Seven Tips for Selling to Direct Marketers
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Direct marketing delivers the growth graphic communications providers need and the results marketers crave. Here are seven tips to help you win the business, supported by stories of graphic communications providers who are growing by attracting new customers and building loyal followings for themselves and their clients.
For years, it was enough to simply deliver attractive printed collateral pieces and/or advertising promotions. However, the economy has changed the landscape. Today, there are higher expectations and a confusing array of media choices for marketers and their customers.

One trend is clear. The momentum has dramatically shifted from budgets allocated to general advertising to budgets that are allocated to direct marketing. According to the Winterberry Group, a provider of syndicated research for the direct marketing community, investment in direct marketing continues to rise from 2009 in comparison to general advertising year over year.

The economy’s effect on marketers has required them to be more efficient, presenting wonderful opportunities for graphic communications providers who provide data-driven marketing programs. However, marketers are vastly different from traditional graphic communications contacts. Winning their business requires understanding their business objectives and personal motivations. The best opportunities come to those who can establish a consultative relationship, in which the graphic communications provider helps to develop campaign strategies.

This brochure offers seven tips for developing successful relationships with marketers—and examples of graphic communications providers who have had success applying them.

All Media Spend

The tips are:

1. Target the right prospects
2. Demonstrate your market knowledge
3. Communicate your value proposition
4. Overcome objections from prospective customers
5. Leverage data to drive results
6. Capture powerful synergy by integrating multimedia campaigns
7. Build windows of opportunity
Current trends present new opportunities

The marketing department and its surrogate creative agencies have long been the greatest source of corporate opportunities for graphic communications providers. While that's still true today, the marketer’s needs are changing, due to three converging trends.

- More consumers use “always-on” electronic media.
- The media landscape is increasingly varied and complex.
- Marketers have an increased need to show return on their investment (ROI).

The upshot: Today marketers need to engage customers in a broad array of sometimes confusing and unfamiliar media—as well as in traditional media—and to do it on a tight budget that is squeezed by the challenging economy. More than ever before, they need to justify their spend—or suffer the consequences. The average tenure of chief marketing officers hired at the largest U.S. advertisers since 2005 is just 22 months, according to a 2010 Adweek report.

In this environment, marketing budget allocation has shifted dramatically from general advertising to direct marketing. One reason: Because direct marketing campaigns seek responses, they are measurable at the individual ad unit, enabling marketers to track ROI and justify their spend. And according to the Direct Marketing Association 2010 Power of Direct Marketing Report, every $1 spent in direct marketing delivers almost $12 in sales revenue, compared to a little more than $5 delivered per dollar of advertising.

Direct marketing campaigns that use digital media, such as e-mail, the Web and social media, play well in this world. Not only are they trackable, but with the right tools, results can be presented in real time. What’s more, digital media—including pieces printed on digital presses—can be highly personalized with relevant messaging that has been shown time and time again to boost results.

For graphic communications providers, these trends present new opportunities to establish sustainable differentiation by becoming trusted advisors on new media, on effectively mixing new and traditional services, on optimizing ROI and on reporting results in boardroom friendly ways that justify the programs.

However, working effectively with marketers requires not only the print and design problem-solving skills graphic communications providers are known for but business problem solving, as well. The top providers understand their customers’ sales and marketing programs, and recognize areas of opportunity from their customers’ point of view. Often, their involvement in projects begins with strategy discussions, further upstream from traditional print procurement at the end of the creation process.

The following are seven tips to help graphic communications providers succeed working with marketers in today's dynamic direct marketing world.
The Brief—but Rising—Average Tenure of CMOs

The average tenure of CMOs is 22 months according to a 2010 Adweek report. And for CEOs, the average tenure is 53.8 months according to Spencer Stuart, executive search consulting firm.

CMO tenures are shorter than those of other senior executives because “over the last decade, the overall complexity and sophistication of the marketing function have grown by leaps and bounds,” according to a Spencer Stuart “blue” paper.

Today’s CMOs are expected to oversee a much wider range of integrated marketing and communications functions than in the past and to lead corporate strategy, not just communications strategy.

In adapting to these new roles, failures to establish shared expectations or to fit into corporate culture are frequent contributors to early CMO exits. The recent longer tenures, Spencer Stuart notes, are partly due to more effective CMO performance and partly to the down economy, which has slowed the job market and reduced marketing budgets.
One: Target the right prospects

A wide range of business-to-business marketers, consumer marketers and non-profit and membership organizations use and benefit from direct marketing programs. How do you decide which targets are right for you?

First, be clear about what direct marketing can do for an organization:

- Drive measurable results in the form of sales (orders, donations and subscriptions), sales leads or traffic to a Web or social media site.
- Extend the reach of a sales force to cost-effectively service lower-value customers, cover orphaned territories or markets, help nurture or shorten long sales cycles or simply produce more qualified leads.
- Develop a relationship with the customer to nurture that customer’s loyalty and lifetime value, while growing “share of wallet.”

Then begin to think about how these services can be applied on behalf of your current customers—and prospects. Four guiding rules can help you through this process.

