to billing and shipping.