

# The Key to Double-Digit Marketing Response

by Scott Hornstein



## We are Poisoning the Well

There is a very basic dichotomy in direct marketing and it's preventing us from reaching significantly higher returns on investment. Marketing talks about "customer relationship management" but actually conducts programs where a tiny percentage of the audience actually buys something. Response rates are measured by the thimble-full and customer satisfaction is often not measured at all.

It's more than just the obvious waste; the volume and irrelevance of the unceasing barrage of marketing messages are poisoning the well.

Congratulations that two percent or point two percent of our audience might actually take meaningful, measurable action. Let's for a minute think about the overwhelming majority that trashed the message. Some were neutral to the offer, and some were actively annoyed. Some will tell 10 of their friends about the negative experience. Some turn to the government for protection from perceived predatory marketing.

## The Rationale for Integrating Marketing and Sales

Marketing's New Year's resolution must be to generate double-digit response and increase customer lifetime value. The most successful route is Integrated Direct Marketing. This process incorporates a broadening and deepening of the media mix, listening and acting upon customers' expectations of each medium and, throughout, speaking with one voice. This means presenting the right message to the right person at the right time.

Where is the customer within their lifecycle? Where is the customer within their decision-making process? Different messages and different media are deployed by customer preferences to provide them with the information they require to move to the next stage, and to create an interactive dialog where both parties listen and learn. This enables marketers to better meet their customer's ongoing and future needs.

Customers are complex individuals and interact with media like never before in our history. They experience and develop media preferences and aversions, learning from the combination of media that suits them best, at

that moment in time. Messages are rejected with barely a nano-second of thought.

Concentrating on surrounding customers with an effective mix of media and informed choices creates the most relevant customer experience. Frequency of touches is driven by the customer's self-declared interest and self-indicated propensity to buy. Media preference also drives interactive contact, but only at appropriate points.

This process of precision media deployment consistently generates double-digit response. It allows the marketer to do more with less—generating more revenue with less waste with the same or less budget—which is especially important in times of stagnant or decreasing marketing budgets.

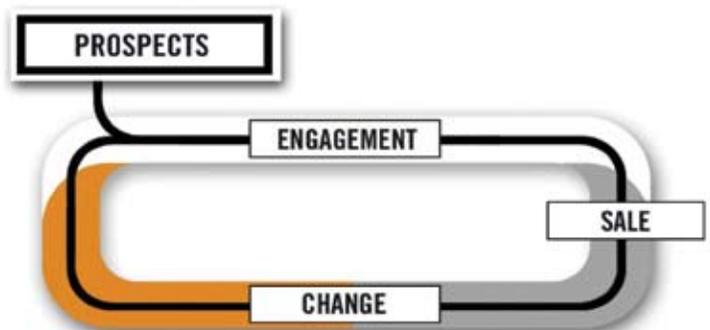
The Integrated Direct Marketing media mix includes:

- Internet
- Print advertising
- Direct mail
- Word of Mouth
- Inbound & outbound customer care
- PR
- e-mail
- Field sales channels
- Mobile marketing
- Blogs

And more

How many of these components are you using? How many are you integrating with precision and relevance? How do you measure success?

## Leveraging the Customer Lifecycle



Integrated Direct Marketing responds to the stages of the customer lifecycle and thus increases your relevance, response and revenue.

- During the **Engagement** stage, customers are researching their needs and separating the wheat from the chaff. Marketers respond with integrated media and sales strategies to surround the customer with information and informed choices.
- The **Sale** stage brings the opportunity for “thank you” marketing, which is always productive but rarely done. At one large technology company, Branch Managers were asked to place calls to mid-market customers who had just made a significant purchase. The customers were dumbfounded. They never knew this person really existed—and they were tickled to know their business was appreciated. One telecommunications company engaged in thank you marketing by calling purchasers of business telephone systems. In the first few calls they uncovered a major flaw. The installation instructions said to place one unit at least 36 inches from the other unit. The cord supplied was only 18 inches long.
- The **Change** phase is when customers live with your product or service. This stage is most often retitled by marketers as “Annoying” and disregarded. And yet it provides significant opportunity to understand if the customers’ needs have changed, if your product or service is performing well, if the customer is satisfied. The opportunities:
  - Consultative needs assessment
  - Problem identification and resolution
  - Increased market penetration and repeat sales

### Measurement and Reward Enable or Disable Progress

With Integrated Direct Marketing, one of the most significant issues that you must face is that many companies measure communications in a ‘silo’ fashion. Each discipline of marcom is asked to perform to the best of their abilities separately and distinctly from each other. The individual P&L measurement of and competition among product-based profit centers further complicate the matter.

The evolution of business has caused organizations to become a series of silos of information—each silo representing a specific area of expertise. Measurement criteria and agendas vary from silo to silo, which inhibits integration and precludes a companywide focus on the customer. It promotes inter-silo warfare.

The most typical is the friction between marketing and sales. Marketing is measured by the amount and cost of the gross leads they produce. So marketing manufactures leads and throws them over the wall to sales. Sales, however, is measured by net revenue. They catch the leads and pronounce them dead on arrival—competitors, students, idle requests and folks who are no longer there. No one is playing nicely in the sandbox.

This organizational structure also feeds the notion of every silo for itself. So if one silo is in charge of Cisco training and another is in charge of Microsoft Training, both feel equal right to attack the customer database. Who cares what the customer said they like—we have quarterly goals to meet. These silos, and funding by product versus customer set, perpetuate the notion that marketers are in control, which is no longer the case.

What’s required is an effective mandate to focus on the customer and integrate media and message. This mandate must include specific measurement systems that reward the results of integration, because things in corporations that are not measured and rewarded do not happen.

### What’s in it for you?

Integrated Direct Marketing enables dramatic increases in ROI. Companies that have implemented the process have enjoyed:

- Increased response
- More sales
- Higher average sales
- Reduced marketing waste
- Lower cost of customer acquisition
- Improved customer satisfaction
- Increased customer lifetime value ■



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