Know your customers

Which customers are your most profitable? Which generate the most revenue? Which are your least profitable—the ones that regularly eat up an unjustified share of your resources?

Ranking your customers in these easily tracked categories provides a fact-based means for prioritizing them as targets for new services. It may also lead you to scale back relationships with your least profitable clients, freeing resources for the more profitable work you seek.

Knowing your customers also means understanding their world—their industry, their challenges, their competitors and the ways their competitors communicate with the targeted audience. Joining an industry association can help you to better understand their industry, making you more valuable to them.

Sell more to your customers

Selling more to current customers is almost always easier and less expensive than initiating a new relationship. By taking good care of customers and becoming experts in their markets, you give your firm the strong reputation that often leads to referrals.

Take it to the next level by sitting down with your top customers to learn more about them. Ask them what their business objectives are and where they want to take the business. Work on solving their problems to help them get there.

Your current customers also are the most logical targets for beginning sales of new services. Offer incentives to segments of your customer base to make them feel “special.” This is a great way to test and refine your offerings, based upon their candid feedback.
Direct Marketing Advantages

• Drives measurable results
• Extends the reach of the sales force
• Develops and nurtures customer relationships
Target prospects like your high-value customers

When you begin targeting new business, try to find prospects that resemble your highest-value customers. With them, you can leverage your good reputation and relevant skill set to establish immediate credibility as an experienced partner who can add value right out of the gate.

Be smart when prospecting outside your comfort zone

In selecting new areas to target, consider industry segments that are natural fits for direct marketing services. Who are the biggest mailers in your markets? Which industries are the healthiest and the most recession resistant? Which are just emerging and have strong potential upsides? Focus on the areas that offer the greatest potential return.

Also consider your company’s resources. Do you or your staff have contacts in particular industries? Does work you currently perform have any similarities to work done in other industries? For example, if you ran a successful direct marketing campaign to a retail establishment based on membership, you can apply those same services to hospitality, airline or non-profit membership businesses. Just be sure to tailor your examples to the targeted industry.

Most successful providers focus initially on a few industries and expand as their success warrants. Much of the information you need for deciding which industries to target is readily available from trade associations and publications.

For example, the DMA publishes information on direct marketing ad spends by vertical market in its annual *Direct Marketing Statistical Fact Book* and its biennial *The Power of Direct Marketing*. They project that the vertical markets with the highest direct marketing ad spend compounded annual growth rates from 2009 – 2014 will be manufacturers, financial services, retail, utilities and healthcare. The highest spend in 2010 was for banks and credit institutions, communications, entertainment and recreation, healthcare, personal and professional services, manufacturing, store and non-store retailers, automotive manufacturers and retailers, computer and electronics manufacturers, religious and membership organizations among others.

Among trade magazines, *Target Marketing Magazine* publishes an annual list of the top 50 mailers other than catalogs. The leaders in 2009 and 2010 came mostly from financial services (Citigroup, Mutual of Omaha, etc.), media (Dow Jones, Time, Conde Naste, etc.), merchandise companies (Home Depot, Suarez Corporation, Bose, etc.) and not-for-profits (Red Cross, Salvation Army, AAA, AARP, etc.).

2010’s major new entry to *Target Marketing Magazine’s Top 50 Mailers List* (non-catalogers) was Proctor & Gamble. It debuted at the number 2 position, beaten out only by the number 1 mailer Citigroup.

P&G launched Rouge, its health and beauty magazine, with product coupons to drive traffic to retail stores. The concept was extensively tested in the U.S. and Canada. It is targeting up to 11 million households quarterly to foster long-term relationships with beauty care consumers.
Personal Rewards Program Drives Business for Hair Salon Chain

Fantastic Sams provides its franchises with direct postcards and e-mail to help them foster customer loyalty.

Customer: Fantastic Sams, a haircare salon chain in North America
Providers: Group3 Marketing and Visions, Inc.
Challenge:
• Reduce guest churn at franchises
• Increase business at franchises
Strategy: Develop two loyalty programs: Guests First™ to influence buying behavior of new, active and lost guests, and Fantastic Rewards™ to drive retention
Audience: Current and lapsed Fantastic Sams customers
Offer: Variable discounts and other offers selected by franchises

Creative theme: Variable themes for different offers selected by franchises. Example for haircolor promotion: “It’s fall. The colors are changing.”

Media:
• Postcards
• E-mail

Process: 60,000 to 90,000 postcards and additional e-mails are delivered every six weeks. Owners select the customer audience and offer and enter custom messages via the Web.

Use of data: Variables include name, images, offer based on purchase history, salon location, reward status or amount; the franchise selects segments

Results:
• Response rate of 14% to 20%
• Advertising to sales ratio of between 6:1 and 14:1
• Fantastic Rewards Members spend almost 33% more per transaction
• Strong upsell performance
Two: Demonstrate your market knowledge

Knowing that offering relevant insights is the best way to get a prospect’s attention is one thing. Finding those insights is another.

But you can. On a deadline, targeted research can unearth the nuggets that make you sparkle in front of a client. Longer term, getting involved in the industry enables you to continually enhance your market knowledge and form insights on trends.

Plenty of resources are available to help you build and nurture your industry knowledge.

Where do I find information to be more relevant to a prospect?

Much can be learned via simple Web searches. The Web puts an amazing amount of information at your fingertips. Many industry participants—including trade associations, postal services and service providers—present valuable research data on their Web sites. Some of the most valuable sites, along with some key trade publications and books, are listed in the Appendix.

On the Internet, you can also learn a lot about your clients and targets. And by observing how they use the Web and social media, you may learn where they need marketing help.

A number of organizations conduct and publish original research, some free, some fee-based. The DMA and the Winterberry Group do research on media spending for direct marketing and offer other research-based insights. Synovate conducts thousands of interviews and focus groups.

WIIFM: What’s in it for me?

When marketers were asked about the most effective way for agencies to engage them in sales discussions...

92% said they might respond if the agency had produced some research or insights in their vertical category

85% said they would respond positively if the agency wanted to inform them about a recent case study in their category

55% said they would never respond to an approach focused primarily on the agency’s creative awards

Source: MediaPost, The Winterberry Group
annually to predict actual business results from various techniques. Print in The Mix aggregates credible research and information on the role and effectiveness of print in the marketing media mix. Web sites for these and others are listed in the Appendix.

Read to stay current and have relevant conversations. Some excellent sources for getting new ideas include magazines, books and online newsletters. Some examples include:

- **Magazines**—Target Marketing, Multichannel Merchant, Philanthropy and BtoB
- **Books**—Made to Stick by Dan and Chip Heath and Nudge by Richard Thaler
- **Online newsletters**—WARC for international marketing focus, Chief Marketer and National Mail Order Association News

See the Appendix for more recommendations.

### Get Active in the Industry

A good path to becoming an industry insider is to get involved in industry organizations. Many regularly provide venues for industry experts to speak, as well as networking opportunities, where you can meet with colleagues and potential customers. Generally, the more you put into an industry group, the more you get out of it.

The DMA (www.newdma.org) is a leading trade association for direct marketing in the United States. Members get free access to online training, reports and conference presentations. Live training can accelerate your path up the learning curve in just a few days. You can also join DMA councils that specialize in any of numerous vertical markets.

Organizations similar to the DMA can be found worldwide. Canada has the Canadian Marketing Association, and in Europe the Federation of European and Interactive Direct Marketing represents numerous country-based associations. Additional direct marketing industry organizations are listed in the Appendix at the end of this white paper.

Many cities have local direct marketing clubs and associations that meet regularly and offer networking opportunities. And many vertical markets have associations you can join. Links to many of these organizations can be found in the Appendix.

To further refine your knowledge and better understand an industry’s challenges and opportunities, participate in and/or join vertical industry associations. There are associations focused in gaming, automotive, not-for-profit, retail and more. See the Appendix for a list of associations.

### Credit Card Solicitations Nearly Doubled

“Credit card solicitations nearly doubled last year to 2.73 billion, from 1.39 billion in 2009, according to market-research firm Synovate’s Mail Monitor, which tracks direct mail. And a double-digit gain is expected this year.”


### Be Your Target’s Customer

A great way to learn about specific targets is to become their customer before you try to sell to them. You can gain first-hand experience of their sales approach and the benefits of their products and services—a level of knowledge your target will appreciate and, possibly, expect.

You also score points when the target asks the inevitable question, “Are you my customer?”
Three: Communicate your value proposition

The mark of many successful graphic communications companies is their ability to serve as trusted advisors who lead customers to new and innovative solutions.

So how do you do that?

Start by defining your business with a value proposition that reflects a realistic understanding of what you do well and what you don’t. Articulate your identity and skill set on your Web site and in your marketing materials. Then use your own programs to develop leads. Your cutting-edge techniques should drive superior results—while delivering a positive example of your work to your targets. It’s like a car dealer bringing a test drive to the recipient’s home.

When meeting new prospects, remember that first impressions count. People form a first impression in five seconds, then spend the next 15 or 20 seconds validating that impression, according to Dan Hill in his book *Body of Truth*. If the validation is positive, then they will devote additional time.

Likewise, when marketers take your sales call, they are asking themselves, “Is this going to be worth my time?” Before you get a chance to develop a relationship, you must resolve this question by demonstrating your value.

So don’t talk about yourself. Talk about your prospect. Any number of approaches can work but in all cases, be curious about their business. Some graphic communications providers engage in a series of questions to identify the prospect’s pain point or problem as a first step toward proposing a solution.

Begin with broad questions, such as “What is your greatest revenue growth challenge today—new customers, customer retention or customer profitability?”

Other sales consultants begin with a validation process to prove—and fine tune—their knowledge of the client’s business, an especially good approach if you have a history of specialization in the client’s market.

Avoid showing samples unless they directly support a solution you propose based upon a tested understanding of your target’s business. Remember, marketers want ideas that can help them boost the number of leads they generate, the number of sales they win and the amount of ROI they can generate. Showing them how they can do that is the way you begin to develop a relationship.

So don’t talk about yourself. Talk about your prospect. Any number of approaches can work but in all cases, be curious about their business. Some graphic communications providers engage in a series of questions to identify the prospect’s pain point or problem as a first step toward proposing a solution.
Lead Generation Campaign Lands New Business for Insurance Firm

Renaissance Insurance finds fortune in a dimensional mailer with customized fortune cookies

**Customer:** Renaissance Insurance

**Providers:** AlphaGraphics, Cornerstone Promotional Products and GoodFortuneCookies.com

**Challenge:**

- Generate leads from large commercial prospects
- Increase sales

**Strategy:** Use dimensional mailer to break down traditional gatekeeper barriers, strong offer to spur response

**Audience:** Owners, CEOs and principal decision makers at prospective commercial business clients

**Offer:** $50 gift card to Best Buy, Target or dys, a local BBQ restaurant, for making an appointment with an agent

**Creative theme:** Based on Chinese take-out food and fortune cookies

**Media:**

- Dimensional mailer containing Chinese food take-out container, fortune cookies with customized messages, booklet
- PURL

**Process:** Dimensional mailer drives target to a PURL, to set up an appointment with an agent

**Use of data:** Name personalization, customized messages in fortune cookies; very clean list (only one return out of 126 pieces)

**Results:**

- 35% response rate (appointment made with agent)
- More than $100,000 in new business in first six months
- Projecting a 5% increase in commercial sales
Four: Overcome objections from prospective customers

Marketers own the budgets. They are the decision makers. You need to expand your contacts in an organization to include them. In this regard, the short average tenures of top marketing executives cited in the opening of this white paper are both good news and bad. The good news is that you have a new chance to get in the door every 22 months on average. The bad news: You must continually resell and justify your services.

The world has changed. Marketers need accountability and results. You must be prepared to put some “skin in the game” by helping to deliver results—not just providing design, printing and mailing skills.

Here are a few of the most common questions and objections you are likely to face when talking to marketers.

I use advertising. Why do I need direct marketing?
Advertising and direct marketing are two distinct disciplines that complement one another. Advertising builds the brand image for awareness, recall and loyalty. Direct marketing seeks to generate responses that deliver revenue, as well as awareness. It functions like a sales force.

Most successful marketing programs use both advertising and direct marketing.

Why don’t I just use e-mail, search advertising or social media?
E-mail, search advertising and social media are great marketing tools, but they fall short of results direct mail generates in audience targeting, new customer acquisition and lead generation from high-value business and consumer audiences. As the economy recovers, many marketers are going back to the medium they trust—direct mail.

Furthermore, the 2010 DMA response report found that direct mail generated an average response rate of 4.4% for house lists and 1.9% for prospects, compared to 1.7% and 0.6%, respectively, for e-mail, and 1.7% for prospects in search. Superior response rates are a key reason why direct mail is still the largest single channel in direct marketing spend.

My agency says it doesn’t recommend direct mail—it’s too old-fashioned and not the way to reach customers who are increasingly online.
Not all age groups have equally adopted new media. And no single new medium has replaced its traditional media counterpart.

Even the leaders in online and technology-based businesses recognize this. Google, Dell, Microsoft, eBags, Zappos and many other famous online marketers all use direct mail.

As reported in The New York Times, “Different people respond to different media,” said Aaron Magness, director for brand marketing and business development at Zappos.com in Henderson, Nev. And according to Cameron Brown, president at King Fish in Salem, Mass, quoted in the same article, “So far an average order from the catalog is more than twice the size of an average order that began on Zappos.com.”
Miami University exceeds Honors enrollment target by more than 30%

Miami University and Xerox 1:1 Lab utilized a relevant approach to draw high-performing college-bound students to their Honors program.

Customer: Miami University of Ohio
Provider: b+p+t communication solutions

Challenge:
- Increase enrollment to the Honors program
- Create a more strategic approach with a limited budget

Strategy: Reach prospective students via direct mail, e-mail and a Personalized URL to entice them to a university visit and apply to the Honors program

Audience: High school students fitting the profile for their Honors program

Use of data: Data triggers for the relevant content include name, major, gender, campus visit and student interests

Results:
- Increased applications by 4%
- Target enrollment overachieved by 31%
- Decreased production by 29%
We tried direct mail and it didn’t work for us. Why should we try it again?

As in most human endeavors, direct marketing campaigns are not created equally. Some are better than others.

Ask to learn more about the campaign, and offer to analyze it. If you can see a sample of the promotion, pay particular attention to the strength of the offer (reason to respond) and call to action, and to the use of personalization. To prompt a response, pieces need compelling offers that are relevant to the recipient.

Ask about the distribution list. Poor data and poor targeting are two common downsides of direct mail campaigns.

You can also review with your prospect the three key elements that are the foundation of successful direct marketing:

- **The list or target audience.** Common industry wisdom holds that 40% of a campaign’s success is based upon the quality of the list. Customer lists generally generate five to 20 times as many responses as rented prospect lists, according to Frederick Reichheld, author of *The Loyalty Effect*. And not all prospect lists are created equally. Lists that have proven behavioral traits—such as lists of buyers, subscribers, donors and members—will almost always outperform lists compiled from multiple sources, which nonetheless can be valuable in specific situations, such as targeting specific geographies or vertical markets. Best practice calls for testing different lists or list segments to determine which audiences actually generate the highest response rate.

- **The offer.** The quality of the proposal or proposition in the promotion is generally believed to account for another 40% of a campaign’s success. The offer is intended to melt away inertia, to compel the recipient to act. Offers consist of four key elements: the product; the price or payment terms; the incentives, such as free shipping, a gift or bonus, and sweepstakes contest opportunities; and other conditions, such as a free trial, automatic billing, guarantees and deadlines.

- **The creative execution.** The quality of the copy, design and format of the mailing accounts for about 20% of a campaign’s success, according to industry wisdom. Good creative is important, but its impact will be muted if the piece targets the wrong audience or if the offer is weak.

I’d love to do one-to-one marketing, but it costs too much.

While one-to-one marketing campaigns do typically cost more than comparable promotions that use little or no personalization, they often deliver a higher return on investment to more than cover the extra cost.

To provide proof points, create your own customer success stories, or rely on those created by vendors and third parties. For example, the Xerox 1:1 Lab is a marketing initiative that has completed tests comparing the results from a traditional direct marketing campaign to the same campaign with customized content that is relevant to each recipient. In tests run in multiple industry vertical markets, the more relevant approaches have consistently delivered positive results. Even highly regarded direct-mail leader Reader’s Digest Canada as much as doubled response rates with the 1:1 Lab’s more personalized approach.

Even with this proof, some marketers will hesitate. For them, run a free or at-cost test on one of their campaigns. It’s your chance to shine, so take advantage of it, and you’ll likely win a new client.
2011 U.S. Direct and Digital Advertising Spend (Billions $)

Source: Winterberry Group Outlook 2011
Five: Leverage data to drive results

“The future of advertising is not about social, not about viral videos, not about mobile, not about any new medium or any new ad unit—but about data… Why is this so? Because the impression by itself is becoming worthless. The critical component that makes this new world work is data—not simply general research data, but data about you.”

– Michael D. Andrew of MediaSmith, as published in MediaPost

Data on targets has far-reaching consequence in direct marketing campaigns. It underlies decisions about shaping the list, the offer and the creative content. Tracking the results, in turn, generates new data for reporting on the quality of the campaign and for reaching individual targets in future initiatives. And in the digital world, everything can be tracked in real time, adding to the quantity, quality and timeliness of the data.

That’s why common industry wisdom holds that “Data is king.” With the right data, marketers can identify the precise target population, deliver variable messages that are relevant to each recipient, and track each individual response step by step as each individual opens, clicks through, responds and buys.

### U.S. Spending, Marketing Data and Related Services (2008-2012 Estimated)

- **2008**: $10.8 BB
  - Online Display-Related Data Spending: $300MM (Share of Total Data: 2.8%)
  - E-mail-Related Data Spending: $10.0 BB
  - Direct Mail-Related Data Spending: $520MM (5.2%)

- **2010**: $12.0 BB
  - Online Display-Related Data Spending: $870MM (7.2%)

- **2012 (Estimated)**
  - Online Display-Related Data Spending (1): $12.0 BB
  - E-mail-Related Data Spending (2): $520MM
  - Direct Mail-Related Data Spending (3): $10.0 BB

Source: Winterberry Group analysis of various sources

(1) Online display-related data spending includes retargeting services, intent data/inferred data, offline data used for online marketing.

(2) E-mail-related data spending includes e-mail lists, database management/hygiene and analytic services.

(3) Direct mail-related data spending includes mailing lists, data management/hygiene and analytic services.
Identifying High-Value Targets

Direct mail works best when audiences are segmented by potential value and promotions are targeted.

Customer value is established by measures of RFM—recency, frequency and monetary value of purchases. According to the Pareto Principle—also known as the 80-20 Rule—a relatively small number of customers deliver most of the enterprise’s income. Typically, 20% of the customers deliver 80% of the revenue.

RFM is one of several measures used for effective segmentation. Others include geography, behavior, target audience and other characteristics. By using these measures to match the right media and campaign strategy to the right audiences, marketers can optimize return on their budgets.

Marketers generally put more effort into engaging their top customers. Some assign the sales force or telemarketing sales force to target their largest prospects, using direct mail to fill out the coverage cost effectively. Some contact higher value segments more frequently than lower value audiences.

A strategy of boosting response rates from these higher value audiences can improve ROI significantly. In contrast, forgoing segmentation in favor of a “one-size-fits-all” strategy over invests in low-value audiences and underachieves the potential of the high-value segments.

A marketplace that delivers an average response rate of 1%, as shown in the Average Response Rates graphic below, is likely to have segments that deliver much higher—and much lower—response rates. The marketer’s job is to find the high-potential segments and not to be fooled by aggregated averages that can obscure the particulars of segment performance.

And even within a clearly targeted segment, the circumstances of individual recipients can vary widely. So a one-size-fits-all messaging strategy and budget allocation is far less effective than using personalization and format to make each delivery relevant.

Pareto’s Law – The 80/20 Rule

If everyone gets the same promotion, budgets are wasted and ROI suffers.

Average Response Rates

80% of the marketing cost

20% of the marketing cost

20%

80%

Revenue

Customers

10%

3%

0.25%

1% Average Response
Here again, effectiveness is dependent in part on data quality. Typically, customer data resides in multiple places: your client’s billing, customer and marketing databases, and a range of third-party lists. Find, acquire, merge and mine this data. Cleansing (verifying) ensures the data accuracy that drives results.

**What Gets Measured Gets Managed**

“I know I’m wasting half my marketing budget,” goes a well-traveled, widely attributed marketing quote. “I just don’t know which half.”

Business management visionary Peter Drucker prescribed that problem’s antidote when he said, “What gets measured, gets managed.” That’s why maintaining a marketing database tracking customer behaviors, such as purchases and campaign responses, is vital to honing campaign strategies that lead to direct marketing success.

Tracking responses provides data that can help marketers manage on many levels, from tweaking campaign messaging to adjusting strategies and tactics on a program level. For example, studies from the U.S. Postal Service and marketers such as Williams-Sonoma have shown that 20 to 40% or more of online purchases for catalog marketers are driven by their print catalogs. Knowing this, catalog producers thought twice about mailing fewer catalogs to high-value audiences, which might have cut costs during the economic downturn but also would have reduced revenue dramatically.

**Managing the Customer Lifecycle**

Still, focusing exclusively on the top 20% of customers can be risky. Promotional fatigue and attrition will ultimately turn this into a losing strategy.

That’s why you need to complement your campaigns with efforts to identify the best prospects for upselling, cross-selling and relationship development. This approach—called predictive modeling—expands the effective market universe.

**The net-net:** Frequency of contact, type of offer and promotional investment should be determined based on customer value and audience segment. Different strategies should be deployed for a prospect who has never bought from a company and a loyal customer—as well as for new, knowledgeable and lapsed customers.

There are customers at every spend level who could join the ranks of your most valuable customers.
Relevant Direct Mail Based on Personal Data Boosts Ford Sales of Extended Service Contract by 35%

In a test of four approaches, Xerox 1:1 Lab and Budco drive a sales increase with personalized, relevant content, despite the Great Recession

Customer: Ford Motor Company

Providers: Budco, Terminal Van Gogh Ltd. and the Xerox 1:1 Lab

Challenge:
- Increase response rates to offers for the Ford Extended Service Plan (ESP) for the Ford F-150 truck
- Increase ESP contract sales
- Identify best practices to apply to other car and truck ESPs

Opportunity:
- As the 2008 recession hit, many vehicle owners kept their cars and trucks longer
- Access to the Xerox 1:1 Lab to test its traditional direct mail with a more relevant piece that focuses on solving a customer problem

Strategy: Drive ESP sales for Ford and its dealers by making direct mail solicitations more relevant to each recipient

Audience: Ford F-150 truck owners

Offer: Ford Extended Service Plan (ESP) for Ford F-150 trucks

Creative theme: “Will you have it when you really need it?”

Media:
- Letter
- Self-mailer (alternative test)

Process: 20,000 test and control pieces were mailed in four drops over a four-month period

Use of data: Five triggers for variable content shared between the test and control pieces: vehicle type and year, length of ownership, warranty expiration, plan pricing and vehicle financing term. Four new triggers added for the test piece: gender, income, age and geography.

Results:
- 35.7% increase in revenue
- 5.7% increase in response rate
- Reduced production costs by 3.2%
- Projecting that the new approach will generate millions of dollars in additional annual sales
- Adopting techniques from the test campaign for other ESP campaigns

“The campaign was a huge success and now we are rolling it out across Ford’s entire portfolio of extended service products.”
— Mark Bardusch
National Sales and Marketing Manager, Extended Service Business, Ford Motor Company
Six: Capture powerful synergy by integrating multimedia campaigns

Synergy is the interaction of two or more agents or forces whose combined effect is greater than the sum of their individual effects. Whatever your segmentation and frequency strategies, a consensus has emerged that the most effective direct marketing campaigns integrate multiple media with a common look and feel and a shared objective. Numerous studies have shown that this approach works synergistically to consistently deliver superior results, better than any single channel on its own.

As proof of multimedia’s widespread acceptance, market research and strategic consulting firm InfoTrends reports the mean number of media used in today’s direct-marketing campaigns is three. And revenues for cross-media direct marketing are expected to increase from $3.2 billion in 2009 to more than $5.2 billion in 2014, a 10% compound annual growth rate over the forecast period.

The migration to multimedia is driven in part by user preference about how businesses communicate with them. Any digital medium can be incorporated in a cross-media campaign—from e-mail to micro websites, to social media and SMS text—so direct marketers can communicate in the media that best suit the audience. By integrating the communications, marketers can speak with one consistent voice across multiple channels to reach all their customers’ touchpoints. And many targets receive multiple touches, reinforcing the campaign’s messages.

A closer look at the various individual channels reveals a surprise for some—far more direct marketing dollars are spent on traditional media than on newer digital channels.
Yes, digital has grown rapidly and will continue to grow. And after the recession hit in 2008, digital growth was spurred by direct marketers who appreciated the lower distribution costs of search, e-mail, social marketing, mobile, display and other forms of online marketing. But as the economy has recovered, many marketers have returned to the traditional media they have long trusted.

While some marketers have shifted media spending to digital media as a lower-cost alternative to their traditional campaigns, most have found that online channels demonstrate greater value as a complement to direct mail applications, reinforcing the value of integrated programs. The level of acceptance in various industries of direct mail’s value as a complement to digital is indicated by the fullness of the dark circles. See the graphic on the next page.

Support of traditional media is justified by superior performance compared to digital media. E-mail, for example, has some advantages over direct mail, such as lower distribution costs and easier, faster distribution. However, it doesn’t perform as well as direct mail in acquisition of new customers. Many consumers reject unsolicited e-mail and dislike too frequent contact, leading many to opt out. Nearly 60% of consumers say they don’t open advertising e-mail, according to research by TNS that was reported in Canada Post’s, Sort, The Magazine for Direct Success. And according to a study by Return Path in the same article, only about 80% of 500,000 permission-based e-mail ads reached inboxes.

### Revenues from Cross-Media Direct Marketing

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (Billion)</th>
</tr>
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<tbody>
<tr>
<td>2009</td>
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</tr>
<tr>
<td>2010</td>
<td>$3,490</td>
</tr>
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<td>2013</td>
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</tr>
<tr>
<td>2014</td>
<td>$5,216</td>
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</tbody>
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Data Breach Begs Question, Can You Trust That E-mail Solicitation?

Some security experts believe that the recent theft of e-mail lists from online marketing firms has been the biggest ever. These firms reported that the compromised information “was limited to e-mail addresses and/or customer names only.” However, this data can be valuable to “phishers” whose modus operandi is to gain access to personal accounts via e-mail asking recipients to click on a link to update their account information. Success rates are likely to be higher when phishers send requests to people they know have an account with a given institution.

While many firms encourage customers to do business online, fraudulent activities like phishing and data breaches dampen consumer enthusiasm and their likelihood of responding to e-mail solicitations. The upshot: Consumers need to be vigilant, and marketers need to keep traditional media, such as direct mail, in the mix.

At any rate, with the widespread deployment of multichannel campaigns, greater use of traditional media is not necessarily at the expense of digital media. Often, both are deployed. And a number of recently developed technologies improve the development and management of these multimedia campaigns.

For example, cross-media software from XMPie, a Xerox Company, uses a common set of rules and assets to drive creation in multiple media. This also enables results from all media channels to be rolled up into a single marketing console to provide key metrics, such as ROI, across the entire campaign. And increasingly popular QR codes—readily created for print in most variable software packages—make it easier than ever for consumers to connect to a Web location, by simply scanning the code with a mobile device.

Rules for multimedia synergy success include:
- Speak with one voice.
- Choose the right media for the target audience.
- Have a compelling offer and memorable message.

See the next page for an example of how a fitness chain company targeted its audience to get action.
“The way XMPie (cross-media software) enables campaigns to be managed from a single dashboard is brilliant.”

— Espen Borg Larsen
Assistant Manager of Web Applications, Wittusen & Jensen

Personalized, Multimedia Referral Campaign Generates $2 Million in Revenue for Fitness Chain

Elixia health-and-fitness chain boosts customer loyalty and new membership in refer-a-friend campaign

**Customer:** Elixia, a health-and-fitness center chain in Northern Europe

**Provider:** Wittusen & Jensen

**Challenge:**
- Retain customers
- Increase membership

**Strategy:** Invite members to refer friends, expanding overall membership and motivating members to stay in the club with their friends

**Audience:**
- Current members
- Their fitness-conscious friends

**Offer:** Recruit a friend and both get two months free membership

**Creative theme:** “Get a good friend to become a healthy friend”

**Media:**
- Postcards
- PURLs
- E-mail

**Process:** Postcards drive recipients to PURLs to update account and send e-mail invitations to friends, interact with them and track results.

**Use of data:** Personalized images by age and gender, personalized name and location of club

**Results:**
- 2,500 new members compared to 37 from the prior campaign
- Annual revenue of $2 million
- 27.5% response rate
Leaders in direct marketing find ways to stay ahead of the curve in an incredibly dynamic market where timely insights and miniscule adjustments can make the difference between grand success and bland mediocrity. You need to give your firm every possible chance to compete with—and ultimately become one of—those leaders.

- Train and educate your staff to be knowledgeable direct marketers. The insights you need to gain an edge can come from anyone on the staff, so help prepare them to make a contribution. Training is available from associations like the DMA, vendors and adult education programs at colleges and universities.
- Define your business, identify your targets and stick with the strategy. Don’t be distracted by random opportunities that take you off track.
- Establish a program of delivering regular communications that demonstrate your value. Use this marketing vehicle to show how you provide market-specific solutions and communications that solve your customers’ problems. Be consistent in sticking to your program, as windows of opportunity can take time to open.
- Showcase the value of your experience by participating in local and national events in advertising, marketing and specific vertical markets.

You need to continually develop fresh insights that improve your offerings—or risk losing business to companies that do. You need to see the world from your customers’ point of view, to develop services that meet their precise needs. You need to put your business on the line with your customers, to be a partner committed to delivering return on investment and higher revenues.

The reward: Your marketing services can be a source of sustainable differentiation in a growth market. That’s a worthy result for any graphic communications provider.
“During economic difficulties some companies pull money out of their marketing budgets. We believe you must continue to market but wisely and measure results to prove your program is worth the expense.”

— Crystal Uppercue
Marketing Manager, EU Services

Direct Marketer Generates $200K+ ROI On Seminar Series for Customers and Prospects

EU Services nurtures customers and prospects by sharing knowledge on growing their businesses

Provider: EU Services

Challenge:
• Optimize attendance at EU University seminars
• Improve attendance rates among registrants

Strategy: Build positive customer relationships, demonstrate direct marketing knowledge and attract new revenue-generating business by offering free seminars on industry topics

Audience:
• Current customers
• Prospects

Offer: Free seminars on direct marketing techniques at EU University

Creative theme: “The Road to Success”

Media:
• Postcards
• Catalogs
• PURLs
• E-mail

Process: A multitouch, cross-media campaign drove recipients to PURLs, where they could register for seminars, request reminders when seminars on certain topics became available and refer colleagues

Results:
• 58% increase in attendance
• 44% decrease in number of “no shows”
• 18% conversion rate with a $244,000 ROI
• Confirmed and collected key data on prospects
Seven Tips for Selling to Direct Marketers

Appendix

Here is a brief selection of useful resources.

Direct Marketing Trade Publications
• www.adage.com—Advertising Age
• BtoBOnline.com—BtoB Magazine
• DeliverMagazine.com—Deliver Magazine
• FundRaisingSuccessmag.com—A practical guide for nonprofit organizations
• MultichannelMerchant.com—Multichannel Merchant
• Philanthropy.com—The Chronicle of Philanthropy
• TargetMarketingMag.com—Target Marketing Magazine
• www.warc.com—global provider of ideas and evidence for marketing people

Books
• Made to Stick by Dan and Chip Heath
• Nudge by Richard Thaler
• Predictably Irrational by Dan Ariely
• Successful Direct Marketing Methods by Bob Stone and Ron Jacobs
• Create Relevant Direct Marketing That Gets Results, a Xerox® ProfitAccelerator® Digital Business Resource

Industry Associations
• www.the-cma.org—CMA (Canadian Marketing Association)
• www.newDMA.org—DMA (Direct Marketing Association)
• www.fedma.org—Federation of European and Interactive Direct Marketing
• www.nmoa.org—National Mail Order Association, this site includes links to international direct marketing and mail order contacts

Postal Web Sites
• www.usps.com—United States
• www.canadapost.ca—Canada
• www.mmcc.co.uk—Mail Media Mail Centre, United Kingdom

Direct Marketing Resources
• List of global and regional U.S. direct mail associations regional—www.directmarketingevents.com/dmorgs.asp
• Print in the Mix—Data on the role and effectiveness of print in marketing printin Themix.rit.edu/
• Plunkett Research—Provides industry statistics, trends and company analysis www.plunkettresearch.com
• www.directmarketingsmarts.com—Web page of Beth Smith, Smith Browning Direct, who has more than 35 years of direct marketing experience and is a longtime educator.
• www.marketingcharts.com—A Watershed Publishing publication featuring marketing data and stats

Vertical Industry Organizations
Automobile—www.nada.org (National Automobile Dealers Association)
Banking—www.aba.com (American Bankers Association)
Credit Union—www.cuna.org (Credit Union National Association)
Gaming—www.americangaming.org (American Gaming Association)
Healthcare—www.imshhealth.com
Hospitality—www.hsmai.org (Hospitality Sales and Marketing Association International)
Retail—www.shop.org (A division of National Retail Federation)
Telecommunications—www.tiaonline.org (Telecommunications Industry Association)

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“XMPie® Helps Elixia Fitness Centers Generate €1.5 Million in New Member Fees,” an XMPie case history, http://www.xmpie.com/success-wj
“Seven Steps to Transition from Print Vendor to Marketing Communications Partner,” Graphic Impressions Magazine, by Shelley Sweeney, vice president/general manager, Data Center Service Bureau and Direct Mail Segments, Xerox Corporation.
“Xerox Helps Print Firms Become Marketing Services Providers,” Graphic Impressions Magazine, by Gina Testa, vice president/general manager, Worldwide Graphic Communications Business, Xerox Corporation.